LOGICOM PUBLIC LIMITED

REPORT AND CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2019

LOGICOM PUBLIC LIMITED

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Year ended 31 December 2019

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We hereby certify that the report and financial statements of Logicom Public Limited for the year ended 31 December 2019 is a true copy of the report and financial statements laid and deposited at the General Meeting of the Company.

A.Papachristoforou
....
Director
Anthoulis Papachristoforou
For Logicom Public Limited

....
Secretary
Adaminco Secretarial Limited

LOGICOM PUBLIC LTD

ADAMINCO SECRETARIAL LIMITED

BOARD OF DIRECTORS AND PROFESSIONAL ADVISORS

DIRECTORS
Takis Klerides, Chairman
Varnavas Irinarchos, Vice Chairman and Managing Director
Nicos Michaelas, Director
George Papaioannou, Director
Anthoulis Papachristoforou, Deputy Managing Director
Anastasios Athanasiades, Director
Andreas Constantinides, Director (appointed on 24 February 2020)
Christoforos Hadjikyprianou, Director (appointed on 24 February 2020)

GROUP CHIEF FINANCIAL OFFICER
Anthoulis Papachristoforou

SECRETARY
Adaminco Secretarial Limited
Zenonos Sozou 3, 1st floor
3105 Limassol

REGISTERED OFFICE
Zenonos Sozou 3, 1st floor
3105 Limassol

MANAGEMENT OFFICE
26 Stasinou Street, Ayia Paraskevi
2003 Strovolos, Nicosia

INDEPENDENT AUDITORS
KPMG Limited
14 Esperidon street
1087 Nicosia

LEGAL ADVISORS
Scordis, Papapetrou & Co LLC
Zenonos Sozou 3, 1st floor
3105 Limassol

BANKERS
Hellenic Bank Public Company Limited
Bank of Cyprus Public Company Limited
Eurobank EFG
Alpha Bank Cyprus Ltd
AstroBank Limited
Societe Generale Bank - Cyprus Limited
The Cyprus Development Bank Public Company Limited
FIMBank PLC
Ancoria Bank Limited

BANKERS
National Bank of Greece S.A.
Alpha Bank S.A.
Piraeus Bank A.E.
Eurobank Ergasias S.A.
HSBC Middle East Limited
HSBC Bank Oman SAOG
Standard Chartered Bank (UAE)
National Bank of Fujairah PSC
Mashreqbank PSC
Noor Bank PJSC
Arab Bank plc
Emirates NBD Bank PJSC
Standard Chartered Bank (Bahrain)
The Commercial Bank of Qatar(Q.S.C.)
Standard Chartered Bank (Qatar)
Bank of Bahrain and Kuwait BSC
National Bank of Kuwait SAK
Bank of Beirut
Marfin Bank (Romania) SA
Banca Transilvania SA
Alpha Bank Romania SA
Albaraka Turk Katilim Bankasi A.S.
Turkiye Garanti Bankasi A.S.
Yapi ve Kredi Bankasi A.S.
QNB Finansbank A.S.
Akbank T.A.S.
Arab Bank PLC Jordan
Credito Valtellinese spa
Banco BPM Societa per Azioni
UniCredit Bank AG
Saudi British Bank
Bank Audi S.A.L.
Societe Generale de Banque au Liban
Abu Dhabi Commercial Bank
First Abu Dhabi Bank

LOGICOM PUBLIC LIMITED

STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE OFFICIALS OF THE COMPANY RESPONSIBLE FOR THE FINANCIAL STATEMENTS

According to the articles of the Conditions for Transparency (Movable Securities for Trading in Controlled Market) Law of 2007 as amended (‘‘Law''), we the members of the Board of Directors and Anthoulis Papachristoforou, BA (Hons) FCCA, Group Chief Financial Officer responsible for the preparation of the financial statements, of the Group and the Company Logicom Public Limited, for the year ended 31 December 2019, we confirm that to the best of our knowledge:

(a) The annual financial statements that are presented in pages 36 to 149.

(i) were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, and in accordance with the provisions of Article 9, section (4)[1] of the Law, and

(ii) give a true and fair view of the assets and liabilities, of the financial position and of the profit or losses of Logicom Public Limited and the businesses that are included in the Consolidated Financial Statements as a whole, and

(b) The consolidated and separate management report gives a fair review of the developments and the performance of the business as well as the position of Logicom Public Limited and the businesses that are included in the Consolidated Financial Statements as a whole, together with a description of the main risks and uncertainties which are faced.

Members of the Board of Directors:

Takis Klerides, Chairman

Varnavas Irinarchos, Vice Chairman and Managing Director

Nicos Michaelas

George Papaioannou

Anthoulis Papachristoforou, Deputy Managing Director

Anastasios Athanasiades

Andreas Constantinides

Christoforos Hadjikyprianou

Responsible for the preparation of financial statements

Anthoulis Papachristoforou (Group Chief Financial Officer)

Nicosia, 25 June 2020

1.And according to the circular No. E374 of the Cyprus Stock Exchange “Public Statement European Securities Markets and Authorities (ESMA) with subject ‘Actions to mitigate the impact of COVID-19 on the EU financial markets regarding publication deadlines under the Transparency Directive’”

LOGICOM PUBLIC LIMITED

CONSOLIDATED AND SEPARATE MANAGEMENT REPORT

The Board of Directors of Logicom Public Limited (the "Company") presents to the members its consolidated and separate report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") and the separate financial statements of the Company for the year ended 31 December 2019.

DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES

DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION

The Group's turnover increased by 5,2% in relation to 2018. The increase resulted from both the Distribution and Software and Integrated Solutions Sectors. The turnover of the Distribution sector shows an increase of 5,1% mainly due to the increase of sales in the Middle East markets. The turnover of the Software and Integrated Solutions Sector also increased by 6,6%, mainly due to new projects in the Cyprus market.

The Company's Turnover decreased by 23,0% in relation to 2018, despite the increase in sales to third parties, due to the decrease of the intragroup sales to foreign subsidiaries resulting from the subsidiaries' ability to proceed with direct purchases from the vendors rather than through the Company.

The percentage of the Group's gross profit margin shows an increase from 7,1% in 2018 to 7,5% in 2019, mainly due to sales with a higher than average gross profit margin (2019: Gross profit: €71.360.059 to Sales: €946.797.978, 2018: Gross profit: €64.036.931 to Sales: €899.984.186 as reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income).

The percentage of the Company's gross profit margin shows an increase from 7,7% in 2018 to 8,3% in 2019, mainly due to sales with gross profit margins higher than the average (2019: Gross profit €5.726.342 to Sales: €69.036.153, 2018: Gross Profit €6.905.028 to Sales: €89.667.145 as reported in the Statement of Profit and Loss and Other Comprehensive Income).

Group's Other Income mainly relates to contributions from suppliers for the promotion of their products and income through business relationships with third parties.

Company's Other Income mainly comprise of dividends receivable from subsidiaries and income through business relationships with third parties.

The Impairment Losses on the Group's Receivables amount to €535.970 (2018: €68.591) and refer to the total bad debts that were recognised in the results in accordance with the provisions of IFRS 9.

The Impairment Losses on the Company's Receivables amount to €468.839 (2018: €1.159.640) and refer mainly to bad debts of receivables from the subsidiary companies that were recognised in the results in accordance with the provisions of IFRS 9. In 2018 the Company recognised an impairment of the amount receivable from the subsidiary company Logicom IT Distribution Limited, an adjustment that did not exist in 2019.

The Group's Other Expenses mainly relates to the impairment of property and equipment.

The Company's Other Expenses mainly relate to the impairment of its investments in the subsidiary company Logicom (Middle East) S.A.L in Lebanon.

The increase in Group's Administration Expenses by €794.851, and in percentage terms 2,0% compared to 2018, is mainly due to the increase of personnel and infrastructure expenses, as a result of the Group's expansion in new markets and of the increase in the variety of available products. The term 'Administration Expenses' encompasses all the operating expenses of the Group, including Administrative, Distribution and Operational expenses.

The increase in the Company's Administration Expenses by €1.071.420, and in percentage terms 16,1%, compared to 2018, is mainly due to the increase of management personnel expenses.

The Group's profit from operating activities amounted to €30.610.410 which increased by 22,1% compared to 2018 mainly due to the increase in Turnover as well as in the Gross Profit Margin. The term 'Operating Activities' encompasses all Group activities.

DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES *(continued)*

The Company's profit from operating activities amounted to €8.737.922 which decreased by 47,5% compared to 2018 mainly due to the decrease in Other Income that mainly refers to Dividend Receivable from subsidiary companies, in Turnover, despite the increase in the Gross profit margin, as well as to the increase in the administration and other expenses, despite the decrease in receivables impairment losses. The term 'Operating Activities' encompasses all Company's activities.

The Group's financing cost, including Interest Receivable and Payable, and related Bank Charges resulting from the banking facilities used for the execution of the Group's operations increased to €7.934.965 compared to €7.266.950 in 2018 and in percentage terms 9,2%, due to the increase of the net borrowing which was mainly used for the financing of the increased working capital due to the increase in turnover.

The Company's financing cost, including Interest Receivable and Payable, and related Bank Charges resulting from the bank facilities used for the execution of the Company's operations amounted to €3.970.036 compared to €3.898.839 in 2018 and in percentage terms 1,8% increase.

The Foreign Exchange Difference, resulting from the exchange rate fluctuation between the US Dollar and the Euro, had a negative impact on the Group's results amounting to a loss of €313.338, compared to 2018 where the profit amounted to €393.371. It is clarified that the provisions of IFRS 9 in relation to Hedge Accounting have been adopted, with the aim to reduce the effects of the exchange rate fluctuation between the US Dollar and the Euro in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Hedge Accounting limited the effect of exchange rate differences on Group results. Loss amounting to €671.698 which arose on the conversion of short-term and long-term loans was offset in the reserves with a profit of €671.698 that arose on the conversion of the net investments in foreign subsidiary companies.

According to the directives of the International Accounting Standard 21, the increase in the value of the Company's long term investments in foreign subsidiaries, due to exchange differences, amounting to €181.308 is transferred to the Reserves until the date of liquidation where any result will be transferred to the Statement of Profit or Loss and Other Comprehensive Income.

References to the Group's profit from associates after taxation refer to the share of profit from the associate company Demetra Holdings Plc, of €39.789.625, compared to €6.261.315 in 2018. The share of profit from the associated company is significantly increased due to the write-off of the Negative Goodwill of the Investments of Demetra Holdings Plc in Hellenic Bank Public Company Limited.

References to the Net share of profit from joint ventures and partnership and to the Profit attributable to Non-controlling Interest refer to the net operating profit of the investments in the Desalination Plants in Larnaca and Episkopi.

Reference to the profit or loss attributable to Minority Interests refer to the 40% of the net profit of Verendrya Ventures Limited, that relate to the participation of Demetra Holdings Plc to its share capital.

The Group's taxation amounts to €3.508.446 compared to €1.894.164 in 2018, mainly due to the reversal of the provision for Deferred Taxation from tax losses of the Group's companies, as well as to the increased amounts of other taxes.

The Company's taxation amounted to €472.944 compared to credit amount of €281.499 in 2018, mainly due to the reversal of Deferred Taxation that was calculated on the Company's tax losses.

The Group's profit before tax amounted to €62.183.359 for the year 2019 compared to €24.533.847 in 2018 and in percentage terms an increase of 153,5%. The increase is mainly due to the increase in turnover and the gross profit margin as well as the increase in the net share of profit after tax from Demetra Holdings Plc. The profit attributable to the Company's shareholders increased by €36.457.190 and in percentage terms by 164,0% from €22.226.027 in 2018 to €58.683.217 in 2019.

DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES *(continued)*

The Company's profit before tax amounted to €5.153.242 for the year 2019 compared to €13.573.360 in 2018, that corresponds to an increase in percentage terms of 62,0%. The decrease is mainly due to the decrease in Dividends receivable, the decrease in the Turnover despite the increase in the corresponding gross profit margin, as well as to the increase in the administration expenses despite the decrease in the receivable's impairment losses.

The Group's earnings per share and diluted earnings per share in 2019 increased by 164,1% compared to 2018 to 79,22 cents.

The Group's cash and cash equivalents compared to the bank overdrafts present a credit balance of €21.111.933 at the end of 2019 compared to €18.318.669 at the end of 2018. (2019: Cash and cash equivalents: €29.761.787 debit balance plus bank overdrafts: €50.873.720 credit balance, 2018: Cash and cash equivalents: €31.211.426 debit balance plus bank overdrafts: €49.530.095 credit balance). The short-term loans have increased to €66.551.100 from €58.138.882. The long-term loans have decreased to €25.048.466 from €31.734.431 in 2018.

The Company's cash and cash equivalents compared to the bank overdrafts present a credit balance of €28.116.926 at the end of 2019 compared to €27.634.119 at the end of 2018. (2019: Cash and cash equivalents: €2.141.917 debit balance plus bank overdrafts: €30.258.843 credit balance, 2018: Cash and cash equivalents: €2.299.735 debit balance plus bank overdrafts: €29.933.854 credit balance). The short-term loans have increased to €36.333.646 from €33.915.953. The long-term loans have decreased to €17.390.331 from €23.283.298 in 2018.

Verendrya Ventures Limited, of which the Company holds 60% of its share capital, in a joint venture with a 50% share:
- Completed the construction of the Desalination plant in Episkopi based on the agreement with the Water Development Department dated 7 August 2009. As announced, as per the agreement dated 20 July 2011 Demetra Holdings Plc, participates indirectly to the execution and operation of the desalination project in Episkopi as a result of the indirect 40% share in Verendrya Ventures Limited. The construction of the project was completed in June 2012 and the desalination unit remained in stand by mode from1 July 2012 until 27 April 2014. The desalination unit started production on the 28th of April 2014. As of today, claims are pending in regards to the execution of this contract.

- On 26 January 2012, signed an agreement with the Water Development Department for the renovation and operation of the existing desalination unit in Larnaca. Demetra Holdings Plc participates indirectly in the implementation and operation of the desalination project in Larnaca with 40% share in Verendrya Ventures Limited. The renovation of the unit was completed in June 2015 and started operations on the 4th of July 2015. As of today, claims are pending in regards to the execution of this contract.

During 2019, the Turnover and the Results from the current operations improved. The share of profit from associated company increased significantly due to the write off of the Negative Goodwill of the investment of Demetra Holdings Plc in Hellenic Bank Public Company Limited during 2019. These factors resulted in the Profit attributable to the Shareholders being increased significantly.

The performance of the Group and the Company is also assessed with the following financial ratios:

	Group			Company		
Ratio	Change	2019	2018	Change	2019	2018
Working Capital	(4,7)%	2,64	2,77	70,3%	0,63	0,37
Inventory Days	(6,4)%	28	30	6,5%	10	10
Trade Receivables Days	10,6%	78	71	18,0%	92	78
Net Debt to Equity	(35,2)%	0,70	1,08	(6,3)%	1,91	2,04
Net Debt to Profit before Taxation, Depreciation, Amortization and Interest	(53,8)%	1,58	3,42	72,4%	8,60	4,99
Interest Coverage	111,1%	9,16	4,34	(49,1)%	2,41	4,74

DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES *(continued)*

Working Capital Ratio ((Trade Receivables + Inventories) / Trade Creditors) - The decrease in the ratio for the Group is mainly due to the increase of trade payables and decrease in inventories compared to 2018, despite the increase in trade receivables. The increase for the Company resulted mainly from the decrease of trade payables compared to 2018 due to the signing of separate distribution contracts by the Group's subsidiary companies.

Inventory Days ((Inventories / Cost of Sales) X 365) -The decrease of the Group's ratio is mainly due to the decrease in inventories compared to 2018. The Company's ratio increase is due to the decrease of the cost of goods sold compared to 2018.

Trade Receivable Days ((Trade Receivables / Turnover) X 365) - The increase shown for the Group is due to the increase in Turnover in Group companies with higher than average credit terms. The increase shown for the Company is due to the increase in trade receivables due to the increased sales during the final quarter of the year. The calculation for the Company is based on the third party sales.

Net Debt to Equity Ratio ((Bank Borrowings - Cash and Cash Equivalents) / Equity) - For the Group, the ratio shows a decrease in relation to the previous year due to the increase in equity. For the Company, the ratio also shows a decrease due to the decrease in net debt.

Net Debt to Profit before Tax, Depreciation, Amortisation and Interest ((Bank Borrowings - Cash and Cash Equivalent) / Profit before Tax, Depreciation, Amortisation and Interest) - For the Group the ratio shows a decrease compared to the previous year due to the increase in profitability despite the increase in net debt. For the Company the ratio shows an increase due to the decrease in profitability despite the decrease in the net debt.

Interest coverage ratio (Profit before Tax, Depreciation, Amortization and Interest / Interest expense) - For the Group, the ratio shows an increase compared to the previous year due to the significant increase in profitability despite the increase in interest. For the Company, the ratio shows a decrease due to the decrease in profitability.

MAIN RISKS, UNCERTAINTIES AND RISK MANAGEMENT

The main risks faced by the Group and the Company are stated below and further analysed in note 39 of the consolidated and separate financial statements.

Credit risk

Credit risk is the risk of default by counter parties to transactions mainly from trade receivables of the Group and the Company. The Group and the Company ensure the application of appropriate mechanisms and ensure the maintenance of related monitoring procedures and controls over credits. Credit risk is monitored on an ongoing basis.

The Group entered into an agreement with Atradius Credit Insurance N.V. for the insurance of the credit that the Group offers to its customers. The Group has also entered into an agreement in March 2020 for additional insurance in addition to the credit limit provided by Atradius, with Cooper Gay S.A. The issuance of such insurance agreement is considered to be the most appropriate method for hedging against credit risk.

DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES *(continued)*

Interest rate risk

Interest rate risk is the risk of fluctuations in the value of financial instruments due to movements in market interest rates. Income and cash flows from operations of the Group and the Company are dependent on changes of market interest rates, since the Group and the Company have material assets which bear interest. The Group and the Company are exposed to interest rate risk on borrowings. Borrowing in variable interest rates exposes the Group and the Company in interest rate risk that affects cash flows. Borrowing in fixed interest rates exposes the Group and the Company in interest rate risk that affects the fair value. The management of the Group and the Company is monitoring the fluctuations of interest rates on an ongoing basis and ensures that the necessary actions are taken.

Foreign exchange risk

This risk arises from adverse movements in foreign exchange rates.

The Company and the Group are subject to foreign exchange risk on sales, purchases and loans in currencies other than the Company's and subsidiary companies functional currency, and on the long term loans to foreign subsidiaries. Management is aware of the foreign exchange risk and is applying alternative methods to hedge the risk.

The hedging of foreign exchange risk is managed by the Group Chief Financial Officer together with the Executive Directors. This issue is discussed and examined at the Board of Directors meetings because the Company is materially affected from the movements in foreign currencies against the Euro.

Liquidity risk

Liquidity risk is the risk that arises when the period in which the assets can be converted to cash does not concur with the period in which the liabilities fall due. When expiry dates do not concur, the performance can increase but at the same time the risk for losses can also increase. The Group and the Company have procedures in place to minimize such losses, such as retaining sufficient amounts in cash and other highly liquid assets and retaining sufficient amounts in secured credit facilities in order to cover liabilities when they fall due.

Management estimates that the ability of the Group to receive in advance its trade receivables through the factoring agreement with recourse in Greece, Cyprus and United Arab Emirates as well as the ability to sell trade receivables in the United Arab Emirates, reduces even further the liquidity risk.

Fair Value

Fair Value risk is the risk that arises when the book values of the Group's and Company's assets and liabilities are significantly different from their fair values at the reporting date.

Management believes that by valuating the financial assets and liabilities of the Group and the Company at their fair value, where this can be measured reliably, the risk is significantly limited.

Capital Management

Group's and Company's management has as a principle the maintenance of a strong capital base for the support of the credibility and trust of the investors and creditors as well as the market as a whole. Management monitors continuously the return on equity.

DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES *(continued)*

Operating Environment

The Group operates in Cyprus, in the geographical area of Southeast Europe and Middle East with a significant presence in the wider Gulf region.

The macroeconomic prospects of the Cypriot economy are positive and are accompanied by a significant increase in real GDP in 2019, a significant increase in employment and a further improvement in key domestic indices. In addition, the Group operates in the geographical region of Southeast Europe where the economies of the countries and especially of Greece's are exiting from a long period of economic recession, as well as in the Middle East with significant presence in the wider Gulf area where political instability exists which in return creates economic instability.

On 11 March 2020, the World Health Organisation declared the outbreak of the Coronavirus COVID-19 as a pandemic, recognising its rapid spread in the entire world. A lot of governments took strict measures in order to contribute to the restraining of its spread. These measures slowed down the economies of all the countries in which the Group is operating as well as the global economy and there is a possibility that they will result in broader consequences in these economies, as the measures are still in place for a longer period of time.

The Cypriot Government has already entered into a phase of easing the lockdown measures, to restart the economy. The estimations though, for significant losses in the income from major sectors of the economy such as the tourism as well as the announced actions to support the businesses and the employees by the government, are expected to slow down the economic climate.

Even though the Company's Management is unable to predict all developments which could have an adverse impact the countries in which the Group operates it believes that it is taking all the necessary measures to address any problems that may arise due to external factors, with a view to maintain the viability of the Group and the expansion of its operations to the present business and economic environment.

OPERATIONS OF THE COMPANY AND ITS SUBSIDIARY COMPANIES

The Group continued during the year 2019 the distribution of high technology products, the supply of services and complete information technology, telecommunication and software solutions and the participation in large infrastructure projects in the water sector, as well as its participation in public companies.

FORSEEABLE DEVELOPMENT OF THE COMPANY

The slow down of the global economy growth rate, which is worsened even further due to the outbreak of the Coronavirus pandemic (COVID-19) with subsequent effects on the production, in conjunction with the geopolitical developments, as well as the instability noted in areas of the Group operations in the beginning of 2020, have affected the Group's and the Company's activities and have led to the restraint of turnover.

The governments of the countries in which the Group operates, including the Cypriot Government, have applied traveling restrictions and strict lockdown measures. These measures are still active in many countries of the world, up to the date of signing of the financial statement, while the Cypriot Government and most of the markets in which the Group operates have just recently moved into a series of measures easings which will allow their economies to gradually restart.

The Management is closely monitoring the developments with a view to retain and empower the development prospects of the Group and the Company, without affecting its viability and its strong economic position.

RESEARCH AND DEVELOPMENT ACTIVITIES

There were no significant activities in the sector of research and development from the Group companies.

BRANCHES - FOREIGN OPERATIONS

The Group operates through subsidiary companies in United Arab Emirates, Saudi Arabia, Lebanon, Jordan, Greece, Italy, Romania, Germany, Qatar, Kuwait, Oman and Bahrain. The Group operates a branch in Malta.

USE OF FINANCIAL INSTRUMENTS

The derivative financial instruments of the Group and the Company relate to contracts for differences for the hedging of the fluctuations in foreign currencies. The Group and the Company's management follow a policy to minimize the risk arising from the fluctuation of foreign exchange differences, as stated in the significant accounting policies.

The gain arising from the change in the fair value of derivative financial instruments for the year that was recognised in Group's and Company's results amounted to €373.257 (2018: €987.521) and €411.837 (2018: €972.895) respectively.

SHARE CAPITAL

There was no change to the issued share capital of the Company for the year 2019.

All shares are listed and traded in the Cyprus Stock Exchange, they have the same and equal rights and have no limitations in their transfer. Detailed information in relation to the Company's share capital is presented in note 26 of the consolidated and separate financial statements.

All shares of the Company's subsidiary companies are held directly or indirectly by the Company.

COMPOSITION, SEGREGATION OF DUTIES AND REIMBURSEMENT OF THE BOARD OF DIRECTORS - SHARE CAPITAL PARTICIPATION - REELECTION

The Board of Directors members as at 31 December 2019 and as at the date of the present report are presented in page 2. Details regarding the segregation of duties and the reimbursement of the Board of Directors members are included in Part I (A and B) and II (B) of the Board of Directors Report on Corporate Governance for 2019 respectively, which is presented after this Report. Additional information is provided in the part 'Report on Corporate Governance' of the present Report. Please also refer to note 43 of the consolidated and separate financial statements.

The percentages of participation in the Company's share capital that were held directly or indirectly by the members of the Board of Directors of the Company as at 31 December 2019 and 25 June 2020 are presented in notes 41 and 42 of the consolidated and separate financial statements.

According to article 94 of the Company's articles of association Varnavas Irinarchos and Anthoulis Papachristoforou, resign and offer themselves for re-election. Andreas Constantinides and Christoforos Hadjikyprianou having been appointed by the Board of Directors on 24/02/2020 resign and offer themselves for re-election by the Annual General Meeting.

The Company's subsidiary companies' Board of Directors are comprised by executive directors.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The significant events after the reporting date that have a bearing on the understanding of the consolidated and separate financial statements are presented in note 47.

PROPOSALS REGARDING PROFIT DISTRIBUTION, ABSORPTION OF LOSSES AND FORMATION OF PROVISIONS

The Board of Directors decided to propose for approval at the Annual General Meeting of the shareholders, a final dividend of €3.703.980 for 2019, which corresponds to €0,050 cent per share and in percentage terms to 6,3% of the profits for the year attributable to the Company's shareholders.

The Company remains committed to the dividend policy it has been pursuing over the years. Despite the fact that the results of 2019 would allow a higher dividend, nevertheless taking into account the prevailing conditions, the Board of Directors decided on the above proposal for payment of a dividend and will re-evaluate the issue before the end of the year.

REPORT ON CORPORATE GOVERNANCE

The Board of Directors of the Company has decided on 6 March 2003 to implement all the provisions of the Corporate Governance Code ('the Code') which was issued by the Cyprus Stock Exchange (CSE) Board. The Code in force at the time of the approval of this Report is Section 3 of the RAA 21/2019 (5th edition - January 2019) which is uploaded on the CSE website.

There are no material deviations from the provisions of the Code.

The internal control and risk management systems ensure the orderly operation of the Group and the adherence to the internal controls and procedures.

Through the internal control system, which it is under the supervision of the Audit Committee and the Risk Management Committee, the Company has implemented effective procedures for the compilation and preparation of the financial statements, as well as for the preparation of the periodic information reporting as required for the listed companies. The main characteristics of these procedures, in addition to what has already been stated above, are:

- The Financial Statements of the Subsidiary Companies of the Group are prepared with the responsibility of the Financial Controller of each company under the supervision of the Group Chief Financial Officer.

- The Financial Statements of the Group and the Company are prepared with the responsibility of the Company's Financial Controller under the supervision of the Group Chief Financial Officer.

- The announcements of the Group's results per quarter as well as the explanatory statements are prepared by the Group Chief Financial Officer and are reviewed by the Audit Committee. The relevant announcements are approved by the Board of Directors prior to their publication.

The shareholders who held, directly or indirectly, a significant interest (including indirect participation through pyramid structures or cross participations) in the Company are stated in note 42 of the consolidated and separate financial statements.

The Company's share capital is divided into ordinary shares with equal rights. There were no issued shares with preference control or voting rights.

Each Board Member is elected from the Company's shareholders general meeting or appointed from the Board of Directors. A Member who is appointed by the Board of Directors is mandatory to resign at the first annual general meeting following his appointment, where his election will be decided. In every annual general meeting one third of the oldest board members in terms of the time served on the board, retires and their reelection is decided on the annual general meeting, provided that they are available for reelection. Any member of the Board of Directors can be forced to an early retirement following a decision of the general meeting.

The Company's Articles of Association can be amended with a special resolution of the shareholders general meeting.

REPORT ON CORPORATE GOVERNANCE *(continued)*

The Board of Directors' authority is general and it is only limited by the power given to the Company's shareholders' General Meeting either by the Law or the Company's Articles of Association. The decision for the issue of new shares, except the case where this relates to granting of shares to the members on the proportion of the shares already held, is taken by the general meeting and in any case the current legislation is applied to any information that is relevant. The right to purchase own shares of the Company, unless otherwise permitted by law, is given to the Board of Directors from the general meeting for a specific period with a special resolution.

The composition, the terms of execution and the operation of the directive, managerial and supervision bodies as defined by the Code are stated in the Board of Directors report on the Corporate Governance.

As mentioned in Part II (A) of the Corporate Governance Report of the Members of the Board of Directors for 2019 that is presented after the present Report, the benefits arising from the diversity in the composition of the Board of Directors are recognised. The Board of Directors should be composed by members of high academic training and successful professional background taking also into account that the experience is a significant element of the perception and fair judgement. However, the extent and the significance of these parameters should be evaluated in parallel to the necessity of age renewal. The necessity for diversity in the training and specialization of the directors to optimally cover the requirements of the Company's areas of operations, also exists. In the evaluation of these criteria no discrimination should be made in regards to the gender.

The policy for diversity is implemented by the Board of Directors at the appointment of the directors, following the recommendations of the Corporate Governance Code's Nomination Committee. The final decision is taken on the basis of objective criteria which are intended to form the Board of Directors with members of high academic training, successful professional history and a wide spectrum of experiences.

The composition of the Company's Board of Directors at the period under review allows the effective performance of its duties, reflects the operation and the share structure of the Company and allows the fair and equal treatment of all the Company's shareholders, is considered to be in adherence with the above mentioned policy and is as follows:

Takis Klerides, 68 years old. He holds a business Studies Diploma of the United Kingdom and he is a member of the Association of Chartered Certified Accountants UK. He exercised the profession of Certified Accountant up to 1999. From 2003 onwards he exercises the profession of Business Consultant specialised in the field of banking, financing and insurance activities. He served as a Minister of Finance and he was a member of the Cyprus Association of Certified Public Accountants' Board. He serves on the Board of Directors of the Company since 15 September 2003.

Varnavas Irinarchos, 61 years old. Graduate of Stockholm University Business Administration school and post graduate of the same University in Computers Science. He is an entrepreneur in the sector of information technology. He serves on the Board of Directors of the Company, of which he is the founder, since 9 December 1986.

Nicos Michaelas, 47 years old. He holds a BSc Industrial Economics with Accounting of the Nottingham University and a PhD in financial economics from Manchester Business School. He has many years of experience in the field of investments and is the CEO of Demetra Holdings Plc. He serves on the Board of Directors since 28 September 2006.

George Papaioannou, 57 years old. Graduate of Ehtniko Kapodistriako University Law School of Athens. From 1990 up to 2002 he served at the Law Office of the Republic of Cyprus, as an Attorney of the Republic with a specific interest in issues of administrative and criminal law. He took part in legal congresses and was a member of the anti-corruption committee in the Council of Europe. In 2002 he resigned from his position in the Republic's Law Office and he runs his own law firm in Nicosia, with specific interest in issues of criminal nature. He serves on the Board of Directors of the Company since 21 August 2008.

REPORT ON CORPORATE GOVERNANCE *(continued)*

Anthoulis Papachristoforou, 51 years old. He holds a Bachelor's degree in Accounting and Finance from the London South Bank University, and a degree in Business Studies from the Institute of Commercial Management in Bournemouth, UK, and professionally specialised in the field of finance. He is a member of the Association of Chartered Certified Accountants (ACCA) and the Institute of Certified Public Accountants of Cyprus (ICPAC). He serves on the Board of Directors since 17 November 2013.

Anastasios Athanasiades, 51 years old. He holds a Bachelor of Arts Honors Degree in Economics, Accounting, and Finance from the University of Manchester. He is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA) and a member of the Institute of Certified Public Accountants of Cyprus. He exercises the profession of Certified Accountant and Tax Consultant, specializing on the issues of international tax and audit of financial statements. He served as Deputy Chairman and Deputy Government Commissioner of the Cyprus Securities and Exchange Commission. He serves on the Board of Directors of the Company since 7 December 2015.

Andreas Constantinides, 60 years old. He holds a Bachelor Degree in Economics Sciences from the University of Warwick. He is a member of the Institute of Chartered Accountants in England and Wales (ICAEW). He was a partner at PriceWaterhouseCoopers Limited in Cyprus, specialised in the fields of Consumer Markets, Information Technology and Agricultural Industry. He also served as member of the Board of Directors of the Cyprus Broadcasting Corporation (CyBC). He is a member in various Committee Councils, such as, inter alis, that of the Pancyprian Gymnasium Association (GSP), Junior and Senior School of Nicosia and the Cyprus-Austria Association. He serves on the Board of Directors of the Company since 24 February 2020.

Christoforos Hadjikyprianou, 59 years old. He holds a BSc in industrial technology and an MBA in Business Administration from the Southern Illinois University, U.S.A. He also holds a Doctorate degree (PhD) in Enrolment Management and Consumer Behaviour from Middlesex University, UK. He is the CEO and President of the Council of the European University Cyprus and he is also a member of the executive committee Galileo Global Education. He also serves in various social and athletic committees and he is currently Secretary General of the Cyprus University Sports Federation. He serves on the Board of Directors of the Company since 24 February 2020.

The Corporate Governance Report of the members of the Board of Directors for the year 2019 is presented after the present Report.

STATUTORY AUDITORS

The Group's statutory auditors, KPMG Limited, have expressed their willingness to continue in office. A resolution for re-election of the independent auditors and an authorisation to the Board of Directors for fixing their remuneration will be submitted at the Annual General Meeting.

NON-FINANCIAL STATEMENT

The Non- Financial Report of the Company and the Group will be published by the 30th of September 2020.[1]

By order of the Board of Directors,

Adaminco Secretarial Limited
Secretary

Nicosia, 25 June 2020

1. Section 113, aa 151A.(9)(b) and 151B.(9)(b)

CORPORATE GOVERNANCE REPORT OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR THE YEAR 2019

I Part One - The Adoption of the Corporate Governance Code
II Part Two - The Implementation of the Corporate Governance Code

I. PART ONE – The Adoption of the Corporate Governance Code

A. THE COMPANY'S RESOLUTION– The Members of the Governance Committees

On 6 March 2003, the Company's Board of Directors resolved to implement all of the provisions of the Corporate Governance Code ("the Code")[2]. Through the Code Committees, the Company also implements the provisions of the Code for all its subsidiary companies, with the exception of the provisions concerning the composition of the boards of directors, where it is deemed that their composition is more effective by Executive directors.

During 2019, and up until the drafting of this Report, the positions of the officers and members of the Code Committees have been held by the following individuals:

1. **Reference Officer** *(§ A.2.5. of the Code   The Board of Directors must appoint one of the Independent, Non-Executive Directors to be the Senior Independent Director. He/she shall be available to listen to the concerns of the shareholders which have not been resolved through normal communication channels).*

   George Papaioannou (Non-Executive, Independent Director).

2. **Nomination Committee** *(§ A.4.1. of the Code – A Nomination Committee must be established to present its views to the Board of Directors on recommendations for the appointment of new Directors. The majority of the Members of this Committee must be Non-Executive Directors and its Chairman may be either the Chairman of the Board of Directors (in case he/she is Non-Executive) or a Non-Executive Director. The Chairman and the members of the Nomination Committee must be stated in the Annual Report).*

   Up to 25/03/2020: George Papaioannou (Non-Executive, Independent Director, Chairman), Varnavas Irinarchos (Executive Director), Takis Klerides (Non-Executive, Independent Director) and Anastasios Athanasiades (Non-Executive, Independent Director).
   From 26/03/2020: Takis Klerides (Non-Executive, Independent Director, Chairman), Varnavas Irinarchos (Executive Director), George Papaioannou (Non-Executive, Independent Director), Anastasios Athanasiades (Non-Executive, Independent Director) and Christoforos Hadjikyprianou (Non-Executive, Independent Director).

3. **Remuneration Committee** *(§ B.1.1. of the Code –To avoid potential conflicts of interest, the Board of Directors must set up a Remuneration Committee comprising exclusively Non-Executive Directors which shall make recommendations to the Board of Directors, based on agreed terms of reference, on the framework and amount of the remuneration of the Executive Directors, determining on behalf of the Board of Directors specific remuneration packages for each Executive Director, including pension rights and any compensation payments. Companies are urged to include in the Remuneration Committee at least one member with knowledge and experience in remuneration policy.)*

   Up to 25/03/2020: Takis Klerides (Chairman, Non-Executive, Independent Director), Nicos Michaelas (Non-Executive, Non-Independent Director) and Anastasios Athanasiades (Non-Executive, Independent Director).
   From 26/03/2020: Takis Klerides (Chairman, Non-Executive, Independent Director), Nicos Michaelas (Non-Executive, Non-Independent Director) and Christoforos Hadjikyprianou (Non-Executive, Independent Director).

2. The present Report is drafted on the basis of the Code in force at the time of the reporting period, namely Annex 3 to RAA 21/2019 (5th Edition- January 2019) which is posted on the website of the CSE
http://www.cse.com.cy/CMSPages/GetFile.aspx?guid=c97d387c-f342-4620-af39-3c58684863aa

4. **Audit Committee** *(§ C.3.1. of the Code – The Board of Directors must set up an Audit Committee comprising at least two Non-Executive Directors with written terms of reference which must expressly set out their powers and duties. The members of the Committee, the majority of whom must be Independent Non-Executive Directors, must be stated in the Annual Report. The Chairman of the Committee or any other Member thereof must have experience in Accounting or Audit. The Committee must meet at regular intervals, at least four times a year).*

   Up to 25/03/2020: Anastasios Athanasiades (Chairman, Non-Executive, Independent Director), Takis Klerides (Non-Executive, Independent Director), Nicos Michaelas (Non-Executive, Non-Independent Director), and George Papaioannou (Non-Executive, Independent Director).
   From 26/03/2020: Anastasios Athanasiades (Chairman, Non-Executive, Independent Director), George Papaioannou (Non-Executive, Independent Director), Nicos Michaelas (Non-Executive, Non-Independent Director) and Andreas Constantinides (Non-Executive, Independent Director).

5. **Risk Management Committee** *(§ C.3.8. and § C.3.9 of the Code – The risk management systems are supervised by a separate Risk Management Committee which comprises Non-Executive Directors. The Risk Management Committee must meet at least once every quarter and its Chairman must report to the Board of Directors – All companies whose securities are listed in the Main Market are required to set up a Risk Management Committee […].)*

   Up to 25/03/2020: Nicos Michaelas (Chairman, Non-Executive, Non-Independent Director), Takis Klerides (Non-Executive, Independent Director) and Anastasios Athanasiades (Non-Executive, Independent Director).
   From 26/03/2020: Nicos Michaelas (Chairman, Non-Executive, Non-Independent Director), Takis Klerides (Non-Executive, Independent Director), Anastasios Athanasiades (Non-Executive, Independent Director), George Papaioannou (Non-Executive, Independent Director) and Christoforos Hadjikyprianou (Non-Executive, Independent Director).

6. **Corporate Governance Code Compliance Officer** *(§ C.3.7. of the Code – The Board of Directors must appoint a competent executive as Corporate Governance Code Compliance Officer).*

   Adamos Adamides (up to 25/03/2020) and Demos Anastasiou (from 26/03/2020).

7. **Investor Liaison Officer** *(§ D.2.4. of the Code – The Board of Directors must appoint a management executive or officer of the company as Investor Liaison Officer. The information pertaining to the company must be distributed to all shareholders fairly, timely and free of charge).*

   Demos Anastasiou.

B. TERMS OF REFERENCE

The Terms of Reference of each Officer and Committee, approved by the Board of Directors upon their recommendation, are as follows:

B.1. Terms of Reference of the Reference Officer

The Reference Officer addresses the concerns and problems of the shareholders arising from their relations with the Company which have not been resolved through other communication procedures.

B.2. Terms of Reference of the Nomination Committee

2.1. The purpose of the Committee is to assist the Board of Directors in:
- finding qualified individuals to become members of the Board of Directors,
- determining the composition of the Board of Directors and its Committees,
- monitoring the procedures for the evaluation of the efficiency of the Board of Directors, and
- developing and implementing the Company's Corporate Governance guidelines.

2.2. For this purpose, the Committee shall have the following powers and responsibilities:

a. Guide the search for qualified individuals to become members of the Board of Directors and select candidate directors to be proposed to the shareholders for approval at the annual general meeting. The Committee shall select candidate directors of utmost personal and professional integrity, who have demonstrated particular skill and judgment and are highly competent to work as a team, in collaboration with the other directors, in order to serve the long-term interests of the shareholders.
b. Review the composition of the committees of the Board of Directors and recommend to the Board the appointment of Directors to each committee. The Committee shall review and recommend the composition of the Committees on an annual basis and shall propose additional members to fill vacancies, if required.
c. Elaborate and propose Corporate Governance guidelines to the Board of Directors for approval. The Committee shall review these guidelines on an annual basis or more frequently if deemed necessary, and propose changes if required.
d. Elaborate and propose the annual reporting process on the work of the Board of Directors and its committees to the Board of Directors for approval. The Committee shall supervise the annual reports.
e. Delegate any of its responsibilities to sub-committees, as the Committee shall deem appropriate.
f. Assign investigations on candidate directors and retain external advisors, as the Committee shall deem appropriate. The Committee shall have exclusive power to approve the relevant remuneration and terms of reference.

2.3. The Committee shall have respective powers and responsibilities for the entire Group of the Company.

2.4. The Committee shall submit a report on its actions and recommendations to the Board of Directors after each meeting and shall prepare and present to the Board an annual performance report. The Committee shall review the adequacy of these terms of reference at least once a year and shall propose any changes to the Board of Directors for approval.

B.3. Terms of Reference of the Remuneration Committee

3.1. The purpose of the Committee is to have the overall responsibility arising from the obligations of the Board of Directors to control and determine the remuneration of the Company's executive officers and to review annually the remuneration and benefits of the Board of Directors.

3.2. In order to be able to fulfil its purpose, the Committee shall have the following powers and responsibilities:

a. Review the remuneration policy of executive or managing directors on a periodic basis, including the policy on share-based remuneration and its implementation.

   Similarly, it shall assess the degree of success and fulfilment of the objectives by each officer and, based on that assessment, shall recommend to the Board of Directors their proposed remuneration, including salary, bonus, incentives, etc., and the form in which these shall be paid (Share Options, etc.)

   The amount of the remuneration must be adequate, but not excessive, to attract and retain in the service of the Company, the Chief Executive Officer and the other Executive Directors that enhance the Company's management. Part of the remuneration of the Chief Executive Officer and the other Executive Directors must be determined in such manner as to link this remuneration to the performance of both the Company and the individual concerned.

   The Committee shall request the views of the Chairman and the Chief Executive Officer on the proposals relating to the remuneration of the other Executive Directors.

   The Remuneration Committee shall not determine the remuneration of the Directors for participating in activities of the committees. This shall be determined by the Company's Board of Directors.

b. Process and revise the incentive schemes for the Company's personnel and propose to the Board of Directors schemes or changes that will encourage the personnel to make even greater effort towards fulfilling the Company's objectives.
   The incentive schemes must:
   (i) aim at the long-term increase of the performance of the incentives, in order to encourage officers and other members of personnel to remain with the Company;

(ii) not burden the Company's profitability; and
(iii) be compatible with the shareholders' interests.

3.3.

a. The Committee shall be able to access professional advice both within and outside the Company and take into consideration the remuneration paid in comparable companies in view of determining the remuneration of the Chief Executive Officer and other Executive Directors, with due regard to the principle of maintaining and increasing the performance of the Company and/or the area of responsibility of each officer in question and that remuneration increases must reflect a corresponding improvement in the Company's performance.
b. When determining salary increases, the Remuneration Committee must take into consideration the terms of remuneration and employment conditions at all levels of the Company, so that all members of personnel perceive the distribution by the Company of its positive results as being equitable, to the extent that this reflects their role and contribution towards improving the Company's performance.
c. The Committee must examine the compensation-related commitments (including pension contributions) arising from the employment contracts of the Chief Executive Officer and other Executive Directors, if any, in case of early termination, and pursue the inclusion of an express provision on this matter in the initial contract. The employment contracts of these Officers must not include provisions which may reasonably be considered as prohibitive in cases of acquisition or merger of the Company, nor provisions that burden the Company with any fines that may be imposed on the Directors.
d. In case the initial contract does not include an express provision on compensation-related commitments, in case of early removal, the Committee must, in accordance with the legal framework and depending on the specificities of each case, adapt its approach with the broader aim of avoiding the reward of decreased performance, applying fair treatment where the removal is not due to decreased performance and ensuring strict treatment aiming at reducing compensation in the cases of retiring Executive Directors so as to reflect the obligation of those retiring to mitigate the loss.

3.4. The Committee has respective powers and responsibilities for the entire Group of the Company.

3.5. The Committee shall prepare the Annual Remuneration Report which shall be submitted by the Board of Directors to the Company's shareholders as well as the part of the Corporate Governance Report which relates to the remuneration of the Directors, in accordance with the instructions and provisions of the Corporate Governance Code of the Cyprus Stock Exchange.

B.4. Terms of Reference of the Audit Committee

4.1. The role of the Committee is to assist the Board of Directors in supervising the quality and accuracy of the Company's financial statements, complying with legal and administrative rules, examining the professional level of the auditors, their audit work and independence, as well as the performance of the internal control. The Chairman of the Audit Committee must have experience in Accounting or Finance.

4.2. The number of the Committee's Members is determined by the Board of Directors.

4.3. The Committee's duties and responsibilities are as follows:

a. Assess the standard of internal audit, review the Company's internal financial controls and internal control systems and ensure the implementation of the provisions of the Corporate Governance Code relating to the staffing, operation and independence of the Department.
b. Review all of the Company's financial statements and overview of the financial information procedure and the submission of recommendations or suggestions for the safeguard of its integrity.
c. Make suggestions and recommendations for improving the management control.
d. Review circulars, financial reports or other information relating to the rights of the shareholders before these are forwarded to them.
e. Responsibility for the procedure of selection and appointment suggestion of the statutory auditors or audit firms.
f. Inform the Board of Directors about the results of the statutory audit and the explanation of the statutory audit contribution to the integrity of the financial information and the role of the Committee in this procedure.
g. Assume responsibility for the Company's relations with the statutory auditors in general, including discussions on the auditors' personnel who shall be responsible for the Company's audit.

h. Review the extent and effectiveness of the audit as well as of the independence and effectiveness of the statutory auditors or audit firms and especially the adequacy of the provision of non audit services from the statutory auditors based on the current legislation.
i. Monitor the observations/suggestions of the statutory auditors on the Company's management, the preparation and presentation of its financial statements and the monitoring of their implementation.
j. Submit to the Board of Directors an annual report which includes:
   (i) The remuneration for auditing and advisory services paid to the Company's Statutory Auditors by the Company and its subsidiaries
   (ii) The assignment to Auditors of advisory duties if deemed essential, either on the basis of the significance of the matter for the Company and its subsidiaries or on the basis of the remuneration to the statutory auditors.
k. Supervise the selection procedures by the Chief Financial Officer of the Accounting Policies and Accounting Estimates used in the Company's Financial Statements.
l. Draft, with the assistance of the Corporate Governance Code Compliance Officer, the Board of Directors' Report on Corporate Governance, to be included in the Company's Annual Report.
m. Review the Company's transactions referred to in paragraph A.1.2 (g) of the Corporate Governance Code in order to ensure they are carried out at arm's length.

4.4 The Committee has respective powers and duties for the entire Group of the Company.

B.5. Terms of Reference of the Risk Management Committee

5.1. The Committee has the following objectives:

a. Form its strategy for undertaking every form of risk that corresponds to the Company's corporate objectives and the adequacy of available resources in both technical means and personnel.
b. Verify the independence, adequacy and effectiveness of the functioning of the Risk Management Directorate of which the Committee shall have responsibility to appoint and supervise.
c. Ensure the development and ongoing effectiveness of the internal risk management system and its integration into the business decision making process with regard to any form of risk.
d. Determine the principles that must regulate the risk management in terms of identification, prediction, measurement, monitoring, control and addressing them, in accordance with the business strategy implemented at the time and adequacy of available resources.
e. Be informed on a regular basis and monitor the Company's overall risk profile, guide the Risk Management Directorate in the implementation of the risk taking strategy and their policy management.
f. Ensure that the Company's Board of Directors is adequately informed in relation to all issues regarding the underwriting strategy, the tolerance level and risk profile when executing its strategic and supervisory duties.

5.2. The Committee has the following powers and responsibilities:

a. To investigate any activity that falls within the scope of its operation and obtain all necessary information.

b. To appoint external, legal or other professional consultants who will be deemed necessary for the implementation of its work and to secure resources for the payment of the respective remunerations and expenses.

c. To form on an annual basis and suggest to the Board of Directors the risk undertaking strategy of the Company, to observe the implementation of the Board of Directors' relevant decisions and to suggest appropriate amendments.

d. To approve and review on an annual basis and any other time that this is required, the risk management principles and policies.

e. To obtain and review the quarterly submitted Risk Management reports relevant to the Company's total risk tolerance level and the improvement and efficiency of the risk management process, to inform the Board of Directors about the significant risks that the Company has undertaken and to observe and confirm their effective treatment.

f. To annually assess the adequacy and effectiveness of the Company's risk management policy based on the annual Risk Management report and especially its adherence to the defined risk tolerance level.

g. To formulate suggestions and recommend corrective actions to the Board of Directors, in the case where it identifies a weakness in the implementation of the strategy that has been formed for the Company's risk management or deviations on its implementation.

h. To formulate suggestions to the Board of Directors regarding any matter that falls within its purpose and duties.

i. To prepare and review a Risk Management Manual which will record:
   i. The Company's risk management policy (risk appetite/tolerance, risk capacity, risk target, actual risks),
   ii. The risks that the Company faces (credit risk, market risk, liquidity risk, operational risk),
   iii. The procedure of Risk Management (risk measurement, risk control, risk mitigation, risk monitoring and performance).

5.3. The Committee has respective powers and duties for the entire Group of the Company.

B.6. Terms of Reference of the Compliance Officer

The Compliance Officer is responsible for the implementation of the Code. In performing his duties, he may consult with the other members of the Board of Directors and obtain advice from the Company’s internal and external advisors, as the case may be. The Directors may address the Compliance Officer to ensure that their actions are in full compliance with the Code. The Directors who are informed or suspect that a breach of the Code has occurred or may occur must immediately notify the Compliance Officer.

B.7. Terms of Reference of the Investor Liaison Officer

The Investor Liaison Officer shall act in order to:

1. Ensure the ongoing and smooth communication with all the shareholders;
2. Provide the shareholders with sound and accurate information on material changes in the Company concerning its financial situation, performance, assets and their governance, in an ongoing and timely manner;
3. Encourage the shareholders to have a greater participation in the General Meetings and their business and provide them with the opportunity to express their views on various matters affecting the Company;
4. Where deemed necessary by the Board of Directors, organize meetings, workshops, seminars and lectures aimed at providing additional information to investors;
5. Ensure the Company’s presence and participation in press conferences, meetings and other activities that may be organized by the Cyprus Stock Exchange in Cyprus and abroad.

The Investor Liaison Officer must have knowledge of the Company’s financial situation and growth strategy and be updated on any significant developments in the Company.

B.8. The Corporate Governance Code applicable at any time

The Terms of Reference of the Committees and the Officers will also include all powers and responsibilities provided for in the Corporate Governance Code applicable at any time.

II. PART TWO – The Implementation of the Corporate Governance Code

A. DIRECTORS

A.1. Board of Directors

During 2019, the Board of Directors held 17 meetings. It has also taken 31 Written Decisions according to the article 112 of the Company's Article of Association. The Board’s regular meetings were scheduled for the last Thursday of each month. The agenda of the meetings is determined by the Management of the Company together with the Board of Directors. The Group Planning and Development Manager, the Director of Distribution, the Group Director of Sales Marketing and Services and the Director of Group Operations are usually present or advisable at the meetings of the Board of Directors.

The Directors hold offices on other boards of directors as well. Unless otherwise expressly stated, holding such offices on other boards of directors does not affect the Board of Directors’ independence.

The exclusive responsibility of the Board of Directors covers all the matters set out in provision A.1.2. of the Code.

In view of the better exercise of their duties, Directors may obtain independent, professional advice at the Company’s expense, provided they notify the Board of Directors or, in exceptional cases, the Chairman or another member of the Board of Directors. The Directors have access to the advice and services of the Company’s Secretary.

It is deemed that the judgment of the Directors is impartial and independent and is taken in the interests of the Company and, by extension, of its shareholders.

There is no specific training programme for the Directors in relation to the legislation on the Stock Exchange and the companies. They are, however, informed about the basic provisions that regulate the status and function of directors of public companies and the relevant amendments made from time to time.

The responsibilities of the Board of Directors are exercised collectively and performed with the authorization granted by the Managing Director.

The managerial staff is considered to be the backbone of the Company’s business and the employment procedure follows rational criteria aimed at recruiting the best available candidates under the circumstances.

For management purposes, the Board of Directors shall implement through the Nomination Committee of the Corporate Governance Code, a diversity policy that recognises the benefits of diversity in the composition of the Board of Directors. The final selection decision is made on the basis of objective criteria aimed at the composition of the Board of Directors by members with high academic training, successful professional background and a wide range of experiences. The extend and importance of these parameters, however, is assessed with the need for age renewal. There is no gender discrimination in measuring these criteria.

The composition of the Board of Directors during the period under review allows the effective exercise of its responsibilities, reasonably reflects the activity and shareholding structure of the Company and allows fair and equal treatment of all its shareholders, while it is considered compatible with the provision A.1.12. of the Code and are as follows:

Takis Klerides, 68 years old. He holds a business Studies Diploma of the United Kingdom and he is a member of the Association of Chartered Certified Accountants UK. He exercised the profession of Certified Accountant up to 1999. From 2003 onwards he exercises the profession of Business Consultant specialised in the field of banking, financing and insurance activities. He served as a Minister of Finance and he was a member of the Cyprus Association of Certified Public Accountants' Board. He serves on the Board of Directors of the Company since 15 September 2003.

Varnavas Irinarchos, 61 years old. Graduate of Stockholm University Business Administration school and post graduate of the same University in Computers Science. He is an entrepreneur in the sector of information technology. He serves on the Board of Directors of the Company, of which he is the founder, since 9 December 1986.

Nicos Michaelas, 47 years old. He holds a BSc Industrial Economics with Accounting of the Nottingham University and a PhD in financial economics from Manchester Business School. He has many years of experience in the field of investment and is the CEO of Demetra Holdings Plc. He serves on the Board of Directors since 28 September 2006.

George Papaioannou, 57 years old. Graduate of Ehtniko Kapodistriako University Law School of Athens. From 1990 up to 2002 he served at the Law Office of the Republic of Cyprus, as an Attorney of the Republic with a specific interest in issues of administrative and criminal law. He took part in legal congresses and was a member of the anti-corruption committee in the Council of Europe. In 2002 he resigned from his position in the Republic's Law Office and he runs his own law firm in Nicosia, with specific interest in issues of criminal nature. He serves on the Board of Directors of the Company since 21 August 2008.

Anthoulis Papachristoforou, 51 years old. He holds a Bachelor's degree in Accounting and Finance from the London South Bank University, and a degree in Business Studies from the Institute of Commercial Management in Bournemouth, UK, and professionally specialised in the field of finance. He is a member of the Association of Chartered Certified Accountants (ACCA) and the Institute of Certified Public Accountants of Cyprus (ICPAC). He serves on the Board of Directors since 17 November 2013.

Anastasios Athanasiades, 51 years old. He holds a Bachelor of Arts Honors Degree in Economics, Accounting, and Finance from the University of Manchester. He is a Fellow Member of the Institute of Chartered Accountants in England and Wales (FCA) and a member of the Institute of Certified Public Accountants of Cyprus. He exercises the profession of Certified Accountant and Tax Consultant, specializing on the issues of international tax and audit of Financial Statements. He served as Deputy Chairman and Deputy Government Commissioner of the Cyprus Securities and Exchange Commission. He serves on the Board of Directors of the Company since 7 December 2015.

Andreas Constantinides, 60 years old. He holds a Bachelor Degree in Economics Sciences from the University of Warwick. He is a member of the Institute of Chartered Accountants in England and Wales (ICAEW). He was a partner at PriceWaterhouseCoopers Limited in Cyprus, specialised in the fields of Consumer Markets, Information Technology and Agricultural Industry. He also served as member of the Board of Directors of the Cyprus Broadcasting Corporation (CyBC). He is a member in various Committee Councils, such as, inter alis, that of the Pancyprian Gymnasium Association (GSP), Junior and Senior School of Nicosia and the Cyprus-Austria Association. He serves on the Board of Directors of the Company since 24 February 2020.

Christoforos Hadjikyprianou, 59 years old. He holds a BSc in industrial technology and an MBA in Business Administration from the Southern Illinois University, U.S.A. He also holds a Doctorate degree (PhD) in Enrolment Management and Consumer Behaviour from Middlesex University, UK. He is the CEO and President of the Council of the European University Cyprus and he is also a member of the executive committee Galileo Global Education. He also serves in various social and athletic committees and he is currently Secretary General of the Cyprus University Sports Federation. He serves on the Board of Directors of the Company since 24 February 2020.

A.2. Balance in the Board of Directors

The Board of Directors comprises of eight members, Takis Klerides (Chairman of the Board of Directors), Varnavas Irinarchos, Nicos Michaelas, George Papaioannou, Anthoulis Papachristoforou Anastasios Athanasiades, Christoforos Hadjikyprianou (from 24/02/2020) and Andreas Constantinides (from 24/02/2020).

Takis Klerides, Nicos Michaelas, George Papaioannou, Anastasios Athanasiades, Christoforos Hadjikyprianou and Andreas Constantinides are Non-Executive Directors.

Based on the criteria of the Code, amongst the Non-Executive Directors, Anastasios Athanasiades, Christofors Hadjikyprianou and Andreas Constantinides are Independent Directors. On 15/09/2012 Takis Klerides and on 24/08/2017 George Papaioannou completed nine years of service on the Board of Directors and according to provision A.2.3.(h) of the Code, following that date they ought to have been considered as Non-Independent. However, the Board of Directors is of the opinion that their personality, scientific knowledge, professional experience and background, on the one hand, and proven objectivity and impartiality in the exercise of their duties as Directors of the Company on the other, as well as the absence of any interconnection with the Management or the Main Shareholders and of any direct or indirect conflict of interest with the interests of the Company and its shareholders, confirm and guarantee that their independence is not affected. For the reasons stated above, the Board of Directors considers them to be Independent Directors. Takis Klerides, Nicos Michaelas, George Papaioannou, Anastasios Athanasiades, Christoforos Hadjikyprianou and Andreas Constantinides are Non-Executive Directors.

Chief Executive Officer is the Vice-Chairman and Managing Director Varnavas Irinarchos and Deputy Chief Executive and Managing Director Anthoulis Papachristoforou. Anthoulis Papachristoforou is also the Group’s Chief Financial Officer.

Pursuant to provision A.2.3.(g) of the Code, Nicos Michaelas is considered to be Non-Independent.

Based on the above, from 24/02/2020, out of the seven members of the Board of Directors, excluding the Chairman, four are Independent Directors, two are Executive Directors and one is a Non-executive, Non-Independent Director.

During the period under review and until 24/02/2020, the date of appointment of 2 new members of the Board of Directors, out of its five members, excluding the Chairman, two were Independent Directors, two were Executive Directors and one was Non-Executive, Non-Independent Director.

Independent Directors have confirmed their independence in accordance with the criteria laid down in provision A.2.3. of the Code.

There have been no issues between the Shareholders and the Company and no reports have been made to the Compliance Officer to resolve any such issues.

The benefits arising from the diversity in the composition of the Board of Directors are also recognised. The Board of Directors should be composed by members of high academic training and successful professional background taking also into account that the experience is a significant element of the perception and fair judgement. However, the extent and the significance of these parameters should be evaluated in parallel to the necessity of age renewal. The necessity for diversity in the training and specialization of the directors to optimally cover the requirements of the Company's areas of operations, also exists. In the evaluation of these criteria no discrimination should be made in regards to the gender.

The policy for diversity is implemented by the Board of Directors at the appointment of the directors, following the recommendations of the Corporate Governance Code's Nomination Committee. The final decision is taken on the basis of objective criteria. The composition of the Company's Board of Directors at the period under review, as set out above (Part II.A.1) is considered to be in adherence with the above mentioned policy.

A.3. Provision of Information

The Board of Directors has been regularly informed about the Company’s financial situation and prospects. Directors are notified of the items to be discussed prior to the meetings.

The businesses of the Board of Directors are held on the basis of the agenda which is drafted following liaison between the Chairman, the Vice-President and Managing Director and the other members of the Board and forwarded to the Secretary at least three days prior to the date set for the meeting, except in urgent cases. In addition to the issues on the agenda, at its meetings the Board of Directors also addresses issues raised by the Directors after the drafting of the agenda.

The minutes of each meeting are prepared and forwarded to the members of the Board of Directors prior to the date of the next meeting and, upon approval, are signed by all Directors present at the meeting in question.

A.4. Appointments to the Board of Directors

The composition of the Nomination Committee is set out in Part I.A.2. of this Report. The majority of the Members of the Nomination Committee are Non-Executive Directors (including the Chairman) and the Chairman until 25/03/2020 was George Papaioannou, while from 26/03/2020 Takis Klerides took over the duties of the Chairman of the committee. The Terms of Reference of the Nomination Committee are set out in Part I under B.2., with reference also to paragraph 1.B.8..

A.5. Re-election

According to article 94 of the Company's Articles of Association, at every Annual General Meeting 1/3 of the members of the Board of Directors (or the nearest percentage thereof) retires by rotation. Moreover, according to Provision A.5 of the Code, Directors are required to resign […] at least every three years […] but may offer themselves for re-election. According to Order A.5.2. of the Code all Directors must be subject to re-election by shareholders at the earliest oportunity after their appointment and subsequently to re-election, at intervals not exceeding three years.

The members of the Board of Directors retiring by rotation at the Annual General Meeting of 2020 are Varnavas Irinarchos and Anthoulis Papachristoforou who offer themselves for re-election. Andreas Constantinides and Christoforos Hadjikyprianou, having been appointed by the Board of Directors on 24/02/2020, resign and offer themselves for re-election by the Annual General Meeting.

Varnavas Irinarchos has been the CEO of the Company since its incorporation. He was born in Agros on 4 May 1958. He studied Business Administration at Stockholm University. He then attended postgraduate studies at the same university in the field of Computer Science. His professional career began in 1983 with a managerial and then shareholding position in company selling IT products. He co-founded Logicom Public Limited ("the Company") in 1986, which until 1992 was exclusively involved in computer training. In 1992, he acquired the whole share capital and full control of the Company, whose activities led to the distribution of IT products, and in 1995 he created a computer assembly/manufacturing business.

Anthoulis Papachristoforou was born in Limassol in 1969, with origin from Agros. He studied Accounting and Finance (BA Hons) at London South Bank University and he holds a degree in Commercial Management from the Institute of Commercial Management in Bournemouth, England. He is a member of the Association of Chartered Certified Accountants and The Institute of Certified Public Accountants of Cyprus. He worked as an auditor in the audit firm Grant Thornton (Cyprus) (1992-1994) and as a corporate planning and control coordinator at Esso Cyprus Inc in Nicosia (1994-2001). Since May 2001 he has been the Group Chief Financial Officer of Logicom Public Limited, in November 2013 he was appointed as a member of the Board of Directors of the Company and from August 2017 he was assigned additional duties as Deputy CEO.

Andreas Constantinides holds a degree in Economics from the University of Warwick. He is a member of the Institute of Chartered Accountants in England and Wales (ICAEW). He was a partner in PricewaterhouseCoopers Limited in Cyprus, specialising in the fields of Consumer Markets, Information Technology and Agricultural Industry with significant and active participation in the markets of Eastern Europe, Hungary, Ukraine etc. He also served as a Chairman of the Supervisory Body of Pricewaterhouse Coopers Limited. In addition, he has served as a member of the Board of Directors of the Cyprus Broadcasting Corporation (CyBC). Since 2019, he has founded the consulting and administrative services company Avantium Corporate Services Ltd. Mr. Andreas Constantinides is a member of various Committee Councils, such as, inter alis, that of the Pancyprian Gymnasium Association (GSP), Junior and Senior School of Nicosia and the Cyprus-Austria Association.

Christoforos Hadjikyprianou is a graduate of Southern Illinois University in the United States of America, from which he received a BSc in Industrial Technology and a Master's degree in Business Administration (MBA). He holds a PhD, from Middlesex University in the United Kingdom, in Enrolment Management and Consumer Behaviour. Dr. Christoforos Hadjikyprianou is the CEO and President of the Council of the European University Cyprus. He is also a member of the Galileo Global Education Executive Committee. He is a judge at the European Business Awards and a member of the Board of Directors of the Cyprus-Jordan Union and the Cyprus-East and Southern Asia Association. He also serves in various social and athletic committees and he is currently Secretary General of the Cyprus University Sports Federation. He is also a member of the European Executive Committee of Laureate International Universities.

Save as stated above, no member of the Board has been elected or re-elected for a period exceeding three years.

B. REMUNERATION OF DIRECTORS

B.1. Procedure

The composition of the Remuneration Committee is set out in Part I.A.3 of this Report. The Members of the Committee are Non-Executive Directors and have no business or other relationship that could materially affect the performance of their duties. The majority of the Members are Independent Directors. Due to his long-standing experience with a business consulting firm, the Chairman of the Remuneration Committee has knowledge and experience in remuneration policy issues. The Terms of Reference of the Remuneration Committee are set out in Part I.B.3 with reference also to paragraph I.B.8.

B.2. The level and composition of the remuneration – Remuneration Policy

The Company's policy on the remuneration of its Executive directors recognises the necessity of the determination of remuneration of which the level and composition will be able to allow the attraction, retention and motivation of Executive directors which fulfil the required criteria, academic qualifications, knowledge and experience. Consists in correlating remuneration to individual performance and the Company's overall progress and the competitive comparison against other businesses of similar operations and comparable size.

Not any factor exists in the composition of the Executive directors' remuneration which consists wholly of non-variable factors without any predetermined or quantifiable performance criteria.

There is no annual bonus scheme and other benefits to the Executive directors, except the bestowal of a car or the reimbursement of maintenance and running expenses of a private car.

There are no retirement or early retirement plans or option plans or share-option plans to the benefit of Executive directors.

The report of the Remuneration Committee has been approved by the Board of Directors and is submitted to the shareholders of the Company for approval as part of this Annual Report.

During the year under review, it was not deemed necessary to use the services of a consultant in relation to market standards for remuneration systems.

The amount and the composition of the remuneration of the Executive Board of Directors are listed in Part II.B.3.

B.3. Notification

The remuneration and other benefits of the Executive directors in 2019 were as follows:

Varnavas Irinarchos, Managing Director- €176.200 (Salary €151.200 plus Entertainment Expenses €25.000). Running and maintenance costs of privately bought owned car are also covered, amounting to €6.973 in the period under review. His employment contract was renewed and is valid from 01/01/2020 until 31/12/2020 with a salary of €150.200 plus entertainment expenses of €25.000 plus running and maintenance costs of privately owned car.

Anthoulis Papachristoforou, Deputy Managing Director- €175.050 (Salary €151.050 plus Entertainment Expenses €24.000). He is provided with a car the value of which was fully depreciated in 2012 and the relevant running and maintenance costs amounting to €4.008 in the period under review are covered.

The Executive directors participate in the Share Option or other Bonus Schemes, if and where applicable to the Company's regular personnel, but are not remunerated for their participation in the Board of Directors and its committees. No Share Option Schemes or Options were in force during 2019 and are not in force at the present time.

The amount and the composition of the remuneration of the Non-Executive Directors is determined in the General Meeting. It is recognised, in one hand, that the remuneration of Non-Executive Directors should not include rights to purchase share or other information related to the Company's performance and, on the other hand, that it should reasonably reflect the time commitment, requirements and responsibilities of their role, without however, its composition being able to influence the independence of the Non-Executive Independent Directors.

The remuneration of the Non-Executive Directors for their participation in the Board of Directors which were determined with the decision taken by the Annual General Meeting in 2018 are the following: Chairman annual lump sum amount of €20.000 plus €500 per participation at the meetings of the Board of Directors and Non-Executive Directors annual lump sum amount of €2.500 plus €350 per participation at the meetings of the Board of Directors. The chairman of the Audit Committee is remunerated with an additional annual lump sum amount of €1.000.

The remuneration of the Non-Executive Board of Directors for their participation in the Board of Directors was redefined by a decision taken at the Annual General Meeting of 2019 and is as follows: Chairman lump sum amount of €25.000 (from €20.000) plus €500 per participation at the meetings of the Board of Directors and Non-Executive Directors annual lump sum amount of €7.000 (from €2.500) plus €400 (from €350) per participation at the meetings of the Board of Directors. The Chairman of the Audit Committee is remunerated with an additional annual lump sum amount of €2.000 (from €1.000), while an additional remuneration of the Chairman of the Risk Management Committee with an annual lump sum amount of €1.000 has been set.

The remuneration of the Non-Executive Directors for their participation in the Committee of the Corporate Governance Code, unless otherwise decided by the Board of Directors, is equal to the remuneration for the participation in the meetings of the Board of Directors.

The total remuneration received by the Chairman and the Non-Executive Directors during 2019, referring to the period between the Annual General Meetings of 2018 and 2019, are as follows: Takis Klerides (Chairman) €26.667, Nicos Michaelas €12.300, George Papaioannou €11.950 and Anastasios Athanasiades €15.050.

No remuneration is paid for the participation of members of the Company’s Board of Directors in the boards of directors of its subsidiary companies.

The Independent Non-Executive Directors do not receive and did not receive any reimbursement from the Company except from their remuneration as members of the Board of Directors within the twelve months preceding their appointment, as this was approved with a decision of the Annual General Meeting of 2018.

C. RESPONSIBILITY AND INTERNAL AUDIT – RISK MANAGEMENT

C.1. Financial Statements

The notifications, reports and statements of the Company, reflect the true picture of the Board of Directors data and estimates at the material time. Notifications are issued where required under statutory obligations and where deemed advisable in order to provide shareholders and investors in general with timely information.

The Company intends to continue to operate as a going concern for the next 12 months.

C.2. Internal Control and Risk Management Systems

The internal control services are carried out by the Internal Audit Department, headed by Rovertos Giousellis, members of the Association of Chartered Certified Accountants (ACCA) and the Institution of Certified Public Accountants of Cyprus (ICPAC).

The Company’s statutory auditors do not provide internal audit services.

The Directors have reviewed the Company's internal control systems as well as the procedures for verifying the accuracy, completeness and validity of the information provided to investors and confirm their effectiveness. The review carried out and the confirmation provided covers all the control systems including financial and operational systems as well as compliance and risk management systems that threaten the fulfilment of the Company's objectives and in respect of which relevant procedures apply and the Internal Auditor has submitted a relevant report.

The Board of Directors has not become aware of any breach of the Laws and Regulations that regulate the operation of the Cyprus Stock Exchange and the Securities and Exchange Commission.

No loans or guarantees have been granted to any Directors (or to any person associated with the same within the first degree or to their spouses or to companies in which they hold more than 20% of the voting rights) of the Company or the Company's subsidiaries either by the Company itself or its subsidiaries or by a company associated with the Company and, with the exception of normal business practice, there are no amounts receivable from a Director or any person associated therewith as stated above.

C.3. Audit Committee, Auditors and Compliance with the Code – Risk Management Committee

The Audit Committee comprises four members and its composition is set out in Part I.A.4 of this Report. Its Chairman and two of the members are Non-Executive, Independent Directors and have no business or other relationship that could materially affect the exercise of their duties. A member is a Non-Executive, Non-Independent Director. The Terms of Reference of the Audit Committee are set out in Part I.B.4 with additional reference in paragraph I.B.8.. The Chairman of the audit Committee has experience in Accounting and Audit and is a Qualified Accountant/Auditor. The members of the Committee, as a whole, have sufficient experience in the area in which the Company operates.

In 2019, the Audit Committee held 8[3] meetings and, as per its Terms of Reference, examined, amongst other issues, the issues related to the services of the Auditors, which have been found to be adequate, including their remuneration, which it considers reasonable. The relevant report has been submitted to the Board of Directors.

The statutory auditors and the entities belonging to the same group as the statutory auditors of the company do not provide to the Company any other services which as statutory auditors are not allowed to provide.

The accounting policies and accounting estimates followed are deemed to be satisfactory. The Company has adopted the International Financial Reporting Standards in relation to its business.

3. On 16/01/2019, 26/02/2019, 18/04/2019, 16/05/2019, 23/07/2019, 19/09/2019, 31/10/2019, 26/11/2019.

There have been no material transactions of the Company or its subsidiaries or associated companies, of any kind, in which the Chief Executive Officer, a senior management executive, secretary, auditor or major shareholder of the Company holding directly or indirectly more than 5% of the Company's issued share capital or voting rights, has any material interest, either directly or indirectly.

It is hereby confirmed that the Company has complied with the provisions of the Code.

This Report was drafted with the assistance of the Compliance Officer.

Risk Management Committee

The Risk Management Committee comprises three members who are Non-Executive Directors. Its composition is set out in Part I.A.5 of this Report. The Committee's Terms of Reference are set out in Part I.B.5 with additional reference in paragraph I.B.8.

The Risk Management Committee has perused, approved and adopted a Risk Management Manual, prepared by the Company's Internal Auditor, which records in detail, the categories of risks encountered by the Company and the Management's policy and procedures for addressing these risks.

In 2019, the Risk Management Committee held 4 meetings. At the quarterly meetings of the Committee, the Management presented the results of the methods and processes of managing the risks based on the Manual and the Committee confirmed the ongoing effectiveness of the internal risk management system and its continuous development across the range of the Company's operations. The Chairman of the Committee informed the Board of Directors accordingly.

D. RELATIONSHIP WITH SHAREHOLDERS

D.1. Constructive use of the Annual General Meeting

The Annual General Meeting was convened and held in accordance with legal and regulatory provisions as well as with the provisions of the Corporate Governance Code.

The procedures followed at the general meetings permit, challenge and support the participation of the shareholders in the discussion of the issues on the agenda and the adoption of relevant resolutions. The shareholders are provided with satisfactory evidence and adequate time is provided for investigation and additional explanations in relation to the issues concerning extraordinary business at the annual general meetings or issues relating to the agenda of an extraordinary general meeting. Prior to and after concluding the business of the general meetings, opportunities are provided for communication and discussion amongst the shareholders and the members of the Board of Directors and the other officers and management executives of the Company.

D.2. Equal Treatment of Shareholders

The entire authorized and issued share capital is divided into ordinary shares and there are no shareholders holding any titles with varied rights in relation to the exercise of voting rights or participation in the Company's profits. During voting, every shareholder is entitled to one vote for every share held.

Participation in the general meeting by proxy requires authorizations for which relevant forms are proposed and attached to the invitation.

The invitations are sent out within the deadlines determined by the Companies Law.

Provided they represent an adequate number of shares (5%), shareholders may propose issues to be discussed at the general meetings of the shareholders in accordance with the procedures established by the Companies Law.

The members of the Board of Directors and management executives are aware of their obligations, subject to their ongoing obligations for immediate announcement, to communicate information to the Board of Directors and to the shareholders through the Company's annual report and the accounts, relating to any material own interest which may arise from Company's transactions that fall within their duties, as well as any other conflicts of interest with those of the Company or its associated companies arising in the performance of their duties.

The information concerning the Company is provided to all shareholders fairly, promptly and free of charge.

The Company has a website providing information on important developments in the Company's operations, including the announcements made to the Stock Exchange, and allows visitors to personally contact the Investor Liaison Officer.

The Company's announcements and reports provide prompt and accurate information on the material changes concerning the Group and its business, including issues relating to the Company's financial statements, the objectives and activities, as amended, the main shareholders and voting rights, material foreseeable risks, material issues concerning employees (upgrading and restructuring of personnel) and the shareholders, governance structure and policies and the Company's extraordinary transactions.

Nicosia, 25 June 2020

By order of the Board of Directors,

Adaminco Secretarial Limited
Secretary of Logicom Public Limited

Independent Auditors' report

To the Members of Logicom Public Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Logicom Public Limited (the ''Company'') and its subsidiaries (the ''Group'') and the separate financial statements of Logicom Public Limited (the ''Company''), which are presented on pages 36 to 149 and comprise the consolidated statement of financial position and statement of financial position of the Company as at 31 December 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated financial position of the Group and the Company as at 31 December 2019, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap. 113").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (''ISAs''). Our responsibilities under those standards are further described in the ''Auditors' responsibilities for the audit of the consolidated and separate financial statements''' section of our report. We remained independent of the Group and the Company throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (Including International Independence Standards) (''IESBA Code'') together with the ethical requirements in Cyprus that are relevant to our audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters including the most significant risks of substantive inaccuracies, which includes estimated risks of substantial inaccuracies due to fraud

Key audit matters are those matters that, in our professional judgement were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of trade receivables for the Group and trade receivables and other receivables for the Company. Refer to notes 24 and 39 to the consolidated and the separate financial statements

Key audit matter	How the matter was addressed in our audit
As at December 31, 2019, the trade receivables of the Group amounted to € 203.352.492 and the trade and other receivables of the Company amounted to €20.371.934. The significance of these balances for the Group and the Company and taking into account the general financial and political environment in the countries where the Group operates, creates a risk as to the recovery of these balances, and the uncertainty, the use of assumptions and judgements that accompany the assessment of provisions for bad debts, caused the valuation of these balances one to be one of the key audit matters.	Our audit procedures included amongst others, the following: — Assessment of the operational effectiveness of the controls in relation to the credit insurance on the Group's customers; — Review of subsequent to the year-end cash receipts; -Assessment of the reasonableness of the assumptions and information, taken into account in the calculation of the provision for doubtful debts, such as the age of the balances, the characteristics of the customers, the extent of insurance coverage and whether the amounts have been recovered post year end. -independent assessment of the expected credit losses (ECL) calculation prepared by the Management, using our own internal model.

Valuation of inventories for the Group and the Company Refer to note 23 to the consolidated and separate financial statements.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2019 the stock of the Group amounted to € 67.969.900 and of the Company amounted to €1.789.537. Considering that the activities of the companies of the Group include the distribution of high tech products and the fact that this specific industry is characterized by rapid developments and changes, there is a risk that the inventories held at year end may be slow moving or impaired. The uncertainty relating to the valuation of inventory caused this risk to be one of the key audit matters.	Our audit procedures included amongst others, the following: —Understanding and evaluating the process applied by the Company and Group to estimate the provision for impairment. — Assessment of the amount of provision for impairment taking into account the characteristics of the country in which the inventories are held, the age and type of inventories, their marketability as well as the Group's ability for stock rotation and price protection. — Comparison of the cost of the inventories with their net realizable value.

Amount payable and share of results from related company for the Group and amount payable from subsidiary company for the Company

Refer to notes 20,24 and 46 to the consolidated and separate financial statements

The key audit matter	How the matter was addressed in our audit
As at 31 December 2019 the amount payable and share of resuts from related company for the Group amount to €22.166.025 and €2.492.160 respectively and amount payable from subsidiary for the Company amount to €17.263.600. The Group and the Company have significant receivable balances from M.N. Larnaca Desalination Co. Limited (the "desalination company"), as a result of financing the desalination project in Larnaca through its subsidiary, Verendrya Ventures Limited. The share of the results and the impairment of the amount due by the desalination company which were recognized during the year have been determined on the basis of assumptions and estimates that involve inherent uncertainty in the calculation of the expected discounted cash flows in relation to the desalination project. The subject matter is one of the key issues that the Board of Directors has exercised significant judgment and therefore is one of the key audit matters.	Our audit procedures included amongst others, the following: -Review of the statutory audit work carried out in the context of the mandatory audit of the subsidiary company with an emphasis on the assessment of the reasonableness of the assumptions used to determine the value of the significant assets of the desalination company, in comparison with statistical and other data, and consequently the share of the result recognized in Group. —Review of the expected discounted cash flows of the subsidiary company Verendrya Ventures Limited which consists of the expected discounted cashflows of the desalination company in Larnaca as well as those of the company that has undertaken the similar project of the desalination unit in Limassol to determine a possible impairment on the amount payable by Verendrya Ventures Limited to the Company;

Share of result from a related company for the Group

Refer to notes 20 to the consolidated and separate financial statements

The key audit matter	How the matter was addressed in our audit
As of March 15, 2018, the Group maintains a significant investment in Demetra Holdings Plc through its subsidiary company Logicom Services Limited. During 2019, this investment increased significantly due to the increase in the investment of Demetra Holdings Plc in Hellenic Bank from 10.05% as at 31 December 2018 to 21.01%. The increase was accounted for using the acquisition method, by measuring the fair value of the identifiable assets and liabilities assumed. The accounting of the transaction by Demetra Holdings Plc is complex due to the significant judgements and estimates required to measure the fair value of the identifiable assets and liabilities assumed. The resulting difference, amounting to € 119.850.066, between the fair value of the consideration and the fair value of the net identifiable assets acquired was recognized in the Demetra Holdings Plc results as a negative goodwill.	Our audit procedures included amongst others, the following: -Review of the financial statements and the report of the auditors of Demetra Holdings Plc for the year ended 31 December 2019 to examine whether any modifications were made by the auditors of Demetra Holdings Plc in relation to the key audit matter, -Review of the audit work of the independent auditors of Demetra Holdings Plc in relation to their assessment and conclusions: (i) for the judgements of the management of the related company on whether it exerts a significant influence on Hellenic Bank according to the requirements of IAS28 "Investments in related companies" and the accounting treatment according to the requirements of IFRS 3 'Business Combinations',

The share of the result recognized by the Group during the year from Demetra Holdings Plc amounted to € 34.789.625 and the share in net assets amounted to € 76.321.278. Due to the significance of the amounts and the significant judgements and estimates made by the Board of Directors of the related company Demetra Holdings Plc, this is one of the key audit matters.	(ii) review the audit work on the value of the consideration and identification and valuation of the identifiable assets and liabilities assumed and the accounting of the resulting negative goodwill, -we conducted a review of specific work carried out by KPMG Limited based on engagement terms agreed with the Board of Directors of Demetra Holdings Plc. Specifically, KPMG Limited was contracted with Demetra Holdings Plc to (a) examine the fair values of the assets and liabilities of the related company as at 31 December 2019 in accordance with ISA 805 – 'Special Considerations-Audits of Single Financial Statements and Specific elements, accounts or items of a financial statement',"(b) to examine the fair values of investments in bonds and loan capital on September 30, 2019 in accordance with ISA 805 – 'Special Considerations-Audits of Single Financial Statements and Specific elements, accounts or items of a financial statement'', and (c) to perform agreed procedures in relation to the fair values as at 30 September 2019 and the three month movement to 31 December 2019, in accordance with International Standard on Related Services (ISRS) 4400, "Engagements to Perform Agreed-upon Procedures Regarding Financial Information - we reviewed the calculations prepared by the management of the Group to evaluate that the equity accounting method used as at 31 December 2019 is in line with IFRSs.

Other information

The Board of Directors is responsible for the other information. The other information comprises the Management Report and Consolidated Management Report and the Corporate Governance Report, but does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed in relation to other information obtained prior to the date of the auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

With regards to the Management Report and Consolidated Management Report, our report is presented in the ''*Report on other legal and regulatory requirements*'' section.

Responsibilities of the Board of Directors and those charged with governance for the consolidated and separate financial statements

The Board of Directors is responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Board of Directors is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Group or the Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors and those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditors' responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Report on other Regulatory and Legal Requirements

Other regulatory requirements

Pursuant to the requirements of Article 10(2) of European Union (EU) Regulation 537/2014 we provide the following information in our Independent Auditors' Report, which is required in addition to the requirements of ISAs.

Date of appointment and period of engagement

We were appointed auditors of the Company since its incorporation in 1986 by the General Meeting of the Company's member to audit the consolidated financial statements of the Group for the year ended 31 December 2019. Our total uninterrupted period of engagement, having been renewed annually by shareholders' resolution is 33 years covering all periods from 31.12.1986 to 31.12.2019.

Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed in this report is consistent with the additional report presented to the Audit Committee of the Company, which is dated 25 June 2020.

Provision of Non-audit Services

We have not provided any prohibited NAS referred to in Article 5 of EU Regulation 537/2014 as applied by Section 72 of the Auditors Law of 2017, L.53(I)2017, as amended from time to time (''Law L53(I)/2017'').

Other legal requirements:

Pursuant to the additional requirements of law L.53(I)/2017, and based on the work undertaken in the course of our audit, we report the following:

• In our opinion, the Management Report and Consolidated Management Report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the consolidated and separate financial statements.

• In the light of the knowledge and understanding of the of the business and the Group's environment obtained in the course of the audit, we have not identified material misstatements in the Management Report and Consolidated Management Report.

• In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113, and which is included as a specific section of Management Report and Consolidated Management Report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap, 113, and is consistent with the consolidated and separate financial statements.

• In light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of the subparagraph 2(a) of Article 151 of the Companies Law, Cap. 113. We have not identified any material misstatements in this respect.
• In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Companies Law, Cap.113.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditors' report is Michael M. Antoniades.

Michael M. Antoniades, FCA
Certified Public Accountant and Registered Auditor
for and on behalf of
KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon street
1087 Nicosia
Cyprus
25 June 2020

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2019

	Note	2019 €	2018[1] €
Revenue	6	946.797.978	899.984.186
Cost of sales	7	(875.437.919)	(835.947.255)
Gross profit		71.360.059	64.036.931
Other income	8	1.051.035	1.559.246
Impairment loss on trade receivables	39.1	(535.970)	(68.591)
Other expenses	9	(34.376)	(13.955)
Administrative expenses	10	(41.230.338)	(40.435.487)
Profit from operations		30.610.410	25.078.144
Net foreign exchange (loss)/profit		(313.338)	393.371
Interest receivable		537.784	1.178.293
Interest payable and bank charges		(8.472.749)	(8.445.243)
Net finance expenses	11	(8.248.303)	(6.873.579)
Net share of profit from associated companies after tax	20	39.789.625	6.261.315
Net share of profit from joint ventures after tax	20	31.627	67.967
Profit before taxation		62.183.359	24.533.847
Taxation	12	(3.508.446)	(1.894.164)
Profit for the year after tax		58.674.913	22.639.683
Other comprehensive income that will not be reclassified to profit or loss in future periods			
Surplus on revaluation of land and buildings	15	1.794.232	-
Surplus from revaluation of investments at fair value through other comprehensive income	18	213.099	271.336
Deferred taxation arising from revaluation of land and buildings	35	(172.787)	3.559
Adjustment on remeasurement of obligation	29	(483.103)	81.673
Deferred taxation arising from the remeasurement of obligation	35	(1.704)	(10.701)
		1.349.737	345.867
Other comprehensive income that are to be reclassified to profit or loss in future periods			
Exchange difference from translation and consolidation of financial statements from foreign operations	11	3.619.382	1.162.373
Exchange difference in relation to hedge of a net investment in a foreign operation	11	(671.698)	(1.581.709)
Share of loss from associated company	20	(64.907)	-
		2.882.777	(419.336)
Other comprehensive income/(expenses) for the year after tax		4.232.514	(73.469)
Total comprehensive income for the year after tax		62.907.427	22.566.214
Profit for the year after tax attributable to:			
Company's shareholders		58.683.217	22.226.027
Non-controlling interest	27	(8.304)	413.656
Profit for the year after tax		58.674.913	22.639.683
Total comprehensive income for the year after tax attributable to:			
Company's shareholders		62.915.731	22.152.558
Non-controlling interest	27	(8.304)	413.656
Total comprehensive income		62.907.427	22.566.214
Basic earnings per share (cent)	14	79,22	30,00
Diluted earnings per share (cent)	14	79,22	30,00

1.The Group initially adopted IFRS16 on 1 January 2019. The transition method chosen permits non retrospective application on comparatives.
The notes on pages 44 to 149 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	2019 €	2018[1] €
Assets			
Property, plant and equipment	15	23.086.797	20.432.645
Right-of-use assets	16	6.644.304	-
Intangible assets and goodwill	17	9.391.507	9.659.165
Investments in associated companies and joint ventures	20	77.003.779	37.456.513
Investments at fair value through other comprehensive income	18	3.862.832	223.200
Trade and other receivables	24	22.416.171	22.160.626
Deferred taxation	35	1.944.689	2.310.003
Total non-current assets		144.350.079	92.242.152
Inventories	23	67.969.900	69.332.835
Trade and other receivables	24	211.413.123	187.245.224
Investments at fair value through profit and loss	21	19.284	20.841
Current tax assets	31	855.102	382.881
Cash and cash equivalents	25	29.761.787	31.211.426
Total current assets		310.019.196	288.193.207
Total assets		454.369.275	380.435.359
Equity			
Share capital	26	25.187.064	25.187.064
Reserves	27	138.191.563	80.099.123
Equity attributable to shareholders of the company		163.378.627	105.286.187
Non-controlling interest	27	(2.423.254)	(1.989.007)
Total equity		160.955.373	103.297.180
Liabilities			
Long-term loans	32	16.758.647	23.397.196
Obligations under finance leases	33	5.399.600	-
Trade and other payables	30	11.441.699	11.246.270
Deferred taxation	35	486.683	417.369
Provisions for other liabilities and termination of employment	28,29	3.090.779	2.542.474
Total non-current liabilities		37.177.408	37.603.309
Trade and other payables	30	126.756.223	117.807.652
Bank overdrafts	32	50.873.720	49.530.095
Short term loans	32	66.551.100	58.138.882
Current portion of long-term loans	32	8.289.819	8.337.235
Obligations under finance leases	33	1.187.701	-
Promissory notes	34	130.549	3.470.451
Derivative financial instruments	22	946.831	1.350.649
Current tax liabilities	31	1.460.282	846.263
Provisions for other liabilities and termination of employment	28,29	40.269	53.643
Total current liabilities		256.236.494	239.534.870
Total liabilities		293.413.902	277.138.179
Total equity and liabilities		454.369.275	380.435.359

The consolidated financial statements were approved by the Board of Directors of Logicom Public Limited on 25 June 2020.

....	....
Varnavas Irinarchos	Anthoulis Papachristoforou
Vice Chairman and Managing Director	Group Chief Financial Officer/ Director

1.The Group initially adopted IFRS16 on 1 January 2019. The transition method chosen permits non retrospective application on comparatives.
The notes on pages 44 to 149 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2019

	Share capital €	Share Premium €	Revaluation Reserve €	Fair Value Reserve €	Difference arising on the conversion the share capital to Euro €	Hedge reserve €	Statutory reserve €	Translation reserve €	Retained earnings €	Total €	Non-controlling interest €	Total €
Balance at 1 January 2018 as previously reported	25.187.064	10.443.375	4.760.827	1.881.807	116.818	(7.437.490)	1.378.430	(5.434.049)	58.459.740	89.356.522	(2.402.663)	86.953.859
Change in accounting policy for the application of IFRS9 after tax	-	-	-	379.500	-	-	-	-	(1.787.219)	(1.407.719)	-	(1.407.719)
Balance at 1 January 2018	25.187.064	10.443.375	4.760.827	2.261.307	116.818	(7.437.490)	1.378.430	(5.434.049)	56.672.521	87.948.803	(2.402.663)	85.546.140
Total comprehensive income												
Profit for the year	-	-	-	-	-	-	-	-	22.226.027	22.226.027	413.656	22.639.683
Other comprehensive income	-	-	3.559	231.136	-	(1.581.709)	-	1.162.373	111.172	(73.469)	-	(73.469)
Transactions with owners of the Company, recognized directly in equity												
Proposed dividend for 2017 that was paid in 2018 (note 13)	-	-	-	-	-	-	-	-	(4.815.174)	(4.815.174)	-	(4.815.174)
Other movements												
Transfers	-	-	-	(2.492.443)	-	-	493.821	-	1.998.622	-	-	-
Balance at 1 January 2019	25.187.064	10.443.375	4.764.386	-	116.818	(9.019.199)	1.872.251	(4.271.676)	76.193.168	105.286.187	(1.989.007)	103.297.180
Total comprehensive income												
Profit for the year	-	-	-	-	-	-	-	-	58.683.217	58.683.217	(8.304)	58.674.913
Other comprehensive income	-	-	1.621.445	-	-	(671.698)	-	3.619.382	(336.615)	4.232.514	-	4.232.514
Transactions with owners of the Company, recognized directly in equity												
Proposed dividend for 2018 that was paid in 2019 (note 13)	-	-	-	-	-	-	-	-	(5.185.572)	(5.185.572)	-	(5.185.572)
Share of other transactions with owners from an associated company (note 20)	-	-	-	-	-	-	-	-	(63.662)	(63.662)	-	(63.662)
Other movements												
Transfer	-	-	-	-	-	-	563.306	-	(137.363)	425.943	(425.943)	-
Balance at 31 December 2019	25.187.064	10.443.375	6.385.831	-	116.818	(9.690.897)	2.435.557	(652.294)	129.153.173	163.378.627	(2.423.254)	160.955.373

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the period of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence of 17% will be payable on such deemed dividends to the extent that the shareholders at the end of the period of the two years from the end of the year of assessment to which the profits refer are Cyprus tax residents and Cyprus domiciled. The amount of deemed dividend distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2019

	Note	2019 €	2018 €
Cash flows from operations			
Profit for the year after tax		58.674.913	22.639.683
Adjustments for:			
Exchange differences		3.177.829	(594.580)
Depreciation	15	1.293.618	1.302.191
Depreciation on leased property, plant and equipment	15	297.261	302.144
Depreciation on right-of-use assets	16	1.452.734	-
Interest payable		7.776.345	7.541.707
Interest receivable	11	(537.784)	(1.178.293)
Change in fair value of derivative financial instruments		(403.818)	(987.521)
Share of profit from joint ventures after tax	20	(31.627)	(67.967)
Share of profit from associated companies after tax	20	(39.789.625)	(6.261.315)
Impairment loss on trade receivables	39.1	535.970	68.591
Provision recognised for the decrease in the value of inventories	23	639.341	218.555
Loss on revaluation of investments at fair value through profit and loss	8	1.557	2.502
Reversal of impairment of investments in joint ventures	8	-	(661.913)
Impairment of property, plant and equipment	9	34.376	13.955
Profit from the disposal of property, plant and equipment	8	(4.661)	(33)
Amortisation of research and development	17	244.696	249.057
Charge to profit or loss for provisions	29	517.969	803.415
Taxation	12	3.508.446	1.894.164
		37.387.540	25.284.342
Decrease/(increase) in inventories		723.594	(4.594.343)
Increase in trade and other receivables		(24.959.414)	(7.628.242)
Increase in trade and other payables		9.144.000	7.999.527
(Repayments)/proceeds from promissory notes		(3.339.902)	1.688.909
Benefits paid for termination of employment		(538.401)	(325.484)
		18.417.417	22.424.709
Interest paid		(7.424.763)	(7.541.707)
Taxation paid		(3.099.007)	(3.205.347)
Net cash flow from operations		7.893.647	11.677.655
Cash flows used in investing activities			
Payments to acquire investments at fair value through other comprehensive income		(3.639.632)	-
Proceeds from disposal of property, plant and equipment		697.627	54.755
Payments to acquire investments in associated companies		-	(23.933.710)
Payments for provisions	28	(40.000)	(40.000)
Payments to acquire property, plant and equipment	15	(3.061.920)	(9.643.088)
Interest received	11	537.784	1.178.293
Net cash flow used in investing activities		(5.506.141)	(32.383.750)
Cash flows from financing activities			
Proceeds from issue of new loans	32	100.162.006	75.253.796
Repayment of loans	32	(98.862.517)	(66.718.211)
Repayments of obligations under finance leases	33	(1.521.472)	-
Dividends paid	13	(5.185.572)	(4.815.174)
Net cash flow (used in)/from financing activities		(5.407.555)	3.720.411
Net change in cash and cash equivalents		(3.020.049)	(16.985.684)
Cash and cash equivalents at beginning of the year		(18.318.669)	(1.981.224)
Effect of exchange rate fluctuations on cash held		226.785	648.239
Cash and cash equivalents at end of the year	25	(21.111.933)	(18.318.669)

The notes on pages 44 to 149 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2019

	Note	2019 €	2018[1] €
Revenue	6	69.036.153	89.667.145
Cost of sales	7	(63.309.811)	(82.762.117)
Gross profit		5.726.342	6.905.028
Other income	8	12.352.542	17.543.327
Impairment loss on trade receivables	39.1	(468.839)	(1.159.640)
Other expenses	9	(1.150.000)	-
Administrative expenses	10	(7.722.123)	(6.650.703)
Profit from operations		8.737.922	16.638.012
Net foreign exchange profit		385.356	834.187
Interest receivable		62	147
Interest payable and bank charges		(3.970.098)	(3.898.986)
Net finance expenses	11	(3.584.680)	(3.064.652)
Profit before taxation		5.153.242	13.573.360
Taxation	12	(472.944)	281.499
Profit for the year after tax		4.680.298	13.854.859
Other comprehensive income that will not be reclassified to profit or loss in future periods			
Surplus on revaluation of land and buildings	15	281.098	-
Deferred taxation arising from revaluation of land and buildings	35	(172.787)	3.559
Other comprehensive income for the year after tax		108.311	3.559
Total comprehensive income for the year after tax		4.788.609	13.858.418

1.The Group initially adopted IFRS16 on 1 January 2019. The transition method chosen permits non retrospective application on comparatives.
The notes on pages 44 to 149 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	2019 €	2018[1] €
Assets			
Property, plant and equipment	15	5.027.232	4.387.315
Right-of-use assets	16	586.229	-
Investments in subsidiary companies	19	53.707.037	53.708.587
Long-term loans to subsidiary companies	45	29.048.640	28.406.793
Deferred taxation	35	879.277	1.341.864
Total non-current assets		89.248.415	87.844.559
Inventories	23	1.789.537	2.197.547
Trade and other receivables	24	20.397.039	18.798.611
Receivables from subsidiary companies	45	37.921.188	56.038.179
Investments at fair value through profit and loss	21	9.594	9.594
Cash and cash equivalents	25	2.141.917	2.299.735
Total current assets		62.259.275	79.343.666
Total assets		151.507.690	167.188.225
Equity			
Share capital	26	25.187.064	25.187.064
Reserves	27	17.753.639	18.150.602
Total equity		42.940.703	43.337.666
Liabilities			
Long-term loans	32	10.899.978	16.714.478
Obligations under finance leases	33	490.218	-
Deferred taxation	35	484.273	352.088
Total non-current liabilities		11.874.469	17.066.566
Trade and other payables	30	22.459.410	31.563.725
Bank overdrafts	32	30.258.843	29.933.854
Short term loans	32	36.333.646	33.915.953
Current portion of long-term loans	32	6.490.353	6.568.820
Obligations under finance leases	33	108.440	-
Promissory notes	34	130.549	3.470.451
Derivative financial instruments	22	908.251	1.327.871
Current tax liabilities	31	3.026	3.319
Total current liabilities		96.692.518	106.783.993
Total liabilities		108.566.987	123.850.559
Total equity and liabilities		151.507.690	167.188.225

The financial statements were approved by the Board of Directors of Logicom Public Limited on 25 June 2020.

....	....
Varnavas Irinarchos	Anthoulis Papachristoforou
Vice Chairman and Managing Director	Group Chief Financial Officer / Director

1.The Group initially adopted IFRS16 on 1 January 2019. The transition method chosen permits non retrospective application on comparatives.
The notes on pages 44 to 149 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2019

	Note	Share capital €	Share Premium €	Revaluation Reserve €	Difference arising on the conversion the share capital to Euro €	Retained earnings €	Total €
Balance at 1 January 2018 as previously reported		25.187.064	10.443.375	2.196.509	116.818	(2.701.186)	35.242.580
Change in accounting policy for the adoption of IFRS 9 after tax		-	-	-	-	(948.158)	(948.158)
Balance at 1 January 2018		25.187.064	10.443.375	2.196.509	116.818	(3.649.344)	34.294.422
Total comprehensive income							
Profit for the year		-	-	-	-	13.854.859	13.854.859
Other comprehensive income for the year		-	-	3.559	-	-	3.559
Transactions with owners of the Company, recognized directly in equity							
Proposed dividend for 2017 that was paid in 2018	13	-	-	-	-	(4.815.174)	(4.815.174)
Balance at 1 January 2019		25.187.064	10.443.375	2.200.068	116.818	5.390.341	43.337.666
Total comprehensive income							
Profit for the year		-	-	-	-	4.680.298	4.680.298
Other comprehensive income for the year		-	-	108.311	-	-	108.311
Transactions with owners of the Company, recognized directly in equity							
Proposed dividend for 2018 that was paid in 2019	13	-	-	-	-	(5.185.572)	(5.185.572)
Balance at 31 December 2019		25.187.064	10.443.375	2.308.379	116.818	4.885.067	42.940.703

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the period of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence of 17% will be payable on such deemed dividends to the extent that the shareholders at the end of the period of the two years from the end of the year of assessment to which the profits refer are Cyprus tax residents and Cyprus domiciled. The amount of deemed dividend distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

Retained earnings is the only reserve that is available for distribution.

LOGICOM PUBLIC LIMITED

STATEMENT OF CASH FLOWS
Year ended 31 December 2019

	Note	2019 €	2018 €
Cash flows from operations			
Profit for the year after tax		4.680.298	13.854.859
Adjustments for:			
Depreciation	15	425.983	391.350
Change in derivative financial instruments		(419.620)	(972.895)
Depreciation on right-of-use assets	16	117.246	-
Loss/(profit) from the disposal of property, plant and equipment	8	13.488	(840)
Impairment loss on trade receivables		468.839	1.159.640
Impairment loss of investments in subsidiaries	19	1.150.000	-
Dividends receivable	8	(11.911.222)	(16.865.393)
Interest receivable	11	(62)	(147)
Interest payable	11	3.952.133	3.736.987
Taxation	12	472.944	(281.499)
		(1.049.973)	1.022.062
Decrease in inventories		408.010	3.671.647
Increase in trade and other receivables		(1.594.377)	(2.028.041)
Decrease/(increase) in balances with subsidiary companies		17.002.254	(19.953.986)
Increase in receivables from related companies		-	(351.546)
Decrease in trade and other payables		(9.104.315)	(23.613.194)
(Decrease)/increase in promissory notes		(3.339.902)	1.688.909
		2.321.697	(39.564.149)
Interest paid		(3.931.700)	(3.736.987)
Taxation paid		(38.125)	(44.729)
Net cash flow used in operations		(1.648.128)	(43.345.865)
Cash flows from investing activities			
Payments to acquire property, plant and equipment	15	(1.154.490)	(450.529)
Payments to acquire investments in subsidiary companies	19	(1.148.450)	(10.281.248)
Proceeds from disposal of property, plant and equipment		343.073	840
Interest received	11	62	147
Dividends received	8	11.911.222	16.865.393
Net cash flow from investing activities		9.951.417	6.134.603
Cash flows from financing activities			
Proceeds from issue of new loans	32	50.018.998	50.043.166
Repayment of loans	32	(53.494.272)	(27.584.301)
Repayments of obligations under finance leases	33	(125.250)	-
Dividends paid	13	(5.185.572)	(4.815.174)
Net cash flow (used in)/from financing activities		(8.786.096)	17.643.691
Net change in cash and cash equivalents		(482.807)	(19.567.571)
Cash and cash equivalents at beginning of the year		(27.634.119)	(8.066.548)
Cash and cash equivalents at end of the year	25	(28.116.926)	(27.634.119)

The notes on pages 44 to 149 form an integral part of these consolidated and separate financial statements.

1. STATUS AND PRINCIPAL ACTIVITY

Logicom Public Limited (the "Company") was incorporated in Cyprus on 9 December 1986 as a private company with limited liability. The principal activities of the Company are the distribution of high technology products and the provision of finance to its subsidiaries. On 23 July 1999 the Company became public in accordance with the provisions of the Cyprus Companies Law and on 4 January 2000 commenced trading of its shares in the Cyprus Stock Exchange.

These separate and consolidated financial statements include the Company and its subsidiaries ("the Group").

The address of the registered office of the Company is the following:
Zenonos Sozou 3
1st floor
3105 Limassol

The address of the management office of the Company is the following:
Stasinou 26
Ayia Paraskevi
2003 Strovolos
Nicosia

On 1 January 1999, Logicom Public Limited acquired the whole share capital of Logicom (Overseas) Limited of €17.100. The principal activity of Logicom (Overseas) Limited is the distribution of high technology products and the assembly of computers. The company remained dormant during 2019.

On 1 January 2000, Logicom Public Limited acquired the whole share capital of SOLATHERM ELECTRO - TELECOMS “SET” Limited, of €5.135 which was renamed to ENET Solutions Limited on 11 January 2001. The principal activity of ENET Solutions Limited is the supply of solutions and services for networks and telecommunications. The company ENET Solutions Limited was renamed to Logicom Solutions Limited on 30 January 2009. The operations of the companies DAP Noesis Business Solutions Ltd and Netvision Ltd were transferred to Logicom Solutions Ltd in January 2009. The share capital of Logicom Solutions Ltd was transferred to Logicom Services Ltd for €2.398.056 on 31 December 2011.

On 27 April 2000, Netcom Limited was incorporated in Cyprus with a share capital of €17.086, which is wholly owned by Logicom Public Limited. The principal activity of Netcom Limited is the execution of infrastructure projects, such as the construction of a desalination plant in Episkopi Limassol and the renovation and operation of a desalination plant in Larnaca. On 20 July 2010 the whole share capital of Netcom Limited was acquired by Verendrya Ventures Limited. The company remained dormant during 2019.

On 25 July 2000, Logicom (Middle East) SAL was incorporated in Lebanon, with a share capital of LBP 75.000.000 which is wholly owned by Logicom Public Limited. The principal activity of Logicom (Middle East) SAL is the distribution of high technology products.

On 21 February 2001, ENET Solutions Logicom S.A. was incorporated in Greece with a share capital of €601.083, which is wholly owned by Logicom Public Limited. The principal activity of ENET Solutions Logicom S.A. is the distribution of high technology products.

On 7 August 2001, Logicom Jordan LLC was incorporated in Jordan, with a share capital of JOD 50.000, which is wholly owned by Logicom Public Limited. The principal activity of Logicom Jordan LLC is the distribution of high technology products.

On 3 October 2001, Logicom FZE was incorporated in the United Arab Emirates, with a share capital of AED 1.000.000, which is wholly owned by Logicom Public Limited. The principal activity of Logicom FZE is the distribution of high technology products.

1. STATUS AND PRINCIPAL ACTIVITY *(continued)*

On 7 November 2001, Logicom Dubai LLC was incorporated in the United Arab Emirates, with a share capital of AED 300.000, which is wholly owned, directly and indirectly, by Logicom Public Limited. The principal activity of Logicom Dubai LLC is the distribution of high technology products.

On 14 June 2005, Logicom Italia s.r.l. was incorporated in Italy, with a share capital of €10.000, which is wholly owned by Logicom Public Limited. The principal activity of Logicom Italia s.r.l. is the distribution of high technology products. On 5 May 2014 there was an increase in the share capital of Logicom Italia s.r.l to €200.000 which is wholly owned by Logicom Public Ltd.

On 1 December 2005, Logicom IT Distribution Ltd was incorporated in Turkey, with a share capital of 5.000 Turkish liras, which is owned evenly by subsidiary companies ENET Solutions Logicom S.A. and Logicom FZE. On 30 March 2007 there was an increase in the share capital of Logicom IT Distribution Ltd to 140.000 Turkish liras, which is owned by 40 % from Enet Solutions Logicom S.A. and by 60% from Logicom FZE. On 27 December 2007 there was a further increase in the share capital of Logicom IT Distribution Ltd to 1.540.000 Turkish liras which is owned by 4% from Enet Solutions Logicom S.A. and by 96% from Logicom FZE. The principal activity of Logicom IT Distribution Ltd is the distribution of high technology products. During 2019, Logicom IT Distribution Ltd ceased operations and remains dormant.

On 1 August 2006, Rehab Technologies Ltd was incorporated in Saudi Arabia, with a share capital of SAR 500.000 which is held by a trustee on behalf of Logicom Public Ltd. Logicom Public Ltd has full control of the operations of Rehab Technologies Ltd through a contractual agreement. The principal activity of Rehab Technologies Ltd is the distribution of high technology products. The activities of Rehab Technologies Ltd were transferred to Logicom Saudi Arabia LLC on 8 June 2010 and the company has since remained dormant.

On 19 March 2007, Logicom Information Technology Distribution S.R.L. was incorporated in Romania with a share capital of 200 Romanian Lei, which is wholly owned by Logicom Public Limited. During the year 2018 there was an increase in the share capital of the company to 10.250.000 Romanian Lei. The principal activity of Logicom Information Technology Distribution S.R.L. is the distribution of high technology products.

On 12 April 2007, Logicom Bulgaria EOOD was incorporated in Bulgaria, with a share capital of 20.000 Bulgarian Lev, which is wholly owned by Logicom Public Limited. The principal activity of Logicom Bulgaria EOOD is the distribution of high technology products. During 2019, the company remained dormant.

On 30 January 2008, Verendrya Ventures Limited was incorporated in Cyprus, with a share capital of EUR1.000 which belongs to Logicom Public Limited and to Demetra Holdings Plc by 60% and 40% respectively. The principal activity of Verendrya Ventrures Limited is the execution of projects relating to the construction of desalination units.

On 6 May 2009, Logicom Services Limited was incorporated in Cyprus, with a share capital of €10.000, which is wholly owned by Logicom Public Limited. The principal activity of Logicom Services Limited is the holding of investments.

On 28 July 2009, the Group acquired, through its subsidiary Logicom Services Limited, the 36,77% of the company Newcytech Business Solutions Limited. The main activity of Newcytech Business Solutions Limited is the provision of complete IT solutions. On 30 October 2009 Logicom Services Limited acquired the 100% of the share capital of Newcytech Business Solutions Limited amounting to €756.776.

With the acquisition of Newcytech Business Solutions Limited the Group acquired also the 100% of the company Newcytech Distribution Ltd with share capital of €8.550. The main activity of Newcytech Distribution Ltd is the import and wholesale of computers in the local market. The share capital of Newcytech Distribution Ltd was transferred to Logicom Services Limited on 30 June 2010.

1. STATUS AND PRINCIPAL ACTIVITY *(continued)*

On 16 August 2009, Enet Solutions LLC was incorporated through the subsidiary company Logicom Services Limited, in the United Arab Emirates, with a share capital of AED300.000. The main activity of Enet Solutions LLC is the provision of complete IT solutions. During 2019, the company remained dormant.

On 29 September 2009, Logicom Saudi Arabia LLC was incorporated in Saudi Arabia, with a share capital of SAR 26.800.000 which is owned by 75% from Logicom FZE and by 25% from a trustee on behalf of Logicom Public Limited. Logicom Public Limited has contractually the full control of the operations of Logicom Saudi Arabia LLC. The principal activity of Logicom Saudi Arabia LLC is the distribution of high technology products.

On 3 November 2009, ICT Logicom Solutions SA was incorporated in Greece, through the subsidiary company Logicom Services Limited, with a share capital of €100.000. The principal activity of ICT Logicom Solutions SA is the provision of complete IT solutions.

On 29 September 2010, Logicom Distribution Germany Gmbh was incorporated in Germany, with a share capital of €27.000 which is wholly owned by Logicom Public Limited. The principal activity of Logicom Distribution Germany Gmbh is the distribution of high technology products.

On 7 April 2010, M.N. E.P.C. Water Co. was incorporated in Cyprus with a partners' share of €10.000 which is owned by 50% from the Group's company Veredrya Ventures Ltd, through its subsidiary Netcom Ltd. M.N. E.P.C. Water Co. undertook the construction of Episkopi desalination plant on behalf of M.N. Limassol Water Co. Ltd.

On 4 November 2010, M.N. Limassol Water Co. Limited was incorporated in Cyprus with a share capital of €10.000 which is composed of 5.000 shares Class A and 5.000 shares Class B. The Group's company Verendrya Ventures Limited, through its subsidiary Netcom Ltd holds 2.500 shares Class A and 2.495 shares Class B. M.N. Limassol Water Co. Limited was assigned the construction and operation of Episkopi Desalination plant.

On 29 November 2011, the Group obtained 100% of Inteli-scape Limited, through its subsidiary Logicom Services Limited, with share capital of €85.500. The principal activity of Inteli-scape Limited is the development and sale of computer software. On 1 January 2015, the company Inteli- Scape Limited merged with Logicom Solutions Limited which is wholly owned by Logicom Services Limited.

On 7 August 2012, M.N. Larnaca Desalination Co. Limited was incorporated in Cyprus with a share capital of €10.000 which is composed of 5.000 shares Class A and 5.000 shares Class B. The Group's company Verendrya Ventures Ltd, through its subsidiary Netcom Ltd holds 2.500 shares Class A and 2.495 shares Class B. M.N. Larnaca Desalination Co. Limited was assigned the renovation and operation of Larnaca Desalination plant.

On 2 September 2012, Logicom LLC was incorporated in Oman with a share capital of USD 51.800 which is owned by 99% by the subsidiary company Logicom FZE and by 1% by the subsidiary Logicom Dubai LLC. The principal activity of Logicom LLC is the distribution of high technology products.

On 1 October 2013, Cadmus Tech Points S.A.L. was incorporated in Lebanon with a share capital of LBP 30.000.000 which is wholly owned by Logicom Public Limited. The principal activity of Cadmus Tech Points S.A.L. is the distribution of high technology products. During the year, the company remained dormant.

On 23 March 2014, Logicom Trading and Distribution LLC was incorporated in Qatar with a share capital of QAR 200.000 which is owned by 49% by Logicom Public Limited and by 51% by a trustee on behalf of Logicom Public Limited. The principal activity of Logicom Trading and Distribution LLC is the distribution of high technology products.

On 1 June 2014, Logicom Kuwait for Computer Company W.L.L. was incorporated in Kuwait with a share capital of KD 20.000 which is owned by 49% by the subsidiary company Logicom FZE and by 51% by a trustee on behalf of Logicom Public Limited. The principal activity of Logicom Kuwait for Computer Company W.L.L. is the distribution of high technology products.

1. STATUS AND PRINCIPAL ACTIVITY *(continued)*

On 23 May 2017, the Group acquired the company Najada Holdings Limited in Cyprus, with a share capital of €100, which is wholly owned by Logicom Public Limited. The principal activity of Najada Holdings Limited is the purchase and holding of immovable property.

On 6 September 2018, Logicom Bahrain W.L.L. was incorporated in Bahrain, with a share capital of BD 5.000 which is owned by 49% by the subsidiary Logicom FZE and by 51% by a trustee on behalf of Logicom Public Limited. The principal activity of Logicom Bahrain W.L.L. is the distribution of high technology products.

On 7 November 2019, Logicom Egypt LLC was incorporated in Egypt, with a share capital of EGP 1.000 which is owned by 95% by the subsidiary company Logicom FZE and by 5% by the subsidiary Logicom (Overseas) Limited. The principal activity of Logicom Egypt LLC is the trading and distribution of high technology products.

2. BASIS OF PREPARATION

Statement of compliance
The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113 and the requirements of the Stocks and Cyprus Stock Exchange laws and regulations and the Transparency (securities admitted to trading on a regulated market) Law.

These are the first consolidated and separate financial statements of the Group and the Company on which the IFRS16 has been applied. The changes in significant accounting policies are described in note 3.

The consolidated and separate financial statements of the Company were approved by the Board of Directors on 25 June 2020.

Basis of presentation
The consolidated and separate financial statements have been prepared under the historical cost convention, except for the land and buildings, investments at fair value through profit or loss and available for sale investments which are stated at their fair value. The methods used to measure the fair values are analysed further in note 4.

Going concern
On 31 December 2019, the Company's current liabilities exceeded its current assets by €34,4 million, taking into account the budget for 2020 which is improved compared to 2019, as well as the estimates for the coming years, perspectives of the Company and its planned development, the Board of Directors has assessed that the Company has the ability to continue as a going concern and has therefore prepared the separate financial statements on this basis. In this assessment, the Board of Directors, also took into consideration the distribution of the bank facilities received by the Company in the various assets, and the possibility of their repayment as well as the available to use limit of the bank facilities as they are analysed in Note 32.

The effect of the pandemic COVID-19 on the operation of the Company is examined in Note 47.

Functional and presentation currency
The consolidated and separate financial statements are presented in Euro (€) which is the functional currency of the Company.

Estimates and judgments
The preparation of the consolidated and separate financial statements in conformity with the IFRSs as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

2. BASIS OF PREPARATION *(continued)*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements

Information about judgements in applying accounting policies that have significant effects on the amounts recognised in the consolidated and separate financial statements are included in the following notes:

- Note 37 – Operating lease
- Note 16 – Right-of-use assets
- Note 20 – Equity - accounted investees

Assumptions and estimates

Information about assumptions and estimates that have a significant risk of resulting in a material adjustment to the values of the assets and liabilities within the next financial year are included in the following notes:

- Note 17 – Measurement of the recoverable amount of goodwill
- Note 19 – Recoverability of investments in subsidiary companies
- Note 20, 46 – Impairment of investments in associated companies and joint ventures
- Note 23 – Measurement of provision for slow moving stock
- Note 24, 39 – Measurement of provision for expected credit losses for trade receivables and contract assets: main assumptions for the determination of the weighted average loss rate
- Note 29 - Provisions for termination of employment
- Note 35 - Recognition of deferred taxation: Utilisation of tax losses
- Note 45 - Recoverability of receivables from subsidiary companies

Fair value calculation: A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has established procedures for monitoring changes in the fair values of monetary assets and liabilities as well as other assets and liabilities. The methods of estimating the fair value as well as analyzing the fair values of the Group and the Company are presented in note 39.5.

3. CHANGES IN ACCOUNTING POLICIES

The Group initially applied IFRS 16 Leases from 1 January 2019. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Group's and Company's financial statements.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information. Details of the changes to the accounting policies are summarised below.

A. Definition of a lease

Before 1 January 2019, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4.

The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

3. CHANGES IN ACCOUNTING POLICIES *(continued)*

B. As a lessee

As a lessee, the Group leases many assets including property and vehicles. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet of.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

i. Leases classified as operating leases under IAS 17

Before 1 January 2019, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. The right-of-use assets are measured either at:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application; or

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;

- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);

- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and

- used hindsight when determining the lease term.

ii. Leases classified as finance leases under IAS 17

For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

C. The Group and the Company as a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

3. CHANGES IN ACCOUNTING POLICIES *(continued)*

D. Impact on financial statements

Impact on transition

On transition to IFRS 16, the Group recognised right-of-use assets and lease liabilities. The impact on transition is summarised below.

	THE GROUP 2019 €	THE COMPANY 2019 €
Right-of-use assets	7.196.593	703.475
Prepayment of leases	(31.843)	-
Lease liabilities	(7.164.750)	(703.475)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019.

The weighted average rate applied to Europe is 3,17% for land, warehouses and buildings and 3,5% for vehicles, and for the Middle East 5,44% for land, warehouses and buildings and 2,95% for vehicles.

	THE GROUP €	THE COMPANY €
Operating lease commitments at 31 December 2018 as disclosed under IAS 17	5.989.545	318.230
Discounted using the incremental borrowing rate at 1 January 2019	4.361.332	203.859
Recognition exemption for leases of low-value assets or the lease period is less than 12 months	(717.992)	-
Extension options reasonably certain to be exercised	2.966.705	499.616
Other contracts	554.705	-
Lease liabilities recognised at 1 January 2019	7.164.750	703.475

4. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently to all periods presented in the consolidated and separate financial statements of the Company, and have been applied consistently by all Group entities.

Adoption of new and revised IFRSs and Interpretations as adopted by the European Union (EU)
From 1 January 2019, the Group has adopted all the changes to International Financial Reporting Standards (IFRS) as adopted by the EU that are relevant to its operations. This adoption did not have a material effect on the financial statements of the Company except for the adoption of IFRS 16 'Leases' (refer to Note 3).

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual periods beginning on 1 January 2019. Those that are relevant to the activities of the Group are presented below. The Group does not intend to adopt the following before the date of validity.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Standards and Interpretations adopted by the EU

Amendments to References to the Conceptual Framework in IFRS Standards" (effective for annual periods beginning on or after 1 January 2020).

In March 2018 the IASB issued a comprehensive set of concepts for financial reporting, the revised "Conceptual Framework for Financial Reporting" (Conceptual Framework), replacing the previous version issued in 2010. The main changes to the framework's principles have implications for how and when assets and liabilities are recognised and derecognized in the financial statements, while some of the concepts in the revised Framework are entirely new (such as the "practical ability" approach to liabilities). To assist companies with the transition, the IASB issued a separate accompanying document "Amendments to References to the Conceptual Framework in IFRS Standards". This document updates some references to previous versions of the Conceptual Framework in IFRS Standards, their accompanying documents and IFRS Practice Statements.

The Group does not expect any significant impact on the consolidated and separate financial statements from the implementation of the amendments.

IAS 1 "Presentation of Financial Statements" (Amendments) and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (Amendments): Definition of Material (effective for annual periods beginning on or after 1 January 2020).

The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. The amendments include definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of 'material' is consistent across all IFRS Standards.

- Old definition: Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements (IAS 1 "Presentation of Financial Statements").
- New definition: Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The Group does not expect any significant impact on the consolidated and separate financial statements from the implementation of the amendments.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Standards and Interpretations adopted by the EU (continued)

IFRS 9 "Financial Instruments" (Amendments), IAS 39 "Financial Instruments: Recognition and Measurement" (Amendments) and IFRS 7 "Financial Instruments: Disclosures" (Amendments): Interest Rate Benchmark Reform (effective for annual periods beginning on or after 1 January 2020).
The amendments address issues affecting financial reporting and provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to interbank offered rates (IBOR) reform. They are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform. All companies with hedges affected by IBOR reform are required to:

- assume that the interest rate benchmark on which hedged cash flows are based is not altered as a result of IBOR reform when assessing whether the future cash flows are highly probable. Also, for discontinued hedging relationships, the same assumption is applied for determining whether the hedged future cash flows are expected to occur.
- assess whether the economic relationship between the hedged item and the hedging instrument exists based on the assumptions that the interest rate benchmark on which the hedged item and the hedging instrument are based is not altered as a result of IBOR reform.
- not discontinue a hedging relationship during the period of uncertainty arising from IBOR reform solely because the actual results of the hedge are outside the range of 80-125 per cent.
- apply the separately identifiable requirement only at the inception of the hedging relationship. A similar exception is also provided for redesignation of hedged items in hedges where dedesignation and redesignation take place frequently – e.g. macro hedges.
- prospectively cease applying the exceptions at the earlier of:
  (a)when the uncertainty regarding the timing and the amount of interest rate benchmark based cash flows is no longer present; and
  (b)the discontinuation of the hedging relationship (or reclassification of all amounts from the cash flow hedge reserve).

The assessment of uncertainty should be performed on an item-by-item basis for hedges involving groups of items.

- disclose:
  (a) the significant interest rate benchmarks to which hedging relationships are exposed;
  (b) the extent of risk exposure that is affected by IBOR reform;
  (c) how the transition to alternative benchmark interest rates is being managed;
  (d) a description of significant assumptions or judgements made in applying the amendments; and
  (e) the nominal amount of the hedging instruments in those hedging relationships.

The Group does not expect any significant impact on the consolidated and separate financial statements from the implementation of the amendments.

IFRS 3 "Business Combinations" (Amendments): Definition of a Business (effective for annual periods beginning on or after 1 January 2020).
The amendments narrow and clarify the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance. Distinguishing between a business and a group of assets is important because an acquirer recognises goodwill only when acquiring a business.
The Group does not expect any significant impact on the consolidated and separate financial statements from the implementation of the amendments.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ii) Standards and Interpretations not yet adopted by the EU

IFRS 10 "Consolidated Financial Statements" (Amendments) and IAS 28 "Investments in Associates and Joint Ventures" (Amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date postponed indefinitely).

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (as defined in IFRS 3). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

The Group does not expect any significant impact on the consolidated and separate financial statements from the implementation of the amendments.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation

Business combinations
Business combinations are accounted using the 'acquisition method' when control is transferred to the Group. The cost of an acquisition is measured as the total consideration which is transferred at the fair values on the date of acquisition and the amount of non-controlling interests in the acquired company. For each business combination the Group decides whether it will measure the non-controlling interests in the acquired company in fair value or in proportion of the share of identifiable assets of the acquired company. When the acquisition cost exceeds the share of the Group in the identifiable net assets acquired, the difference is recognised as goodwill in the consolidated statement of financial position. In the case where the share of the Group in the identifiable net assets acquired exceeds the acquisition cost (i.e. negative goodwill), the difference is recognised directly in the consolidated income statement at the year of acquisition. Expenses related to the acquisition are recognised as they occur and they are included in other operating expenses.

When the Group acquires a company, it evaluates the financial assets and liabilities undertaken in regards to their classification and predetermination based on the terms of the contract, the economic circumstances and the relevant terms at the date of acquisition.

Subsidiary companies
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
The financial statements of the subsidiary companies acquired or disposed during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date that control commences until the date that control ceases to exist.
Adjustments were made in the financial statements of the subsidiaries, where was considered necessary, in order to align their accounting policies with the accounting policies applied by the Group.
In the separate financial statements of the Company, the investments in subsidiary companies are presented at cost. In the event where the value of one investment is estimated to be permanently impaired, the deficit is transferred to the results.

Non controlling interest
Non-controlling interest relates to the portion of profit or loss and the net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. Profits or losses attributable to the Non- controlling interest are disclosed in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss for the period. Non-controlling interest is presented in the consolidated statement of financial position in equity, separately from equity attributable to equity holders of the parent company.

Contingent consideration
Any contingent consideration is recognized initially at fair value at the acquisition date. If the contingent consideration is classified as equity it should not be remeasured and its subsequent settlement must be accounted for within equity. If the contingent consideration is classified as an asset or a liability, any changes in its fair value should be recognized in profit or loss.

Investments in associated companies and joint ventures
Investments in associated companies relate to all entities, in which the Group exercises significant influence, but not control or joint control, and are in general accompanied with a share between 20% and 50% in the voting rights. Entities under common control relate to entities in which the Group exercises joint control based on contractual arrangement that provides for the unanimous consent of the parties exercising control over the strategic financial and operating decisions.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation (continued)

Investments in joint ventures and entities under common control are accounted for using the equity method. Investments which are accounted for using the equity method, which includes transaction costs, are recognised initially at cost. After the recognition, the consolidated financial statements include the share of profit/(loss) from the investments in associated companies and joint ventures until the date on which the Group ceases to exercise significant influence or joint control.

When Group's share of losses exceeds the share of investments recognised under the equity method, the carrying amount of investments, including any long-term share which is part of the investment is eliminated and no additional losses are recognized, except to the degree that the Group has an obligation or has made payments on behalf of its investment.

Elimination of transactions on consolidation
Intra group balances and transactions, and any unrealised income and expenses arising from intra group transactions are eliminated. Unrealised gains arising from transactions within investments in associated companies and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Investments in subsidiary companies
Investments in subsidiary companies are stated in the parent company's books at cost less adjustments for any permanent impairment in the value of the investments. Any adjustments that arise are recorded in profit or loss.

Investments in associates
Associates are those entities in which the Group has significant influence but no control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

In these consolidated financial statements, interests in associates are accounted for using the equity method. Under the equity method, an investment in an associate is initially recognised at cost, which includes transaction costs, and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate, until the date on which significant influence ceases. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in consolidated profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue

Under IFRS15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgment.

The Group bases its estimates on historic results, taking into consideration the type of the customer, the type of the transaction and the specific features of each contract. In order to estimate the possibility of receiving a consideration, the Group examines only the ability and the intention of the customer to give the consideration when it falls due.

The sales, the cost or the level of completion estimates are reconsidered in cases of changes in conditions. Any increases or decreases in the estimates arising, are reflected in the statement of profit or loss during the period in which the circumstances that led to the reconsideration are made known to the management.

Identification of performance obligations

The Group assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company’s promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

Sale of goods

Sales of goods are recognised at the point in time when the Company satisfies its performance obligation by transferring control over the promised goods to the customer, which is usually when the goods are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the goods.

Sale of services

Revenue from rendering of services is recognised over time while the Company satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the completion of the milestones set in the contract that approximate the percentage of completion of the contract. When there is no milestones basis in the contract, the basis used is the actual labour hours spent relative to the total expected labour hours.

Deferred income

Deferred income consists of sales of services based on contracts, and relates to services that were incurred in the period after the year end. Deferred income is included in trade and other payables.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cost of sales

Cost of sales is presented after the deduction of rebates from suppliers and provisions for slow moving stock. Trade suppliers usually provide discounts (“rebates”) to the Company and its subsidiaries.
Rebates are usually issued in the form of credit notes and can relate to specific discounts for specified order, to specific item for a period of time or could form a discount in the form of a permanent diminution in value for specific items in stock.
A supplier could also set targets to Group companies and if these are met then rebates could be generated in the form of credit notes.

Other income

Other income includes dividend income, commissions receivable, profit from disposal of property, plant and equipment, profit from revaluation of shares, marketing funds and other sundry income. Other income is recognised when it is considered as receivable. The income from dividend is recognized at the date the right to receive payment is established from the Group.

Finance income and finance costs

The Group's finance income and finance costs include interest income, interest expense, the foreign currency gain or loss on financial assets and financial liabilities and hedge ineffectiveness recognised in profit or loss.

Interest income or expense is recognised using the effective interest method. The ‘effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
-the gross carrying amount of the financial asset; or
-the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except in the case of land and buildings which are stated at fair value. Cost includes expenditure that is directly attributable to the acquisition of the asset. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss as ’Other income/expense’. When revalued assets are sold, the relating amounts included in the revaluation reserve are transferred to the retained earnings.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful economic lives, as follows:

	%
Buildings	4-5
Furniture and fittings	10
Computers	20-33,3
Motor vehicles	20

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment (continued)

Land is not depreciated.

Depreciation is calculated on a daily basis from the date of acquisition of the property, plant and equipment, and up to the date of their disposal.

Depreciation methods, estimated useful economic lives and estimated residual values of all property, plant and equipment are reviewed at the reporting date of the accounts.

Revaluation and provision for impairment of parts of property, plant and equipment
Approximately every three years, or earlier if necessary, assessments are performed to estimate the net values of land and buildings. If it is determined that the net recoverable amount of a part is significantly lower than its net value as it appears in the books of the Company and this difference is considered to be permanent, then the book value is reduced to the net recoverable amount. The revaluation is made by professional independent valuers.

Inventories
Inventories are stated at the lower of cost and net realisable value. The cost of inventories is assigned by using the first-in-first-out method. The cost calculation includes the cost of purchase, transportation costs to the warehouse and freight charges.

The net realisable value is the estimated selling price in which the inventories can be sold in the ordinary course of business, less costs to sell.

Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified as measured at:
- amortised cost
- FVOCI - debt investment
- FVOCI - equity investment
- or FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
– how the performance of the portfolio is evaluated and reported to the Group's management;
– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
– how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:
- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses:

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

Financial liabilities - Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv. Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting
The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

v. Derivative financial instruments and hedge accounting (continued)

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Net investment hedges
When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

Impairment

i. Non-derivative financial assets

Financial instruments and contract assets
The Group recognises loss allowances for ECLs on:
- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- financial asset is more than 90 days past initial recognition.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

i. Non-derivative financial assets (continued)

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For trade receivables, the Group has a policy of writing off the gross carrying amount only when there are legal assurances that the Group have exercised all its legal rights and the financial assets cannot be recovered or the Group has entered in to an agreement for partial settlement of the financial asset and the remaining amount can be written off.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

i. Non-derivative financial assets (continued)
Non financial assets

At each reporting date, the Group reviews the carrying amounts of its non financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Measurement at fair value

Fair value is the amount that could be recovered from the sale of an asset or paid to transfer a liability in a current transaction between participants in the principal or, failing this, in the most advantageous market in which the Group has access at the measurement date. The fair value of the liability reflects the risk of a failure.

The Group measures the fair value of an element using the values presented in an active market where these are available. A market is considered active if the transactions for the asset or liability are presented with sufficient frequency and volume to provide values on a continuous basis.

If there is no quoted price in an active market, the Group uses valuation techniques that maximize the use of data in the markets and minimize the use of unobservable inputs. The valuation technique used incorporates all the main parameters that market participants would consider in pricing a transaction. The best evidence of fair value of a financial instrument on initial recognition is normally the transaction price, which is the fair value of the consideration paid or received.

Based on the Group's judgment on whether the fair value on the initial recognition differs from the transaction price and the fair value is not established by the quoted market price in an active market for similar assets or liabilities, and it is not based on a valuation technique that uses only data extracted from the markets then, the financial asset is measured initially at fair value, adjusted so that the difference between the fair value at initial recognition and transaction value is presented as deferred income / expense. Then, the difference is recognised to the profit or loss throughout the life of the instrument using appropriate apportionment methodology, but not later than when the valuation is entirely supported by data extracted exclusively from the markets or the transaction has been completed.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

i. Non-derivative financial assets (continued)

If an asset or a liability measured at fair value has a bid price and an ask price, the Group measures its assets at bid price and liabilities at an ask price.

The Group recognises transfers between levels of the fair value hierarchy at the end of reporting period in which the change occurs.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and bank overdrafts.

Trade and other payables

Trade and other payables are initially recognized at fair value plus any attributable transaction costs and subsequently these are stated at amortized cost using the effective interest method less any impairment losses.

Interest bearing borrowings

Borrowings are recorded initially at the proceeds received net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Promissory notes

Promissory notes comprise of Company's and Group's liabilities towards financial institutions that undertake the financing of invoices issued from certain suppliers. The financing of invoices by the subject financial institutions decreases the vendors' liabilities and is recognised as borrowings. The promissory notes bear discounting cost which is recognised in finance expenses.

Income tax/Taxation

Taxation comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the year, and any adjustment to tax payable in respect of previous year. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax/Taxation (continued)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Long-term loans representing part of the Group's investment in foreign subsidiaries

All foreign exchange differences arising from long-term loans are recognised in other comprehensive income in the financial statements of the Group and are transferred to the consolidated profit and loss at the time of the sale of the subsidiary.

All foreign exchange differences arising from long-term loans are recognised in the profit or loss of the year in which they occur in the financial statements of the parent company.

Deferred taxation resulting from net foreign exchange differences from long-term loans is transferred to other comprehensive income.

Non-derivative financial instruments, including hedge accounting

On initial designation of the non derivative financial instruments as the hedging instruments, the Group formally records the relationship between hedge items and hedging instruments, including the risk management objectives and strategy used for assessing hedging and the methods used to evaluate the effectiveness of hedging.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-derivative financial instruments, including hedge accounting (continued)

The Group makes an assessment, both at the inception of the hedge, as well as, on ongoing basis of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in fair value or cash flows of the respective hedge items attributable to the hedged risk, and whether the actual results of each hedge are within a range between 80 and 125 percent.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated using the exchange rates enacted at the date of the transaction at the respective functional currency of each company of the Group.

Monetary assets and liabilities denominated in foreign currencies at the end of the year are translated into the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non- monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:
- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and,
- qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations/subsidiaries

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

Intangible assets and goodwill
Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
Expenditure on research activities is recognised in profit or loss as incurred.
Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.
Software development and licensing costs for the use and distribution of computer software are capitalized and amortised in profit or loss on a straight-line basis over their useful economic lives.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets and goodwill (continued)

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.
Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.
Goodwill is not amortised.
The estimated useful lives for current and comparative periods are as follows:

Development costs	5 years
License fees	2 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Operating segments
Operating segments relate to components of the Group which may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Directors to make decisions about the allocation of resources to each segment and assess its performance.

Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable before 1 January 2019

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Leased assets
Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.
Assets held under other leases are classified as operating leases and are not recognised in the Group’s statement of financial position.

Lease payments
Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases (continued)

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Policy applicable after 1 January 2019
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 January 2019.

i. The Group and the Company as lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration of the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.
The Group presents right-of-use assets that do not meet the definition of investment property in Property, Plant and Equipment and lease liabilities in "Loans & Borrowings" separately in the statement of financial position.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. The Group and the Company as lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.
If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.
The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income/revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

Provisions
Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event and it's probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The release of the discount is recognised as financing expense.

Warranties
A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities. There is no provision for the warranties provided by the Group on the computer components and the computers, because all the computer components and the computers carry warranties from the suppliers equal to the warranties given.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits

Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans
Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans
The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.
The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.
Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.
When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits
The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits
Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

Deferred expenditure
Deferred expenditure are the expenses that consist of purchases of services based on contracts, and relates to services that were incurred in the period after the year end. Deferred expenditure is included in trade and other receivables.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Earnings per share

The Company presents basic and diluted earnings per share that corresponds to the shareholders. The basic earnings per share is calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of issued shares outstanding during the year. The diluted earnings per share are calculated by adjusting the profit attributable to the shareholders of the Company and the weighted average number of issued shares.

Events after the reporting date

Assets and liabilities are adjusted for events that occurred during the period from the year end to the date of approval of the financial statements by the Board of Directors, when these events provide additional information for the valuation of amounts relating to events existing at the year end or imply that the going concern concept in relation to part or the whole of the Group is not appropriate.

Share capital

(i) Ordinary shares

Ordinary shares issued and fully paid are classified as share capital. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(ii) Dividends

Dividends are recognised as a liability in the year they are declared, according to IAS 10.

Comparatives

Where necessary, comparative figures have been adjusted to confirm to changes in presentation in the current year.

5. OPERATING SEGMENTS

The Group can be divided into two important segments, the distribution segment and the services segment. The distribution segment that mainly operates in the distribution of high technology products is divided in three main geographical segments as described below. The services segment operates mainly in the provision of solutions and services for networks and telecommunications and the provision of solutions and services for software to customers in Cyprus and abroad. The following summary describes the operations in each of the Group's reportable segments:

- European markets distribution segment - This segment operates mainly in the distribution of high technology products in Cyprus, Greece and Italy.
- UAE and Saudi Arabia distribution segment - This segment operates mainly in the distribution of high technology products in United Arab Emirates and Saudi Arabia.
- Other markets distribution segment - This segment operates mainly in the distribution of high technology products in countries that the Group operates in other than the countries mentioned above.
- Services segment - This segment operates mainly in the provision of solutions and services for networks and telecommunications and the provision of solutions and services for software to customers in Cyprus and abroad.

The companies of the Group buy and sell goods and services according to their needs from other group companies. Transactions are mainly carried out at cost. There are cases where transactions are carried out at a price other than cost, when this is agreed between the parties involved. When necessary, Logicom Public Limited charges every year its subsidiary companies with a fee for administration services.

Information regarding the results of each reportable segment is presented below. The information is used for the preparation of the consolidated and separate financial statements. The performance is evaluated based on the profit before taxation of each segment, as presented in the management reports which are examined by the Board of Directors. For this reason the taxation of each reporting segment is not presented in the note. The profit of each segment is used for the evaluation of the performance since the management believes that the below information is the most appropriate for the evaluation of the results of all segments that are reported. The accounting policies of the operating segments are presented in note 4.

Revenue and total non-current assets are allocated between Cyprus, Greece, UAE and other foreign countries as follows:

	Revenue		Total non-current assets	
	2019	2018	2019	2018
	€	€	€	€
Cyprus	93.385.766	85.245.514	132.283.529	83.712.938
Greece	98.430.699	107.032.314	1.248.624	660.669
United Arab Emirates	315.947.648	284.564.006	5.957.664	4.680.206
Other foreign countries	439.033.865	423.142.352	4.860.262	3.188.339
	946.797.978	899.984.186	144.350.079	92.242.152

Major Customer

Revenue from one customer of the Group's European Markets Distribution Segment represents approximately €17.817.000 (2018: €18.439.000) of the Group's total revenue.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2019

5. OPERATING SEGMENTS *(continued)*

2019	European Markets Distribution Segment €	Middle East Markets Distribution Segment €	All other Segments €	Services Segment €	Transactions between Operating Segments €	Total €
Revenue from third parties	181.621.723	624.704.335	83.427.573	57.044.347	-	946.797.978
Intersegment revenue	37.316.906	146.151.987	321.678	3.885.717	(187.676.288)	-
Other income	12.585.029	1.328.719	118.619	5.702.459	(18.683.791)	1.051.035
Other expenses	-	-	-	34.376	-	34.376
Depreciation and amortisation	786.831	1.103.536	566.915	533.767	-	2.991.049
Personnel costs	7.518.238	11.014.940	2.875.144	4.916.569	-	26.324.891
Travelling expenses	505.570	235.975	60.852	125.658	-	928.055
Provision for doubtful debts	452.627	1.488.928	205.340	(9.590)	(1.601.335)	535.970
Professional fees	1.225.756	479.496	287.306	430.320	(30.000)	2.392.878
Rent	12.954	335.267	180.323	20.358	-	548.902
Credit insurance	(73.820)	1.024.306	95.515	90.720	-	1.136.721
Transportation expenses	555.205	1.185.246	100.260	38.066	(39.636)	1.839.141
Profit from operations	12.980.789	23.281.473	1.304.029	11.589.068	(18.544.949)	30.610.410
Net foreign exchange profit/(loss)	(116.576)	27.461	(706.576)	(4.295)	486.648	(313.338)
Interest receivable	4.438	-	515.083	18.263	-	537.784
Interest payable and bank charges	(5.002.958)	(3.911.144)	(1.000.732)	(300.785)	1.742.870	(8.472.749)
Net finance expenses/(expenses)	(5.115.096)	(3.883.683)	(1.192.225)	(286.817)	2.229.518	(8.248.303)
Net share of profit from associated companies and joint ventures after tax	-	-	31.627	39.789.625	-	39.821.252
Impairment of investments in subsidiary companies	(1.150.000)	-	-	-	1.150.000	-
Profit before taxation	6.715.693	19.397.790	143.431	51.091.876	(15.165.431)	62.183.359
Acquisition of property, plant and equipment	1.196.123	292.821	1.034.453	538.523	-	3.061.920
Acquisition of right-of-use assets	73.869	350.635	419.664	-	-	844.168
Total assets	431.766.817	262.360.522	78.282.357	128.458.123	(446.498.544)	454.369.275
Total liabilities	376.727.870	180.088.378	77.668.705	43.594.157	(384.665.208)	293.413.902
Net investment assets in associated companies and joint ventures	-	-	682.501	76.321.278	-	77.003.779

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2019

5. OPERATING SEGMENTS *(continued)*

2018	European Markets Distribution Segment €	Middle East Markets Distribution Segment €	All other Segments €	Services Segment €	Transactions between Operating Segments €	Total €
Revenue from third parties	191.532.825	558.688.017	96.265.640	53.497.704	-	899.984.186
Intersegment revenue	76.681.290	143.732.845	912.269	3.573.881	(224.900.285)	-
Other income	17.542.575	6.410.312	665.101	5.335.867	(28.394.609)	1.559.246
Other expenses	-	-	-	13.955	-	13.955
Depreciation and amortisation	451.008	527.404	405.018	168.327	-	1.551.757
Personnel costs	6.729.945	11.233.324	3.128.426	4.856.588	-	25.948.283
Travelling expenses	475.106	253.047	104.583	144.126	-	976.862
Provision for doubtful debts	1.298.391	27.752	(53.200)	92.087	(1.296.439)	68.591
Professional fees	1.162.823	362.252	329.302	374.184	(30.000)	2.198.561
Rent	312.774	929.279	389.870	330.102	-	1.962.025
Credit insurance	(210.696)	972.979	47.347	43.343	-	852.973
Transportation expenses	564.848	1.101.359	415.076	35.101	(30.000)	2.086.384
Profit/(loss) from operations	20.692.415	22.499.124	(813.609)	10.897.290	(28.197.076)	25.078.144
Net foreign exchange profit/(loss)	(299.929)	68.722	(396.966)	(133.222)	1.154.766	393.371
Interest receivable	4.932	-	947.327	226.034	-	1.178.293
Interest payable and bank charges	(4.774.592)	(3.625.460)	(1.038.543)	(303.426)	1.296.778	(8.445.243)
Net finance expenses/(expenses)	(5.069.589)	(3.556.738)	(488.182)	(210.614)	2.451.544	(6.873.579)
Net share of profit from associated companies after tax	-	-	67.967	6.261.315	-	6.329.282
Impairment of investments in subsidiary companies	(30.608)	(7.790.136)	-	-	7.820.744	-
Profit/(loss) before taxation	15.592.218	11.152.250	(1.233.824)	16.907.799	(17.884.596)	24.533.847
Acquisition of property, plant and equipment	491.917	163.275	8.355.747	632.149	-	9.643.088
Total assets	434.117.921	226.472.120	72.134.840	85.805.491	(438.095.013)	380.435.359
Total liabilities	379.472.825	158.169.690	73.548.331	41.882.910	(375.935.577)	277.138.179
Net investment assets in associated companies and joint ventures	-	-	796.289	36.660.224	-	37.456.513

6. REVENUE

THE GROUP

	2019 €	2018 €
Sales of products	933.079.269	887.051.274
Rendering of services	13.718.709	12.932.912
	946.797.978	899.984.186

6. REVENUE *(continued)*

THE COMPANY

	2019	2018
	€	€
Sales of products	67.297.026	87.831.798
Interest receivable from subsidiary companies	1.739.127	1.835.347
	69.036.153	89.667.145

7. COST OF SALES

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	€	€	€	€
Cost of goods sold	871.357.772	832.492.640	63.309.811	82.762.117
Personnel costs	3.143.545	2.933.916	-	-
Provision for impairment of inventories (Note 23)	639.341	218.555	-	-
Depreciation on right-of-use assets	297.261	302.144	-	-
	875.437.919	835.947.255	63.309.811	82.762.117

8. OTHER INCOME

THE GROUP

	2019	2018
	€	€
Profit from the disposal of property, plant and equipment	4.661	33
Loss from revaluation of investments at fair value through other comprehensive income (Note 21)	(1.557)	(2.502)
Reversal of impairment of investments in associates (Note 46)	-	661.913
Sundry operating income	1.047.931	899.802
	1.051.035	1.559.246

THE COMPANY

	2019	2018
	€	€
(Loss)/profit from the disposal of property, plant and equipment	(13.488)	840
Dividends receivable (Note 45)	11.911.222	16.865.393
Commissions (Note 45)	120.000	120.000
Administration services (Note 45)	137.000	137.000
Sundry operating income	197.808	420.094
	12.352.542	17.543.327

9. OTHER EXPENSES

THE GROUP

	2019 €	2018 €
Impairment charge of property, plant and equipment	34.376	13.955
	34.376	13.955

THE COMPANY

	2019 €	2018 €
Impairment charge of investments in subsidiaries (Note 19, 45)	1.150.000	-
	1.150.000	-

10. ADMINISTRATIVE EXPENSES

THE GROUP

(a) Personnel expenses

	2019 €	2018 €
Staff salaries	22.072.867	20.371.557
Directors fees - Executive directors	351.250	351.250
Social insurance	2.157.306	1.795.888
Other personnel costs	1.225.499	2.666.308
Expenses related to defined benefits plan (Note 29)	517.969	763.280
	26.324.891	25.948.283

The average number of employees during the year was 785 (2018: 769).

(b) Other administrative expenses

	2019 €	2018 €
Depreciation	1.293.619	1.302.191
Depreciation Right-of-use assets (Subnote 2)	1.452.734	-
Amortisation of research and development	244.696	249.057
Directors fees - Non executive directors	65.967	78.750
Rent (Subnote 2)	548.902	1.962.025
Common expenses	68.503	61.201
Taxes and licences	184.090	144.894
Electricity and water	322.292	304.414
Cleaning	127.501	115.535
Insurance	2.181.561	1.901.297
Adjustment on insurance premiums for previous years	(480.000)	(540.000)
Repairs and maintenance	208.889	223.361
Telephone and postage	573.386	526.887
Printing and stationery	98.684	97.363
Subscriptions and donations	262.694	286.690
Staff training expenses	115.680	115.687
Other staff expenses	630.389	628.319
Computer hardware maintenance expenses	206.009	199.540
Auditors' remuneration for the statutory audit of annual accounts	296.900	287.378
Legal fees	463.477	311.500
Other professional fees (Subnote 1)	1.231.076	1.067.818
Advertising	702.034	441.945
Traveling	928.055	976.862
Entertainment	283.701	268.470
Motor vehicles expenses	406.194	532.354
Transportation expenses	1.839.141	2.086.384
Services from third parties	335.458	453.114
Other expenses	313.815	404.168
	14.905.447	14.487.204
Total administrative expenses	41.230.338	40.435.487

10. ADMINISTRATIVE EXPENSES *(continued)*

THE COMPANY

(a) Personnel expenses

	2019 €	2018 €
Staff salaries	4.214.664	3.220.579
Directors fees - Executive directors	351.250	351.250
Social insurance	508.767	359.803
Other personnel costs	(378.330)	(95.254)
	4.696.351	3.836.378

The average number of employees during the year was 96 (2018: 87).

(b) Other administrative expenses

	2019 €	2018 €
Depreciation	425.983	391.350
Depreciation Right-of-use assets (Subnote 2)	117.246	-
Directors fees - Non executives directors	65.967	78.750
Rent (Subnote 2)	8.293	120.886
Common expenses	2.550	2.550
Taxes and licences	23.218	9.625
Electricity and water	65.643	56.532
Cleaning	6.796	7.141
Insurance	189.504	127.044
Adjustment on insurance premiums for previous years	(480.000)	(540.000)
Repairs and maintenance	81.707	125.508
Telephone and postage	84.434	80.083
Printing and stationery	10.872	9.406
Subscriptions and donations	208.526	208.784
Staff training expenses	9.901	12.455
Other staff expenses	55.193	87.256
Computer hardware maintenance expenses	108.208	106.209
Auditors' remuneration for the statutory audit of annual accounts	62.675	45.175
Legal fees	108.355	121.011
Other professional fees (Subnote 1)	463.568	325.488
Advertising	211.759	242.116
Traveling	362.471	325.784
Entertainment	33.791	47.949
Motor vehicles expenses	74.295	91.627
Transportation expenses	346.301	278.277
Services from third parties	326.977	407.025
Other expenses	51.539	46.294
	3.025.772	2.814.325
Total administrative expenses	7.722.123	6.650.703

10. ADMINISTRATIVE EXPENSES *(continued)*

Subnote 1
The Group's other professional fees that are presented above include fees amounting to €12.705 (2018: €8.488) for non-audit services provided by the audit firm of the Company.

The Company's other professional fees that are presented above include fees amounting to €2.000 (2018: €8.488) for non-audit services provided by the audit firm of the Company.

Subnote 2
As a result of the adoption of IFRS16, leases have been recognised as described in Note 3 and as a result depreciation on right-of-use assets has been recognised amounting to €1.452.734 for the Group and €117.246 for the Company. The comparatives were not adjusted due to the adoption method chosen by the Group and for this reason they have a zero balance.

Therefore, rental amounts are reduced by 72% for the Group and 93% for the Company.

11. NET FINANCE EXPENSES

THE GROUP

	2019	2018
	€	€
Finance income		
Interest receivable	537.784	1.178.293
Net foreign exchange profit on derivative financial instruments	373.257	987.521
	911.041	2.165.814
Finance expenses		
Interest payable and bank charges	(8.472.749)	(8.445.243)
Net foreign exchange loss	(686.595)	(594.150)
	(9.159.344)	(9.039.393)
Net finance expenses	(8.248.303)	(6.873.579)
Net finance expenses recognized in other comprehensive income that are to be reclassified to profit or loss in future periods		
Exchange difference from translation and consolidation of financial statements from foreign operations	3.619.382	1.162.373
Exchange difference in relation to hedge of net investment in a foreign operation	(671.698)	(1.581.709)
	2.947.684	(419.336)

THE COMPANY

	2019	2018
	€	€
Finance income		
Interest receivable	62	147
Net foreign exchange profit on derivative financial instruments	411.837	972.895
	411.899	973.042
Finance expenses		
Interest payable and bank charges	(3.970.098)	(3.898.986)
Net foreign exchange loss	(26.481)	(138.708)
	(3.996.579)	(4.037.694)
Net finance expenses	(3.584.680)	(3.064.652)

12. TAXATION

THE GROUP

	2019	2018
	€	€
Corporation tax - current year	2.948.122	3.064.163
Corporation tax- adjustment for prior years	(149.335)	(216.498)
Special defence contribution	628	7.612
Other taxes	441.390	69.773
Deferred tax - charge/(credit) (Note 35)	267.641	(1.030.886)
	3.508.446	1.894.164

12. TAXATION *(continued)*

The subsidiary companies of the Group are taxed in the countries in which they operate as follows:

Company	Country	Tax rate %	Tax rate %
Logicom (Overseas) Limited	Cyprus	12,5	12,5
Logicom Solutions Limited	Cyprus	12,5	12,5
Netcom Limited	Cyprus	12,5	12,5
Najada Holdings Limited	Cyprus	12,5	12,5
Logicom (Middle East) SAL	Lebanon	17	15
ENET Solutions - Logicom S.A.	Greece	24	29
Logicom FZE	United Arab Emirates	0	0
Logicom Dubai LLC	United Arab Emirates	0	0
Logicom Jordan LLC	Jordan	20	20
Logicom Italia s.r.l.	Italy	24	24
Logicom IT Distribution Limited	Turkey	22	22
Rehab Technologies Limited	Saudi Arabia	20	20
Logicom Bulgaria EOOD	Bulgaria	10	10
Logicom Information Technology Distribution s.r.l.	Romania	16	16
Verendrya Ventures Ltd	Cyprus	12,5	12,5
Logicom Services Ltd	Cyprus	12,5	12,5
Enet Solutions LLC	United Arab Emirates	0	0
ICT Logicom Solutions SA	Greece	24	29
Logicom Saudi Arabia LLC	Saudi Arabia	20	20
Newcytech Business Solutions Ltd	Cyprus	12,5	12,5
Newcytech Distribution Ltd	Cyprus	12,5	12,5
Logicom Distribution Germany GmbH	Germany	30	30
Logicom LLC	Oman	15	15
Logicom Kuwait for Computer Company W.L.L	Kuwait	15	15
Logicom Trading & Distribution LLC	Qatar	10	10
Cadmus Tech Points S.A.L	Lebanon	17	15
Logicom Bahrain WLL	Bahrain	0	0
Logicom Egypt LLC	Egypt	22,5	-

THE COMPANY

	2019 €	2018 €
Special defence contribution	19	4.907
Other taxes	50.940	39.834
Deferred tax - charge/(credit) (Note 35)	421.985	(326.240)
	472.944	(281.499)

The Company is subject to corporation tax at 12,5% on all of its profits.

12. TAXATION *(continued)*

Reconciliation of taxation with the taxation based on accounting profit

THE GROUP

	2019 €	2018 €
Profit before taxation	62.183.359	24.533.847
Effective tax rate	15,04%	15,70%
Tax for the year based on accounting profit	9.352.377	3.851.814
Tax effect for:		
Depreciation	153.019	383.572
Capital allowances	(125.396)	(242.442)
Income not allowed in computation of taxable income	(7.025.278)	(2.552.696)
Expenses not allowed in computation of taxable income	362.672	672.822
Tax effect of tax losses brought forward	230.728	881.320
Special defence contribution	628	7.612
Other taxes	441.390	69.773
Deferred tax	267.641	(1.030.886)
Adjustment for prior years	(149.335)	(146.725)
	3.508.446	1.894.164

Reconciliation of taxation with the taxation based on accounting profit

THE COMPANY

	2019 €	2018 €
Profit before taxation	5.153.242	13.573.360
Effective tax rate	12,50%	12,50%
Tax for the year based on accounting profit	644.155	1.696.670
Tax effect for:		
Depreciation	67.904	223.542
Capital allowances	(62.576)	(42.543)
Income not allowed in computation of taxable income	(1.540.897)	(2.247.248)
Expenses not allowed in computation of taxable income	660.686	(12.757)
Tax effect of tax losses brought forward	230.728	382.336
Special defence contribution	19	4.907
Other taxes	50.940	39.834
Deferred tax	421.985	(326.240)
	472.944	(281.499)

12. TAXATION *(continued)*

Deferred taxation recognized in other comprehensive income

THE GROUP

	2019 €	2018 €
Revaluation of land and buildings	(172.877)	3.559
Adjustment on remeasurement of obligation	(1.704)	-
	(174.581)	3.559

THE COMPANY

	2019 €	2018 €
Revaluation of land and buildings	(172.877)	3.559
	(172.877)	3.559

13. DIVIDENDS

	2019 €	2018 €
Dividends paid	5.185.572	4.815.174
	5.185.572	4.815.174

During the year a final dividend for 2018 of €5.185.572 was paid. This corresponds to €0,070 cent per share. In accordance with IAS 10, dividends are recognised in the year in which they are declared.

The proposed final dividend for 2019 amounting to €3.703.980, corresponds to €0,050 cent per share and in accordance with IAS 10, it will be recognized during 2020, the year in which it will be declared.

14. EARNINGS PER SHARE

THE GROUP

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to the shareholders of the parent Company, the weighted average number of issued shares and the weighted average number of issued shares during the year as follows:

	2019	2018
Earnings attributable to shareholders (€)	58.683.217	22.226.027
Weighted average number of issued shares during the year	74.079.600	74.079.600
Basic earnings per share (cent)	79,22	30,00
Diluted weighted average number of shares	74.079.600	74.079.600
Diluted earnings per share (cent)	79,22	30,00

15. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Land and buildings €	Computers €	Furniture and fittings €	Motor vehicles €	Total €
Cost or revaluation					
2018					
Balance at 1 January 2018	9.443.673	6.776.895	3.594.294	1.606.971	21.421.833
Additions for the year	8.145.295	754.025	556.032	187.736	9.643.088
Disposals and write offs for the year	-	(246.665)	(103.905)	(203.340)	(553.910)
Impairment charge	-	(13.955)	-	-	(13.955)
Exchange differences	264.882	90.922	72.775	24.756	453.335
Balance at 31 December 2018	17.853.850	7.361.222	4.119.196	1.616.123	30.950.391
2019					
Balance at 1 January 2019	17.853.850	7.361.222	4.119.196	1.616.123	30.950.391
Additions for the year	868.577	1.811.921	166.412	215.010	3.061.920
Disposals and write offs for the year	(326.000)	(994.653)	(718.379)	(269.687)	(2.308.719)
Adjustment on revaluation	887.830	-	-	-	887.830
Impairment charge	-	(140.267)	-	-	(140.267)
Exchange differences	112.877	39.420	23.878	8.881	185.056
Balance at 31 December 2019	19.397.134	8.077.643	3.591.107	1.570.327	32.636.211
Depreciation					
2018					
Balance at 1 January 2018	582.796	5.011.697	2.406.128	1.240.574	9.241.195
Charge for the year	351.327	755.116	329.347	168.545	1.604.335
Disposals and write offs for the year	-	(238.794)	(83.394)	(177.000)	(499.188)
Exchange differences	25.253	79.119	45.577	21.455	171.404
Balance at 31 December 2018	959.376	5.607.138	2.697.658	1.253.574	10.517.746
2019					
Balance at 1 January 2019	959.376	5.607.138	2.697.658	1.253.574	10.517.746
Charge for the year	363.272	769.115	314.036	144.456	1.590.879
Disposals and write offs for the year	(50.976)	(887.357)	(448.461)	(228.959)	(1.615.753)
Adjustment on revaluation	(906.402)	-	-	-	(906.402)
Impairment charge	-	(105.891)	-	-	(105.891)
Exchange differences	11.459	32.420	16.672	8.284	68.835
Balance at 31 December 2019	376.729	5.415.425	2.579.905	1.177.355	9.549.414
Net book value					
Balance at 31 December 2018	16.894.474	1.754.084	1.421.538	362.549	20.432.645
Balance at 31 December 2019	19.020.405	2.662.218	1.011.202	392.972	23.086.797

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

THE COMPANY	Land and buildings €	Computers €	Furniture and fittings €	Motor vehicles €	Total €
Cost or revaluation					
2018					
Balance at 1 January 2018	3.743.000	1.658.616	618.422	456.079	6.476.117
Additions for the year	-	304.786	13.742	132.001	450.529
Disposals and write offs for the year	-	-	-	(12.617)	(12.617)
Balance at 31 December 2018	3.743.000	1.963.402	632.164	575.463	6.914.029
2019					
Balance at 1 January 2019	3.743.000	1.963.402	632.164	575.463	6.914.029
Additions for the year	-	1.110.830	24.491	19.169	1.154.490
Disposals and write offs for the year	(326.000)	(662.996)	(379.283)	(111.000)	(1.479.279)
Adjustment on revaluation	25.111	-	-	-	25.111
Balance at 31 December 2019	3.442.111	2.411.236	277.372	483.632	6.614.351
Depreciation					
2018					
Balance at 1 January 2018	112.086	1.211.222	512.351	312.322	2.147.981
Charge for the year	98.057	203.012	27.895	62.386	391.350
Disposals and write offs for the year	-	-	-	(12.617)	(12.617)
Balance at 31 December 2018	210.143	1.414.234	540.246	362.091	2.526.714
2019					
Balance at 1 January 2019	210.143	1.414.234	540.246	362.091	2.526.714
Charge for the year	97.447	239.051	27.587	61.898	425.983
Disposals and write offs for the year	(50.976)	(586.320)	(382.853)	(89.442)	(1.109.591)
Adjustment on revaluation	(255.987)	-	-	-	(255.987)
Balance at 31 December 2019	627	1.066.965	184.980	334.547	1.587.119
Net book value					
Balance at 31 December 2018	3.532.857	549.168	91.918	213.372	4.387.315
Balance at 31 December 2019	3.441.484	1.344.271	92.392	149.085	5.027.232

On 31 December 2019 the Group through independent professional appraisers proceeded to a revaluation of land and buildings as follows:

		Surplus/ (Deficit) €
Logicom Public Ltd	Land and buildings	281.098
Najada Holdings Ltd	Land	2.100.000
Logicom FZE	Buildings	(610.844)
Logicom Jordan LLC	Land and buildings	23.978
		1.794.232

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

If land and buildings were recognised under historic cost, these would have been as follows:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	€	€	€	€
Cost	14.443.573	13.900.996	1.497.693	1.823.693
Depreciation	(2.561.074)	(2.322.495)	(902.652)	(926.603)
	11.882.499	11.578.501	595.041	897.090

The value of the land which is not depreciated is as follows:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	€	€	€	€
Balance at 31 December	8.479.091	8.479.091	369.365	369.365

Approximately every three years, or earlier if required, revaluations are prepared to estimate the fair values of land and buildings.

The revaluations were made on the basis of the comparative method of estimation for the calculation of the market value, using the cost of construction method for the market value of the building under examination as well as the prospects of the properties under examination. Revaluations were made by independent professional valuers.

On 9 February 2018, the company Najada Holdings Limited, a subsidiary company of Logicom Public Limited, acquired all the interests of the immovable property Parcel 1878 Sheet/Plan 30/06E2, area 16 decares and 147 sq.m, at Strovolos Municipality in Nicosia ('The Property'). The purchase price amounted to €8.125.000. The decision for the acquisition of the Property was taken taking into consideration the present and future premises needs of the Group as well as the opportunities for its commercial development and exploitation.

On 31 December 2019, the property was revalued with a revaluation surplus of €2.100.000.

On land and buildings, borrowing costs as well as professional and legal costs for the design and licensing of the building under construction of Najada Holdings Limited, have been capitalised, with a total cost of €795.924. The cost of the building under construction is not depreciated.

The real right to rent the Larnaca Free Trade Zone as well as the privately owned buildings with an initial purchase cost of €130.178 and subsequent additions at a cost of €29.672 we sold in 2019 from €330.000. The listed value at the date of the sale was €289.017.

The land and buildings of Logicom Public Limited were revalued on 31 December 2019 and the surplus from revaluation amounted to €281.098.

The subsidiary company Logicom FZE acquired land in the Free Trade Zone Area in Jebel Ali. The land is leased under an operating lease for 10 years from the 1 August 2007 with an option for renewal. During the year, the subsidiary proceeded with the construction of an office building and a warehouse in the land. The annual lease payment is €154.090. The land and buildings were revalued on 31 December 2019 and the revaluation loss amounted to €610.844.

The land and buildings of Logicom Jordan LLC were revalued on 31 December 2019 and the revaluation surplus amounted to €23.978.

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

As at 31 December 2019 the Group's management estimates that the book value of buildings of Logicom (Middle East) SAL in Lebanon is not significantly different from their fair value which amounts to €200.777.

The provision for deferred taxation arising from the revaluation of land and buildings is presented in note 35.

The mortgage on land and buildings of the Group and the Company are presented in note 32.

Land and buildings are classified as Level 3, in the calculation of their fair value, where the valuation technique is performed by independent qualified appraisers using a variety of valuation methods and assumptions based mainly on the market situation at each valuation date. Note 39.5.

The main property of the Group included in the Land and Buildings category are presented below:

Type of property	**Assessment method**	**Non-observable data**	**Data fluctuation range**	**2019 €**	**2018 €**
Land and buildings	Comparative method	Sale price per sq.m.	€500/sq.m.- €1.700/ sq.m.	2.835.000	2.553.902
Land	Comparative method	Sale price per sq.m.	€1.000/sq.m.	602.000	602.000
Land	Comparative method	Sale price per sq.m.	300/sq.m.- €800/ sq.m.	10.225.000	8.125.000
Buildings	Comparative method	Transfer price per sq.m	USD 1.720 (€1.532)/sq.m.	3.507.404	4.248.196

Data Sensitivity: The fair value will increase / decrease if the sale or transfer price per sq.m. increase / (decrease).

16. RIGHT-OF-USE ASSETS

THE GROUP	Right of use land	Right of use buildings and warehouse	Right of use motor vehicles	Total
Acquisition cost				
Balance at 1 January 2018	-	-	-	-
Balance at 31 December 2018	-	-	-	-
Balance at 1 January 2019	1.892.023	5.070.456	234.114	7.196.593
Additions for the year	-	748.382	95.786	844.168
Exchange differences	36.378	18.100	(1.585)	52.893
Balance at 31 December 2019	1.928.401	5.836.938	328.315	8.093.654
Depreciation				
Balance at 1 January 2018	-	-	-	-
Balance at 31 December 2018	-	-	-	-
Balance at 1 January 2019	-	-	-	-
Charge for the period	96.756	1.254.317	101.661	1.452.734
Disposals for the year	-	-	-	-
Exchange differences	(336)	(2.665)	(383)	(3.384)
Balance at 31 December 2019	96.420	1.251.652	101.278	1.449.350
Net book value				
Balance at 31 December 2018	-	-	-	-
Balance at 31 December 2019	1.831.981	4.585.286	227.037	6.644.304

16. RIGHT-OF-USE ASSETS *(continued)*

THE COMPANY	**Right of use buildings and warehouse** €
Acquisition cost	
Balance at 1 January 2018	-
Balance at 31 December 2018	-
Balance at 1 January 2019	703.475
Additions for the year	-
Balance at 31 December 2019	703.475
Depreciation	
Balance at 1 January 2018	-
Balance at 31 December 2018	-
Balance at 1 January 2019	-
Charge for the period	117.246
Balance at 31 December 2019	117.246
Net book value	
Balance at 31 December 2018	-
Balance at 31 December 2019	586.229

The Group and the Company adopted IFRS 16 "Leases" on 1 January 2019. On transition to IFRS 16 the Group recognised right-of-use assets and lease liabilities relating to leases of land, buildings, warehouses and vehicles. The adoption was implemented as described in note 3 of the consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2019

17. INTANGIBLE ASSETS AND GOODWILL

THE GROUP	Development costs €	Licensing costs €	Goodwill €	Distribution rights €	Total €
Cost					
2018					
Balance at 1 January 2018	141.603	475.666	9.316.104	1.246.623	11.179.996
Exchange differences	-	-	-	(1.336)	(1.336)
Balance at 31 December 2018	141.603	475.666	9.316.104	1.245.287	11.178.660
2019					
Balance at 1 January 2019	141.603	475.666	9.316.104	1.245.287	11.178.660
Exchange differences	-	-	-	(31.113)	(31.113)
Write offs for the year	(141.603)	(9.814)	-	-	(151.417)
Balance at 31 December 2019	-	465.852	9.316.104	1.214.174	10.996.130
Amortisation					
2018					
Balance at 1 January 2018	141.603	475.666	653.169	-	1.270.438
Amortisation for the year	-	-	-	249.057	249.057
Balance at 31 December 2018	141.603	475.666	653.169	249.057	1.519.495
2019					
Balance at 1 January 2019	141.603	475.666	653.169	249.057	1.519.495
Amortisation for the year	-	-	-	244.696	244.696
Exchange differences	-	-	-	(8.151)	(8.151)
Write offs for the year	(141.603)	(9.814)	-	-	(151.417)
Balance at 31 December 2019	-	465.852	653.169	485.602	1.604.623
Net book value					
Balance at 31 December 2018	-	-	8.662.935	996.230	9.659.165
Balance at 31 December 2019	-	-	8.662.935	728.572	9.391.507

17. INTANGIBLE ASSETS AND GOODWILL *(continued)*

THE COMPANY	Licensing costs €
Cost	
2018	
Balance at 1 January 2018	465.852
Balance at 31 December 2018	465.852
2019	
Balance at 1 January 2019	465.852
Balance at 31 December 2019	465.852
Amortisation	
2018	
Balance at 1 January 2018	465.852
Balance at 31 December 2018	465.852
2019	
Balance at 1 January 2019	465.852
Balance at 31 December 2019	465.852
Net book value	
Balance at 31 December 2018	-
Balance at 31 December 2019	-

Goodwill
For the purpose of the impairment testing, each subsidiary company is considered as a separate cash generating unit.

Logicom Solutions Ltd
Goodwill amounting to €2.343.488 arose by €449.755 on the acquisition of the subsidiary company Logicom Solutions Ltd on 1 January 2000 and on the acquisition of the subsidiary company Inteli-scape Limited on 29 November 2011 by €1.893.733. On 1 January 2015 the operation of Inteli-Scape Limited were merged with Logicom Solutions Ltd as an undertaking of an active economic unit and therefore it is considered as a single cash generating unit. The management estimates that there is no need for goodwill impairment on the basis that the recoverable amount exceeds the carrying amount of goodwill. The recoverable amount is equal to the value in use that is estimated as the current value of the expected future cash flows for a period of 3 years and the company's terminal value. For the determination of the terminal value the expected cash flows up to 2022 were used divided by the difference between the weighted average cost of capital and the growth rate. The weighted average cost of capital was calculated at 7,65% and the growth rate to perpetuity to 2%.

The amount of goodwill as at 31 December 2019 is €2.343.488 (2018: €2.343.488).

17. INTANGIBLE ASSETS AND GOODWILL *(continued)*

Newcytech Business Solutions Limited
Goodwill amounting to €7.535.670 arose on the acquisition of the subsidiary company Newcytech Business Solutions Limited ("Newcytech") on 30 October 2009.

Management estimates that there is no need for impairment of the goodwill, that arose on the acquisition of Newcytech, on the basis that the recoverable amount exceeds the carrying amount of goodwill. The recoverable amount equals the value in use that is calculated as the present value of the estimated expected future cash flows for a period of 3 years and the terminal value of the company. For the determination of the terminal value the cash flows up to 2022 were used divided with the difference of the weighted average cost of capital and the growth rate. The weighted average cost of capital was calculated to 7,65% and the growth rate to perpetuity to 2%.

The amount of goodwill arising from the acquisition of Newcytech Business Solutions Limited as at 31 December 2019 is €6.319.447 (2017: €6.319.447).

The main assumptions that were used in calculating the present value of the estimated future cash flows as assessed and evaluated by the Management are:

Discount rate
The discount rate is calculated at the same level as the weighted average cost of capital of the Group. For the calculation the Credit Default Swaps (CDS), the financing cost after the deduction of tax, the purchase interest rate and the degree of influence of the Company from market changes were taken into account.

Growth rate for terminal value
The rate is calculated based on previous experience of the company's growth rate and the Company's segments of operations, and by also taking into account the ongoing technological development, expertise and experience of the company. The rate is compared with the growth rate of the Gross Domestic Product of Cyprus, the country in which the company is operating.

Estimated future inflows
The future inflows from the above subsidiaries have been calculated based on the growth rates of the companies in the last years as well as based on the business development plans of the companies:

- The budget for 2020 shows a decrease of 0,9% in the turnover of Logicom Solutions Ltd and 10,6% increase in the turnover of Newcytech Business Solutions Ltd, taking into consideration the projects that the companies expect to perform during the year as well as their planned development.
- The growth for 2021 is estimated to be at positive rates at the level of 1% for Logicom Solutions Ltd and 3% for Newcytech Business Solutions Ltd and 1% and 3% increase is also foreseen for 2022 respectively.
- The growth after 2022 is expected to be within the expectations of the Management based on growth data for the country and segment of operations of the Company.

Management does not consider that there will be a considerable change in the above main assumptions that will affect the recoverable amount of goodwill so that it will be lower than the carrying amount.

Development/licensing costs

The software development costs and licensing costs arose on the acquisition of the subsidiary company DAP Noesis Business Solutions Limited on 20 March 2002. These costs had been fully depreciated in previous years and were written off in 2019.

Licencing costs relate to the acquisition of the distribution rights of Nokia products in Cyprus which have been acquired by Logicom Public Ltd on 11 July 2011 through a distribution contract and which have a duration until the end of 2015 with a right of renewal for a further year. This contract was not renewed. However, a new contract was signed for the distribution of Nokia products.

17. INTANGIBLE ASSETS AND GOODWILL *(continued)*

Licencing costs have been written off in full at the end of the year ended 31 December 2016.

Distribution rights

Costs relating to the distribution of products are capitalised and amortised in profit or loss with equal annual charges over the expected useful economic life for 5 years.

The distribution rights of €1.246.623 arose from the acquisition of the business of Gemini SP S.R.L. on 5 December 2017, a distributor of high technology products. The distribution rights which relate to the contracts with Hewlett Packard Enterprise N.V., Hewlett Packard Europe N.V. and Dell Distribution (EMEA) Ltd, are capitalised and then amortised to profit or loss.

The consideration transferred was calculated at the date of the acquisition at fair value of €1.480.874 out of which €99.650 referred to a contingent consideration. (Note 28)

The distribution rights' stated amount as at 31 December 2019 is €728.572 (2018: €996.230).

18. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

On 1 January 2018, the Group classified the following investments which were previously classified as available-for-sale investments to investments at fair value through other comprehensive income following the adoption of IFRS 9.

	2019 €	2018 €
Balance at 1 January 2019	223.200	6.417.063
Additions	3.426.533	3.583.710
Revaluation transferred to equity	213.099	271.336
Transfer to investments in associated companies and joint ventures (Note 20)	-	(10.048.909)
Balance at 31 December	3.862.832	223.200

The investments at fair value through other comprehensive income at 31.12.2019 and 31.12.2018 relate to an investment of the subsidiary Logicom Services Limited in Hellenic Bank Public Limited. The investment is valued based on its market value at the reporting date. Inadvertently on 31 December 2018 and during the implementation of IFRS 9 the investments were classified at fair value through other comprehensive income. The comparatives of 2019 have been adjusted and as a result the investments classified as at fair value through profit or loss, in the consolidated financial statements for the year ended 31 December 2018, have been reclassified to investments at fair value through other comprehensive income and fair value gain of €40.200 that has been recognised in the consolidated profit and loss has been reclassified to other comprehensive income. The market value of the shares in Hellenic Bank Public Limited held by the Group on 31 December 2019, amount to €2.878.553 on 25 June 2020.

19. INVESTMENTS IN SUBSIDIARY COMPANIES

The Company has the following investments in subsidiary companies:

Company	Country of incorporation	2019 Holding %	2018 Holding %	2019 €	2018 €
Logicom (Overseas) Limited	Cyprus	100	100	-	-
Logicom (Middle East) SAL	Lebanon	100	100	375.820	1.525.819
ENET Solutions - Logicom S.A.	Greece	100	100	1.205.400	1.205.400
Logicom FZE	United Arab Emirates	100	100	18.693.825	17.545.376
Logicom Trading & Distribution LLC	Qatar	100	100	46.313	46.313
Logicom Jordan LLC	Jordan	100	100	78.372	78.372
Logicom Italia s.r.l.	Italy	100	100	3.569.544	3.569.544
Rehab Technologies Limited	Saudi Arabia	100	100	-	-
Logicom Information Technology Distribution s.r.l.	Romania	100	100	2.200.063	2.200.063
Logicom Bulgaria EOOD	Bulgaria	100	100	-	-
Logicom Services Ltd	Cyprus	100	100	24.010.000	24.010.000
Verendrya Ventures Ltd	Cyprus	60	60	600	600
Logicom Distribution Germany GmbH	Germany	100	100	27.000	27.000
Cadmus Tech Points S.A.L	Lebanon	100	100	-	-
Najada Holdings Limited	Cyprus	100	100	3.500.100	3.500.100
				53.707.037	53.708.587

The value of the investments as listed above consists of the share capital and the contribution from the parent company to its subsidiaries.

The Company owns indirectly, through the subsidiary company Logicom Services Limited, the 100% of Logicom Solutions Ltd in Cyprus with share capital of €11.115.

The Company owns indirectly, through the subsidiary companies Enet Solutions Logicom S.A. and Logicom FZE, the 100% of Logicom IT Distribution Ltd in Turkey with share capital of €11.343.372.

The Company owns indirectly, through the subsidiary company Verendrya Ventures Limited, the 60% of the subsidiary Netcom Limited in Cyprus with share capital €17.100.

The Company owns indirectly, through the subsidiary company Logicom FZE, the 100% of the subsidiary Logicom Saudi Arabia LLC in Saudi Arabia with share capital of €4.960.896.

The Company owns indirectly, through the subsidiary company Logicom FZE, the 100% of the subsidiary Logicom Dubai LLC in United Arab Emirates, with share capital of €92.129.

The Company owns indirectly, through the subsidiary company Logicom Services Limited, the 100% of Newcytech Business Solutions Limited in Cyprus with share capital of €756.776.

The Company owns indirectly, through the subsidiary company Logicom Services Limited, the 100% of Newcytech Distribution Limited in Cyprus with share capital of €8.550.

The Company owns indirectly, through the subsidiary company Logicom Services Limited, the 100% of the subsidiary Enet Solutions LLC in the United Arab Emirates with share capital of €56.589.

19. INVESTMENTS IN SUBSIDIARY COMPANIES *(continued)*

The Company owns indirectly, through the subsidiary company Logicom Services Limited, the 100% of the subsidiary ICT Logicom Solutions SA in Greece, with share capital of €100.000.

The Company owns indirectly, through the subsidiaries Logicom FZE and Logicom Dubai LLC, the 100% of Logicom LLC in Oman, with share capital of €41.086.

The Company owns indirectly, through its subsidiary Logicom FZE, the 100% of Logicom Kuwait for Computer Company WLL in Kuwait, with share capital of €50.997.

The Company owns indirectly, through its subsidiary Logicom FZE, the 100% of Logicom Bahrain W.L.L. in Bahrain, with share capital of €11.676.

The Company owns indirectly through its sunsidiary Logicom FZE and Logicom (Overseas) Limited the 100% of Logicom Egypt LLC in Egypt, with share capital of €56.

The increase in the value of the investment in Logicom FZE relates to the contribution from the Company amounting to €1.148.450 (2018: €8.034.935).

The reduction in the value of the investment in Logicom (Middle East) S.A.L. relates to an impairment of the investment amounting to €1.150.000 (2018: €0).

As at 31 December 2019, the Company made an impairment assessment on the value of the investments in subsidiary companies by comparing the net asset value of each investment with the carrying amount as stated in the Company's books. There was no indication for impairment in the value of the investments in subsidiaries, except for Logicom Information Technology Distribution s.r.l, Logicom (Middle East) SAL, and Logicom Italia s.r.l, according to the comparison mentioned above. The value of the investment in Logicom IT Distribution Ltd was fully impaired in 2018. The value of the investment in Logicom (Middle East) SAL has been impaired by €1.150.000 in 2019. The value of the investments in the companies Logicom Information Technology Distribution s.r.l. and Logicom Italia srl were not impaired based on the calculation of the expected future cash flows of these companies for the years 2020-2022 divided by the weighted average cost of capital that was calculated at 7,65%, with growth rate to perpetuity of 2% and based on the fact that the discounted future cash flows exceed the value of these investments. Impairments on the values of the investments are presented in the Statement of Profit or Loss.

19. INVESTMENTS IN SUBSIDIARY COMPANIES *(continued)*

The following table presents the dates of acquisition, the nominal values and the number of shares of the main subsidiary companies:

Company	Date of acquisition/ incorporation	Nominal Value	Number of shares
Logicom (Overseas) Limited	01/01/1999	EUR 1,71	10.000
Logicom Solutions Limited	01/01/1999	EUR 1,71	6.500
Netcom Limited	27/04/2000	EUR 1,71	10.000
Logicom (Middle East) SAL	25/07/2000	LBP 15.000	20.000
ENET Solutions - Logicom S.A.	21/02/2001	EUR 2,94	410.000
Logicom Jordan LLC	07/08/2001	JOD 1	50.000
Logicom FZE	03/10/2001	AED 1 m.	1
Logicom Dubai LLC	07/11/2001	AED 100	3.000
Logicom Italia s.r.l.	14/06/2005	EUR 10.000	1
Logicom IT Distribution Limited	01/12/2005	YTL 25	920.000
Rehab Technologies Limited	01/08/2006	SAR 500	1.000
Logicom Information Technology Distribution s.r.l.	19/03/2007	RON 200	1
Logicom Bulgaria EOOD	12/04/2007	BGN 20.000	1
Verendrya Ventures Ltd	30/01/2009	EUR 1	1.000
Logicom Services Ltd	06/05/2009	EUR 1	10.000
Enet Solutions LLC	16/08/2009	AED 1.000	300
ICT Logicom Solutions SA	03/11/2009	EUR 1	100.000
Logicom Saudi Arabia LLC	29/09/2009	SAR 10	2.680.000
Newcytech Business Solutions Ltd	30/10/2009	EUR 1,71	442.559
Newcytech Distribution Ltd	30/10/2009	EUR 1,71	5.000
Logicom Distribution Germany GmbH	29/09/2010	EUR 1	25.000
Logicom LLC	02/09/2012	OMR 1	20.000
Cadmus Tech Points S.A.L	01/10/2013	LBP10.000	3.000
Logicom Kuwait for Computer Company W.L.L	13/03/2014	KWD200	100
Logicom Trading & Distribution LLC	23/03/2014	QAR1.000	200
Najada Holdings Limited	23/05/2017	EUR 1	100
Logicom Bahrain WLL	06/09/2018	BD50	100
Logicom Egypt LLC	07/11/2019	LE10	100

20. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

The Group participates in the consortium M.N Limassol Water Co. Limited and M.N. E.P.C Water Co. (partnership) with 50% holding through its subsidiary company Verendrya Ventures Limited. The above consortiums have undertaken the construction and operation of the desalination plant in Episkopi.

During 2012, the Group has also acquired a 50% holding through its subsidiary company Verendrya Ventures Limited, in the joint venture M.N Larnaca Desalination Co. Limited for the renovation and operation of the existing desalination unit in Larnaca.

On 15 March 2018, the Group increased its total shareholding held in Demetra Holdings Plc to 29,62%, resulting in having significant influence.

The Group recognizes the above investments using the equity method.

20. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES *(continued)*

THE GROUP

	2019 €	2018 €
M.N. Limassol Water Co. Ltd	682.501	796.289
M.N. E.P.C Water Co.	-	-
M.N. Larnaca Desalination Co. Ltd	-	-
Demetra Holdings Plc	76.321.278	36.660.224
	77.003.779	37.456.513

	M.N. Larnaca Desalination Co. Ltd €	M.N. E.P.C Water Co. €	M.N. Limassol Water Co. Ltd €	Demetra Holdings Plc €	Total €
Balance at 1 January 2018	-	-	563.643	-	563.643
Dividend	-	-	(359.280)	-	(359.280)
Recognition of investments in associated companies and joint ventures after tax	1.229.868	-	-	-	1.229.868
Reclassification of loss from investments in joint ventures after tax	(708.089)	2.180			(705.909)
Share of profit from investments in joint ventures after tax	(521.779)	(2.180)	591.926	-	67.967
Net share of profit from associated companies after tax	-	-	-	1.846.822	1.846.822
Transfer from investments at fair value through other comprehensive income	-	-	-	34.813.402	34.813.402
Balance at 31 December 2018	-	-	796.289	36.660.224	37.456.513

	M.N. Larnaca Desalination Co. Ltd €	M.N. E.P.C Water Co. €	M.N. Limassol Water Co. Ltd €	Demetra Holdings Plc €	Total €
Balance at 1 January 2019	-	-	796.289	36.660.224	37.456.513
Dividend	-	-	(419.160)	-	(419.160)
Reclassification of loss from investments in joint ventures after tax	273.249	496			273.745
Share of profit from investments in joint ventures after tax	(273.249)	(496)	305.372	-	31.627
Net share of profit from associated companies after tax	-	-	-	39.789.625	39.789.625
Share of loss through other comprehensive income	-	-	-	(64.907)	(64.907)
Share of other transactions with owners	-	-	-	(63.664)	(63.664)
Balance at 31 December 2019	-	-	682.501	76.321.278	77.003.779

20. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES *(continued)*

The profit that resulted from M.N. Limassol Water Co. Limited of €305.372 (2018: €591.926) was debited to the amount of investment in Verendrya Ventures Limited in M.N. Limassol Water Co. Limited.
The loss that resulted from M.N. Larnaca Desalination Co. Ltd of €273.248 was credited to the loan granted from Verendrya Ventures Limited to M.N. Larnaca Desalination Co. Ltd. During 2018 a part of the loss that resulted from M.N. Larnaca Desalination Co. of €243.490 was credited to the amount of investment in Verendrya Ventures Limited in M.N. Larnaca Desalination Co. and the remaining of the loss of €278.289 was credited to the loan granted from Verendrya Ventures Limited to M.N. Larnaca Desalination Co. Limited.
The loss that resulted from M.N.E.P.C. Water Co. of €496 (2018: €2,180) was credited to the loan granted from Verendrya Ventures Limited to M.N. Limassol Water Co. Limited.

According to the Bank Loan Agreement between M.N. Limassol Water Co. Ltd and Hellenic Bank Public Limited (ex. Cyprus Cooperative Bank), a restriction with regards to the dividend distribution exists if any of the below applies:

- Based on the instructions issued by the Water Development Department, the production of the desalinated water is restricted below the minimum quantities as specified in the contract.
- The Water Development Department instructs the company to operate in a stand-by mode.
- The economic position or the future cash flows of M.N. Limassol Water Co. Limited are not in a position to warrant the distribution of dividends.

Regarding the investment in the desalination unit of Larnaca, M.N. Larnaca Desalination Co's Limited management has prepared its financial statements for the year ended 31 December 2019 using estimates, assumptions and evidence that include the legal opinion in relation to the validity of claims in favor and against the company and an opinion from its consultants in respect of the level of compensation that the company is expected to be entitled to. Judgement has also been applied in the allocation of the expected compensation in the financial model of the company between financial and intangible asset. In accordance with the provisions of the paragraph 92 of IAS 37 'Provisions, contingent liabilities and contingent assets' no further information is disclosed in relation to the subject matter on the grounds that it may prejudice the position of the company in a dispute with other parties.

The desalination unit of M.N Limassol Water Co. Limited has been instructed to a restriction of 50% of the agreed production from 8 March 2019 and then operate in stand-by mode from 10 October 2019.

The recognition of investment in M.N. Larnaca Desalination Co. Ltd, arose from the decrease of the conventional interest of the loan receivable to 0% from 4,5% and in consequence the fair value of the rejected cash flows discounted at the effective interest was recognised as increase in the investment.

20. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES *(continued)*

Significant total amounts of investments accounted for using the equity method:

2019	M.N. Larnaca Desalination Co. Limited	M.N. E.P.C. Water Co.	M.N. Limassol Water Co. Limited	Total
Percentage	50%	50%	50%	
Reporting date	31/12/2019	31/12/2019	31/12/2019	
	€	€	€	€
Non-current assets	18.444.236	-	36.632.486	55.076.722
Current assets	6.475.500	2.563	10.271.340	16.749.403
Total assets	24.919.736	2.563	46.903.826	71.826.125
Current liabilities	(1.277.039)	(1.000)	(7.440.493)	(8.718.532)
Non-current liabilities	(35.242.228)	(29.589)	(38.723.127)	(73.994.944)
Total liabilities	(36.519.267)	(30.589)	(46.163.620)	(82.713.476)
Net assets	(11.599.531)	(28.026)	740.206	(10.887.351)
Revenue	11.778.250	-	8.358.759	20.137.009
Expenses	(12.324.747)	(992)	(7.748.016)	(20.073.755)
(Loss)/profit	(546.497)	(992)	610.743	63.254
Group's share in net assets	(5.799.766)	(14.013)	370.103	(5.443.676)
Group's share in (loss)/profit	(273.249)	(496)	305.372	31.627

2018	M.N. Larnaca Desalination Co. Limited	M.N. E.P.C. Water Co.	M.N. Limassol Water Co. Limited	Total
Percentage	50%	50%	50%	
Reporting date	31/12/2018	31/12/2018	31/12/2018	
	€	€	€	€
Non-current assets	19.053.294	-	38.988.257	58.041.551
Current assets	4.750.698	2.415	13.158.084	17.911.197
Total assets	23.803.992	2.415	52.146.341	75.952.748
Current liabilities	(1.614.803)	(1.500)	(7.309.531)	(8.925.834)
Non-current liabilities	(33.242.229)	(27.950)	(43.867.345)	(77.137.524)
Total liabilities	(34.857.032)	(29.450)	(51.176.876)	(86.063.358)
Net assets	(11.053.040)	(27.035)	969.465	(10.110.610)
Revenue	11.043.146	-	13.264.208	24.307.354
Expenses	(12.086.704)	(2.180)	(12.080.356)	(24.169.240)
(Loss)/profit	(1.043.558)	(2.180)	1.183.852	138.114
Group's share in net assets	(5.526.520)	(13.518)	484.733	(5.055.305)
Group's share in (loss)/profit	(521.779)	(2.180)	591.926	67.967

The balances and transactions between the joint ventures are presented in note 45.

20. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES *(continued)*

On 15 March 2018, the Group acquired 17,5% of the share capital of Demetra Investments Public Limited ('Demetra Investments') for the consideration of €20.350.000 through the Company's subsidiary company Logicom Services Limited. As a result the total share capital held in Demetra Investments increased to 29,62%, resulting in the acquiring of significant influence.

During the valuation of the investment at fair value, judgement was exercised in relation to the existence of an active market due to the volume of the transaction compared to the market, with a negative result. Therefore the fair value of the identifiable assets and liabilities were measured separately.

Identifiable assets and liabilities

The table below summarises the identifiable assets and liabilities at the date of acquiring significant influence.

	15/03/2018
	€
Property, plant and equipment	1.488.833
Property investments	31.461.074
Deferred tax	1.151.662
Receivables from related companies	11.122.735
Investments at fair value through other comprehensive income	296.003
Inventories	7.737.324
Investments at fair value through profit or loss	58.419.546
Other receivables and prepayments	143.254
Cash and cash equivalents	9.477.456
Provision for related companies' losses	(2.601.814)
Liabilities and other payables	(1.162.643)
Total identifiable assets and liabilities	117.533.430

The acquired value attributable to the Group in proportion of its participation in the share capital of 29,62% amounted to €34.813.402 on 15 March 2018.

20. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES *(continued)*

Revaluation to fair value

The methods of revaluation to fair value of material identifiable assets are as follows:

	Fair value level	Revaluation method
Property, plant and equipment	Level 3	Independent, qualified valuers using various revaluation methods and assumptions which are based mainly on the market state at the date of the revaluation.
Property investments	Level 3	Independent, qualified valuers using various revaluation methods and assumptions which are based mainly on the market state at the date of the revaluation.
Inventories	Level 3	Independent, qualified valuers using various revaluation methods and assumptions which are based mainly on the market state at the date of the revaluation.
Investments at fair value through profit or loss	Level 1	Listed stocks were revalued at bid prices from an active market.
Investments at fair value through profit or loss	Level 2	Complex and other products were revalued at fair value that is included in the relevant funds at the date of the measurement.

Negative goodwill

The recognition at fair value of the investment in Demetra Investments as an investment in associated company resulted in the recognition of negative goodwill that was written off in profit or loss of 2018 as follows:

	€
Transfer to investments at fair value through other comprehensive income	10.048.909
Consideration	20.350.000
Fair value acquired	(34.813.402)
Negative goodwill written off in profit or loss	(4.414.493)

20. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES *(continued)*

The following table summarises the investment in the associated company Demetra Holdings Plc.

Percentage	2019	15 March - 31 December 2018
Reporting date	29,62%	29,62%
	€	€
Non-current assets	244.852.155	45.304.478
Current assets	26.314.704	81.526.954
Total assets	271.166.859	126.831.432
Current liabilities	(3.596.630)	(3.062.951)
Non-current liabilities	(9.902.172)	-
Total liabilities	(13.498.802)	(3.062.951)
Net assets	257.668.057	123.768.481
Revenue	137.338.454	7.891.094
Expenses	(3.004.812)	(1.909.053)
Profit	134.333.642	5.982.041
Group's share in net assets	76.321.278	36.660.224
Group's share in profit for the year	39.789.625	1.846.822
Negative goodwill	-	4.414.493
Total Group's share in profit for the year	39.789.625	6.261.315

The balances and transactions between the joint ventures are presented in note 45.

During the year Demetra Holdings Plc (the "company") acquired additional 66.771.716 shares in Hellenic Bank Public Company Limited (the "Bank"), thus increasing the total number of share held to 86.725.772 which corresponds to 21,01% of the Bank's share capital. After examining the provisions of the International Financial Reporting Standards, the Management of the Company decided that the group Demetra Holdings Plc exercises significant influence on the Bank commencing on 28 August 2018. Therefore, the company conducted an exercise to calculate the fair value of the Bank's identifiable assets and liabilities. For practical purposes and as permitted by International Financial Reporting Standards, the fair value was calculated on 30 September 2019, a date that is considered to be close to date that the company acquired significant influence over the Bank, and given that there were no significant intervening events during the period from 28 August 2019 until 30 September 2019. The fair value of the company's share in the Bank amounted to €195.474.939 compared to the total cost acquiring the shares, €75.624.873, resulted in a negative goodwill of €119.850.066 that was written off in the results of Demetra Holdings Plc.

The market value of the investment in Demetra Holdings Plc at the reporting date amounted to €28.431.408 (2018: €29.616.050) and on 25 June 2020 amounts to €23.574.376.

21. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	€	€	€	€
Balance at 1 January	20.841	16.448	9.594	9.594
Change in fair value	(1.557)	(2.502)	-	-
Transfer from other investments	-	6.895	-	-
Balance at 31 December	19.284	20.841	9.594	9.594

THE GROUP

	2019	2018
	€	€
Shares of the companies listed in CSE	10.741	12.298
Other investments	8.543	8.543
	19.284	20.841

THE COMPANY

	2019	2018
	€	€
Shares of the companies listed in CSE	1.051	1.051
Other investments	8.543	8.543
	9.594	9.594

As at the date of the approval of the financial statements, 25 June 2020, the value of the shares traded in the CSE was €6.538.

22. DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	€	€	€	€
Derivative financial instruments- liabilities	946.831	1.350.649	908.251	1.327.871

The derivative financial instruments of the Group and the Company refer to contracts for differences for the hedging of the fluctuations in foreign currencies. The Group and the Company's management follow a policy to minimize the risk arising from the fluctuation of foreign exchange differences, as stated in the significant accounting policies.

The profit from the change in fair value of derivative financial instruments for the year, that was recognised in Group's and Company's results amounted to €373.257 (2018: €987.521) and €411.837 (2018: €972.895) respectively.

The exposure of the Group and the Company to foreign exchange risk is presented in note 39.3 of the consolidated and separate financial statements. 39.3

23. INVENTORIES

THE GROUP

	2019	2018
	€	€
Net value of inventories at 31 December	67.969.900	69.332.835

During the year inventories in the amount of €871.357.772 (2018: €832.492.640) were recognised in the cost of sales.

THE COMPANY

	2019	2018
	€	€
Net value of inventories at 31 December	1.789.537	2.197.547

During the year inventories in the amount of €63.309.811 (2018: €82.762.116) were recognised in the cost of sales.

Inventories consist of finished goods for sale. Inventories are stated net of any provision for slow moving stock determined as obsolete and which it is possible that they cannot be sold.

Movement in provision for slow moving stocks:

THE GROUP

	2019	2018
	€	€
Balance at 1 January	906.997	660.930
Provision recognised for the decrease in the value of inventories	704.982	296.298
Reversal of provision	(65.641)	(77.743)
Exchange differences	7.821	27.512
Balance at 31 December	1.554.159	906.997

THE COMPANY

	2019	2018
	€	€
Balance at 1 January	4.065	4.065
Balance at 31 December	4.065	4.065

For the determination of the provision for slow moving stock, the characteristics of the country in which the inventories are held, the age and the type of inventories, their marketability as well as the Group's option for stock rotation and price protection from the vendors, were taken into consideration.

24. TRADE AND OTHER RECEIVABLES

THE GROUP

	2019	2018
	€	€
Trade receivables	203.097.920	174.630.514
Other receivables	5.788.444	9.526.253
Prepayments	2.781.331	3.244.162
Receivables from joint ventures (Note 46)	22.161.599	22.004.921
	233.829.294	209.405.850
Non-current receivables		
Receivables from joint ventures (Note 46)	22.161.599	22.004.921
Trade debtors	254.572	155.705
	22.416.171	22.160.626
Current receivables	211.413.123	187.245.224
	233.829.294	209.405.850

THE COMPANY

	2019	2018
	€	€
Trade receivables	10.480.638	8.320.441
Other receivables	9.891.296	10.459.671
Prepayments	24.650	18.116
Receivables from related companies (Note 45)	455	383
	20.397.039	18.798.611

Trade and other receivables are stated net of any provision for doubtful debts. The provision for doubtful debts amounted to €3.653.877 (2018: €3.312.677) for the Group and to €116.082 (2018: €120.133) for the Company. 39.1)

Part of the trade receivables of Logicom Public Ltd in Cyprus and Malta and the subsidiary companies Enet Solutions Logicom S.A. in Greece and Logicom FZE in United Arab Emirates have been settled through the factoring agreement with recourse. The total amount of trade receivables that were settled as at 31 December amounted to €19.951.850 (2018: €22.655.489).

The amount of €1.405.715 (2018: €545.912) of the total trade debtors of Logicom FZE and Logicom Dubai LLC in United Arab Emirates have been settled through the factoring agreement without recourse.

The Group has recognized a loss of €535.970 (2018: €68.591) for the impairment of its trade receivables during the year ended 31 December 2019. The loss has been included separately in the Statement of Profit or Loss and Other Comprehensive Income.

The Company's other receivables mainly include trade receivable balances of the subsidiary company Logicom FZE that were settled through the factoring agreement with recourse.

The risks in relation to trade and other receivables as well as the information relevant to the provision for doubtful debts are presented in note 39.1.

25. CASH AND CASH EQUIVALENTS

THE GROUP

	2019 €	2018 €
Cash in hand	45.145	21.808
Current accounts with banks	29.716.642	31.189.618
	29.761.787	31.211.426

THE COMPANY

	2019 €	2018 €
Cash in hand	26.919	2.853
Current accounts with banks	2.114.998	2.296.882
	2.141.917	2.299.735

The deposit interest rates for 2019 amounts to 0% - 1,0% per annum (2018: 0,5% - 1,0%).

For cash flow statement purposes, cash and cash equivalents include:

THE GROUP

	2019 €	2018 €
Cash at bank and in hand	29.761.787	31.211.426
Bank overdrafts (Note 32)	(50.873.720)	(49.530.095)
	(21.111.933)	(18.318.669)

THE COMPANY

	2019 €	2018 €
Cash at bank and in hand	2.141.917	2.299.735
Bank overdrafts (Note 32)	(30.258.843)	(29.933.854)
	(28.116.926)	(27.634.119)

26. SHARE CAPITAL

	2019 Number of shares	2019 €	2018 Number of shares	2018 €
Authorised				
Ordinary shares of €0,34 each	100.000.000	34.000.000	100.000.000	34.000.000
Issued and fully paid				
Balance at 1 January	74.079.600	25.187.064	74.079.600	25.187.064
Balance at 31 December	74.079.600	25.187.064	74.079.600	25.187.064

All the shares are listed and traded in the Cyprus Stock Exchange, they have the same and equal rights and have no limitations in their transfer.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2019

27. RESERVES

THE GROUP

	Difference arising on the conversion the share capital to Euro	Share Premium	Retained earnings	Revaluation Reserve	Fair Value Reserve	Translation reserve	Hedge reserve	Statutory reserve	Total	Non-controlling interest	Total
	€	€	€	€	€	€	€	€	€	€	€
Balance at 1 January 2018	116.818	10.443.375	58.459.740	4.760.827	1.881.807	(5.434.049)	(7.437.490)	1.378.430	64.169.458	(2.402.663)	61.766.795
Changes in accounting policies for the application of IFRS9 after tax	-	-	(1.787.219)	-	379.500	-	-	-	(1.407.719)	-	(1.407.719)
Restated Balance at 1 January 2018	116.818	10.443.375	56.672.521	4.760.827	2.261.307	(5.434.049)	(7.437.490)	1.378.430	62.761.739	(2.402.663)	60.359.076
Profit for the year	-	-	22.226.027	-	-	-	-	-	22.226.027	413.656	22.639.683
Exchange differences in relation to foreign operations	-	-	-	-	-	1.162.373	(1.581.709)	-	(419.336)	-	(419.336)
Deferred tax on revaluation of land and buildings	-	-	-	3.559	-	-	-	-	3.559	-	3.559
Surplus arising from the revaluation of investments at fair value through other comprehensive income	-	-	40.200	-	231.136	-	-	-	271.336	-	271.336
Adjustment for remeasurement of obligation (note 29)	-	-	81.673	-	-	-	-	-	81.673	-	81.673
Deferred tax from the administrative expenses (note 35)	-	-	(10.701)	-	-	-	-	-	(10.701)	-	(10.701)
Total comprehensive income	-	-	22.337.199	3.559	231.136	1.162.373	(1.581.709)	-	22.152.558	413.656	22.566.214
Proposed dividend for 2017 that was paid in 2018 (note 13)	-	-	(4.815.174)	-	-	-	-	-	(4.815.174)	-	(4.815.174)
Transfer to retained earnings	-	-	1.998.622	-	(2.492.443)	-	-	493.821	-	-	-
	-	-	(2.816.552)	-	(2.492.443)	-	-	493.821	(4.815.174)	-	(4.815.174)
Balance at 31 December 2018	116.818	10.443.375	76.193.168	4.764.386	-	(4.271.676)	(9.019.199)	1.872.251	80.099.123	(1.989.007)	78.110.116

LOGICOM PUBLIC LIMITED

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Year ended 31 December 2019

27. RESERVES *(continued)*

THE GROUP

	Difference arising on the conversion the share capital to Euro	Share Premium	Retained earnings	Revaluation Reserve	Fair Value Reserve	Translation reserve	Hedge reserve	Statutory reserve	Total	Non-controlling interest	Total
	€	€	€	€	€	€	€	€	€	€	€
Balance at 1 January 2019	116.818	10.443.375	76.193.168	4.764.386	-	(4.271.676)	(9.019.199)	1.872.251	80.099.123	(1.989.007)	78.110.116
Profit for the year	-	-	58.683.217	-	-	-	-	-	58.683.217	(8.304)	58.674.913
Exchange differences in relation to foreign operations	-	-	-	-	-	3.619.382	(671.698)	-	2.947.684	-	2.947.684
Surplus on revaluation of land and buildings	-	-	-	1.794.232	-	-	-	-	1.794.232	-	1.794.232
Deferred tax on revaluation of land and buildings (note 35)	-	-	-	(172.787)	-	-	-	-	(172.787)	-	(172.787)
Surplus arising from the revaluation of investments at fair value through other comprehensive income	-	-	213.099	-	-	-	-	-	213.099	-	213.099
Adjustment from remeasurement of obligation (note 29)	-	-	(483.103)	-	-	-	-	-	(483.103)	-	(483.103)
Deferred tax from administrative expenses (note 35)	-	-	(1.704)	-	-	-	-	-	(1.704)	-	(1.704)
Share of loss from associated company	-	-	(64.907)	-	-	-	-	-	(64.907)	-	(64.907)
Total comprehensive income	-	-	58.346.602	1.621.445	-	3.619.382	(671.698)	-	62.915.731	(8.304)	62.907.427
Proposed dividend for 2018 that was paid in 2019 (note 13)	-	-	(5.185.572)	-	-	-	-	-	(5.185.572)	-	(5.185.572)
Transfer to retained earnings	-	-	(137.363)	-	-	-	-	563.306	425.943	(425.943)	-
Share of other transactions with owners from associated company	-	-	(63.662)	-	-	-	-	-	(63.662)	-	(63.662)
	-	-	(5.386.597)	-	-	-	-	563.306	(4.823.291)	(425.943)	(5.249.234)
Balance at 31 December 2019	116.818	10.443.375	129.153.173	6.385.831	-	(652.294)	(9.690.897)	2.435.557	138.191.563	(2.423.254)	135.768.309

27. RESERVES *(continued)*

THE COMPANY

	Difference arising on the conversion the share capital to Euro €	Share Premium €	Retained earnings €	Revaluation Reserve €	Total €
Balance at 1 January 2018	116.818	10.443.375	(2.701.186)	2.196.509	10.055.516
Changes in accounting policy for the application of IFRS9	-	-	(948.158)	-	(948.158)
Restated balance for the year	116.818	10.443.375	(3.649.344)	2.196.509	9.107.358
Profit for the year	-	-	13.854.859	-	13.854.859
Deferred tax on revaluation of land and buildings (note 35)	-	-	-	3.559	3.559
Total comprehensive income	-	-	13.854.859	3.559	13.858.418
Proposed dividend for 2017 that was paid in 2018 (note 13)	-	-	(4.815.174)	-	(4.815.174)
	-	-	(4.815.174)	-	(4.815.174)
Balance at 1 January 2019	116.818	10.443.375	5.390.341	2.200.068	18.150.602
Profit for the year	-	-	4.680.298	-	4.680.298
Surplus on revaluation of land and buildings (note 15)	-	-	-	281.098	281.098
Deferred tax on revaluation of land and buildings (note 35)	-	-	-	(172.787)	(172.787)
Total comprehensive income	-	-	4.680.298	108.311	4.788.609
Proposed dividend for 2018 that was paid in 2019 (note 13)	-	-	(5.185.572)	-	(5.185.572)
	-	-	(5.185.572)	-	(5.185.572)
Balance at 31 December 2019	116.818	10.443.375	4.885.067	2.308.379	17.753.639

Retained earnings
Retained earnings include accumulated profits or losses of the Company.

Share premium
Share premium consists of amounts incurred from the issue of shares at prices higher than the nominal value.

Reserve arising from the change of the nominal value of the shares
Reserve arising from the change of the nominal value of the shares consists of the difference arising from the change of the nominal value of the shares, following the adoption of the Euro as the official currency of the Republic of Cyprus.

Revaluation reserve
Revaluation reserve consists of the accumulated amounts of revaluations of land and buildings and the deferred taxation arising from the revaluations.

Fair value reserve
Fair value reserve consists of the accumulated amounts of revaluations of the available for sale investments recognised at their fair value.

27. RESERVES *(continued)*

Translation Reserve

Translation reserve consists of the accumulated exchange differences that arise on the translation of the equity of the foreign subsidiary companies and the exchange differences that arise from the long-term loans of the parent company to the foreign subsidiary companies.

Exchange differences that arise from the long-term loans to foreign subsidiary companies are transferred to other comprehensive income and presented in the translation reserve in the financial statements of the Group. Exchange differences are transferred to profit and loss on the disposal of the subsidiary company. Deferred taxation arising from net exchange differences from the translation of the long-term loans is transferred to other comprehensive income and is presented in the translation reserve.

Exchange differences arising from long-term loans to foreign subsidiary companies are recognised in profit and loss in the year they are incurred and are recognised in the financial statements of the parent Company.

Hedging Reserve

Hedging Reserve consists of the accumulated amounts of the hedging of the net investment in foreign subsidiary companies with the Group's liabilities at a foreign currency.

Statutory reserve in Group subsidiary companies

This reserve consists of amounts transferred every year from retained earnings, according to the statutory requirements applicable in certain countries.

Non-controlling interests

The significant non-controlling interest from the subsidiaries of the Group are analysed in the table below before the adjustments for the transactions within the Group:

VERENDRYA VENTURES LIMITED	2019 €	2018 €
Non-controlling interest	40%	40%
Non-current assets	22.069.544	22.000.622
Current assets	790.914	373.186
Non-current liabilities	(28.595.101)	(28.103.293)
Current liabilities	(323.494)	(307.891)
Net assets	**(6.058.137)**	**(6.037.376)**
Net assets related to non-controlling interest	(2.423.255)	(2.414.950)
Revenue	-	1.711.321
Profit	20.761	1.034.141
Other comprehensive income	-	-
Total comprehensive income	**20.761**	**1.034.141**
Profit attributable to non-controlling interest	8.304	413.656
Other comprehensive income attributable to non-controlling interest	-	-
Cash flows from operating activities	(100)	(82)
Cash flows from investing activities	-	-
Cash flow from financing activities (dividend paid to non-controlling interest: zero)	-	-
Net increase (decrease) in cash and cash equivalents	**(100)**	**(82)**

28. PROVISIONS FOR OTHER LIABILITIES

THE GROUP	Contingencies from the acquisition of operations €
Balance at 1 January 2018	219.650
Payments during the year	(40.000)
Exchange differences	(107)
Balance at 1 January 2019	179.543
Payments during the year	(40.000)
Exchange differences	(2.487)
Balance at 31 December 2019	137.056

Contingencies from acquisition of operations

The contingencies from the acquisition of operations refer to:

1. Amount of €40.000 (2018: €80.000) refers to a balance payable to the previous owner of Inteli-scape Ltd as this was adjusted due to payments and revised agreements. The amount is payable in equal instalments of €40.000 per annum.
2. Amount of €97.056 refers to a balance payable to Gemini SP S.r.l. relating to the acquisition of business from the Group's subsidiary company Logicom IT Distribution S.r.l (note 16). The amount is payable provided that no liabilities occur that will burden Logicom IT Distribution S.r.l. and so long as Gemini SP S.R.L and its owners do not undertake competitive operations to those acquired by Logicom IT DIstribution S.r.l. The lump sum amount is payable in 2022.

The amounts included in the consolidated statement of financial position include the following:

	THE GROUP	
	2019 €	2018 €
Provisions to be used after more than twelve months	97.056	139.543
Provisions to be used within twelve months	40.000	40.000

29. PROVISION FOR EMPLOYEES END OF SERVICE BENEFITS

	THE GROUP	
	2019 €	2018 €
Balance at 1 January	2.416.574	1.972.842
Charged to profit or loss	597.055	803.415
Adjustment from remeasurement of defined benefit obligation after tax	96.750	(70.972)
Financial assumptions	388.057	-
Utilised during the year	(535.794)	(368.976)
Exchange differences	31.350	80.265
Balance at 31 December	2.993.992	2.416.574

29. PROVISION FOR EMPLOYEES END OF SERVICE BENEFITS *(continued)*

The amounts included in the consolidated statement of financial position include the following:

	THE GROUP	
	2019	2018
	€	€
Provisions to be used after more than twelve months	2.993.723	2.402.931
Provisions to be used within twelve months	269	13.643
	2.993.992	2.416.574

Total employee benefit asset

	THE GROUP	
	2019	2018
	€	€
Net defined benefit liability	2.993.992	2.416.574
Total employee benefit liability	2.993.992	2.416.574

THE GROUP	Defined benefit obligation	
	2019	2018
	€	€
Balance at 1 January	2.416.574	1.972.842
Included in profit or loss		
Current service cost	517.969	763.280
Interest cost	79.086	57.492
	597.055	820.772
Included in OCI		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Financial assumptions	388.057	-
Experience adjustments	96.750	(70.972)
	484.807	(70.972)
Other		
Contributions paid by the employer	(28.193)	(19.203)
Benefits paid	(510.208)	(367.129)
	(538.401)	(386.332)
Effect of movements in exchange rates	33.957	80.264
Balance at 31 December	2.993.992	2.416.574

	THE GROUP	
	2019	2018
Actuarial assumptions	%	%
Discount rate	2,80	3,82
Future salary growth	2,78	2,73
Duration of defined benefit obligation (in years)	15,59	15,94

29. PROVISION FOR EMPLOYEES END OF SERVICE BENEFITS *(continued)*

THE GROUP	2019	2018	2019	2018
Sensitivity analysis:	%	%	%	%
0,5% movement	Increase		Decrease	
Discount rate	(7,0)	(6,9)	8,0	7,7
Future salary growth	7,3	7,0	(6,5)	6,9

The Group contributes to a defined benefit retirement plan in subsidiary companies on the basis of the local legislation. The contributions refer to the subsidiary companies in Greece, Italy, Lebanon, Kuwait, Oman, Qatar, Bahrain and Turkey however, the significant amounts relate to the subsidiary companies in United Arab Emirates and Saudi Arabia.

30. TRADE AND OTHER PAYABLES

THE GROUP

	2019	2018
	€	€
Trade payables	102.764.619	87.960.755
Accrued expenses	8.371.234	11.494.198
Other payables	19.587.345	23.348.711
Deferred income	7.474.724	6.250.258
	138.197.922	129.053.922
Non-current payables		
Loans payable to associated companies (Note 46)	11.438.040	11.241.317
Other payables	3.659	4.953
	11.441.699	11.246.270
Current payables	126.756.223	117.807.652
	138.197.922	129.053.922

THE COMPANY

	2019	2018
	€	€
Trade payables	19.586.881	28.143.336
Accrued expenses	891.047	1.519.047
Other payables	1.981.482	1.901.342
	22.459.410	31.563.725

The risks in relation to trade and other payables are presented in note 39.

31. CURRENT TAX ASSETS AND LIABILITIES

THE GROUP

	2019	2018
	€	€
Current tax assets	855.102	382.881
Current tax liabilities	1.460.282	846.263

THE COMPANY

	2019	2018
	€	€
Current tax liabilities	3.026	3.319

32. LOANS AND BANK OVERDRAFTS

THE GROUP

	2019	2018
	€	€
Long-term loans	25.048.466	31.734.431
Short term loans	66.551.100	58.138.882
Bank overdrafts (Note 25)	50.873.720	49.530.095
	142.473.286	139.403.408

The long-term loans of the Group are repayable as follows:

THE GROUP

	2019	2018
	€	€
Within one year	8.289.819	8.337.235
Between two and five years	16.758.647	23.397.196
	25.048.466	31.734.431

THE COMPANY

	2019	2018
	€	€
Long-term loans	17.390.331	23.283.298
Short term loans	36.333.646	33.915.953
Bank overdrafts (Note 25)	30.258.843	29.933.854
	83.982.820	87.133.105

32. LOANS AND BANK OVERDRAFTS *(continued)*

The long-term loans of the Company are repayable as follows:

THE COMPANY

	2019	2018
	€	€
Within one year	6.490.353	6.568.820
Between two and five years	10.899.978	16.714.478
	17.390.331	23.283.298

The long term loans of the Group and the Company consist of:

Loan in Euro repayable in three years, with 12 equal quarterly instalments of €174.903. The interest rate is equal to 3 month EURIBOR + 3,0% annually and the first instalment was paid on 28 February 2018.

Loan in Euro repayable in three years, with 12 equal quarterly instalments of €787.700. The interest rate is equal to 3 month EURIBOR + 3,0% annually and the first instalment was paid on 31 March 2018.

Loan in Euro repayable in fourteen years in 168 equal monthly instalments of €47.901. The interest rate is equal to 6 month EURIBOR +3,15% annually and the first instalment was paid on 27 July 2017.

Loan in Euro repayable in eight years, in 32 equal quarterly instalments of €516.488. The interest rate is equal to 3 month EURIBOR +3,25% annually and the first instalment was paid on 13 June 2018.

Loan in Euro repayable in five years, in 20 equal quarterly instalments of €163.114. The interest rate is equal to 3 month EURIBOR +3,25% annually and the first instalment was paid on 22 April 2018.

Loan in AED repayable in four years, in 16 equal quarterly instalments of AED 237.500 plus interest. The interest rate is equal to 3 month EIBOR + 3,25% annually and the first instalment was paid on February 2020.

Loan in AED repayable in two years, in 8 equal quarterly instalments of AED 1.375.000 plus interest. The interest rate is equal to 3 month EIBOR +3,25% annually and the first instalment was paid in February 2019.

The weighted average cost of the bank overdraft is 4,6% annually (2018: 4,6%). The bank overdrafts are repayable on demand by the respective banks.

The interest rate of short-term loans is equal to 3 month USD LIBOR plus 2,60% - 2,80% annually (2018: 3 month USD LIBOR plus 2,75% - 2,90% annually). Short-term loans are repayable within three months from the day that they are signed.

The undrawn balance of the bank overdrafts of the Group at 31 December 2019 amounted to €109 million (2018: €115 million) and of the Company to €8 million (2018: €8,5 million).

LOGICOM PUBLIC LIMITED

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Year ended 31 December 2019

32. LOANS AND BANK OVERDRAFTS *(continued)*

Reconciliation of liabilities arising from financing activities:

THE GROUP	Bank loans €	Bank overdrafts €	Retained Earnings €	Total €
Balance at 1 January 2018	**80.044.466**	**40.564.031**	**56.672.521**	**177.281.018**
Changes from financing cash flows:				
Proceeds from borrowings	75.253.796	-	-	75.253.796
Repayment of principal	(66.718.211)	-	-	(66.718.211)
Dividends paid	-	-	(4.815.174)	(4.815.174)
Repayment of interest	(4.799.815)	(1.189.503)	-	(5.989.318)
Total changes from financing cash flows	**3.735.770**	**(1.189.503)**	**(4.815.174)**	**(2.268.907)**
The effect of changes in foreign exchange rates	**1.293.262**	**-**	**-**	**1.293.262**
Other changes:				
Interest payable	4.799.815	1.189.503	-	5.989.318
Changes in the bank overdrafts	-	8.966.064	-	8.966.064
Total liability-related other changes	**4.799.815**	**10.155.567**	**-**	**14.955.382**
Total equity-related other changes	**-**	**-**	**24.335.821**	**24.335.821**
Balance at 1 January 2019	**89.873.313**	**49.530.095**	**76.193.168**	**215.596.576**
Changes from financing cash flows:				
Proceeds from borrowings	100.162.006	-	-	100.162.006
Repayment of principal	(98.862.517)	-	-	(98.862.517)
Dividends paid	-	-	(5.185.572)	(5.185.572)
Repayment of interest	(4.617.097)	(1.318.334)	-	(5.935.431)
Total changes from financing cash flows	**(3.317.608)**	**(1.318.334)**	**(5.185.572)**	**(9.821.514)**
The effect of changes in foreign exchange rates	**426.764**	**-**	**-**	**426.764**
Other changes:				
Interest payable	4.617.097	1.318.334	-	5.935.431
Changes in the bank overdrafts	-	1.343.625	-	1.343.625
Total liability-related other changes	**4.617.097**	**2.661.959**	**-**	**7.279.056**
Total equity-related other changes	**-**	**-**	**58.209.239**	**58.209.239**
Balance at 31 December 2019	**91.599.566**	**50.873.720**	**129.216.835**	**271.690.121**

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2019

32. LOANS AND BANK OVERDRAFTS *(continued)*

THE COMPANY	Bank loans €	Bank overdrafts €	Retained Earnings €	Total €
Balance at 1 January 2018	**34.740.386**	**24.031.913**	**(2.701.186)**	**56.071.113**
Changes from financing cash flows:				
Proceeds from borrowings	50.043.166	-	-	50.043.166
Repayment of principal	(27.584.301)	-	-	(27.584.301)
Dividends paid	-	-	(4.815.174)	(4.815.174)
Repayment of interest	(2.042.776)	(1.105.350)	-	(3.148.126)
Total changes from financing cash flows	**20.416.089**	**(1.105.350)**	**(4.815.174)**	**14.495.565**
Other changes:				
Interest payable	2.042.776	1.105.350	-	3.148.126
Changes in the bank overdrafts	-	5.901.941	-	5.901.941
Total liability-related other changes	**2.042.776**	**7.007.291**	**-**	**9.050.067**
Total equity-related other changes	**-**	**-**	**12.906.761**	**12.906.761**
Balance at 1 January 2019	**57.199.251**	**29.933.854**	**5.390.401**	**92.523.506**
Changes from financing cash flows:				
Proceeds from borrowings	50.018.998	-	-	50.018.998
Repayment of principal	(53.494.272)	-	-	(53.494.272)
Dividends paid	-	-	(5.185.572)	(5.185.572)
Repayment of interest	(2.037.826)	(1.288.814)	-	(3.326.640)
Total changes from financing cash flows	**(5.513.100)**	**(1.288.814)**	**(5.185.572)**	**(11.987.486)**
The effect of changes in foreign exchange rates	**-**	**-**	**-**	**-**
Other changes:				
Interest payable	2.037.826	1.288.814	-	3.326.640
Changes in the bank overdrafts	-	324.989	-	324.989
Total liability-related other changes	**2.037.826**	**1.613.803**	**-**	**3.651.629**
Total equity-related other changes	**-**	**-**	**4.680.237**	**4.680.237**
Balance at 31 December 2019	**53.723.977**	**30.258.843**	**4.885.066**	**88.867.886**

32. LOANS AND BANK OVERDRAFTS *(continued)*

The banking facilities are secured by:

1. The guarantee of Logicom Solutions Ltd for $6.600.000, €24.366.000, €6.500.000 and €528.672.
2. First mortgage with registration number Y1858/99 amounts to €598.010, second mortgage with registration number Y3404/99 amounts to €256.290 and third mortgage with registration number Y3405/99 amounts to €170.860 on building with registration number N1664 at Ayia Paraskevi owned by Logicom Public Limited.
3. First mortgage with registration number Y1953/99 dated 9 March 1999 for plot with registration number N1665 in Nicosia (Ayia Paraskevi area, Strovolos) for €133.270, owned by Logicom Public Limited.
4. Second mortgage with registration number Y5753/00 dated 21 July 2000 on plot with registration number N1665 in Nicosia (Ayia Paraskevi area, Strovolos) for €136.688, owned by Logicom Public Limited.
5. First mortgage with registration number Y791/18 dated 16 February 2018 on plot with registration number 10/2003 in Nicosia (Apostolos Varnavas area - Agios Makarios (Strovolos municipality)) for €6.500.000 owned by the company Najada Holdings Limited.
6. Assignment of receivables of Logicom Public Ltd for the amount of $9.837.208 and €1.490.667.
7. Corporate guarantee of Logicom Public Limited with no amount restriction.
8. Corporate guarantee of Logicom Public Limited of $40.000.000, $36.000.000, $1.500.000, €1.500.000, €1.500.000, AED 30.000.000, AED 19.000.000, $8.000.000, €4.000.000, $10.000.000, AED 35.000.000, €4.800.000, $500.000, €216.000, €6.500.000 and €6.103.000.
9. Fire safety guarantee of €1.500.000.
10. Pledge of Demetra Holdings Plc listed securities owned by Logicom Services Limited.

33. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	€	€	€	€
Balance at 1 January	7.164.750	-	703.475	-
Additions	828.209	-	-	-
Repayments	(1.521.472)	-	(125.250)	-
Interest	272.494	-	20.433	-
Exchange differences	(156.680)	-	-	-
Balance at 31 December	6.587.301	-	598.658	-

THE GROUP	The present value of minimum lease payments	
	2019	2018
	€	€
Not later than 1 year	1.187.701	-
Later than 1 year and not later than 5 years	3.247.243	-
Later than 5 years	2.152.357	-
	6.587.301	-
Present value of finance lease liabilities	6.587.301	-

THE COMPANY	The present value of minimum lease payments	
	2019	2018
	€	€
Not later than 1 year	108.440	-
Later than 1 year and not later than 5 years	115.272	-
Later than 5 years	374.946	-
	598.658	-
Present value of finance lease liabilities	598.658	-

The Group leases land, warehouses, buildings and vehicles under finance leases. The average lease term is 44 months. For the year ended 31 December 2019, the average effective borrowing rate for the European markets was 3,17% for the leases of land, buildings and warehouses and 3,50% for the leases of vehicles. For Middle East markets the average effective borrowing rate was 5,4% for the leases of land, buildings and warehouses and 2,95% for the leases of vehicles. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in Euro.

The fair values of lease obligations approximate to their carrying amounts as presented above.

The Group's obligations under finance leases are secured for the lessors' by title to the leased assets.

34. PROMISSORY NOTES

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	€	€	€	€
Liabilities	130.549	3.470.451	130.549	3.470.451

The Company has signed an agreement, with FIMBank Plc, for the financing of invoices issued from certain suppliers, with a limit of €4.0m (2018: €3,3m). The Company uses this facility to settle the invoices issued by Hewlett-Packard Europe B.V and Microsoft Ireland Operations Ltd.

The exposure of the Group and the Company to liquidity risk is presented in note 39 of the consolidated and separate financial statements.

35. DEFERRED TAX

Liabilities/Assets of deferred taxation

	Liabilities 2019 €	Assets 2019 €	Transfer to Reserves €	Transfer to Statement of Comprehensive Income €	Exchange difference €	Liabilities 2018 €	Assets 2018 €
THE GROUP							
Deferred taxation arising from:							
Temporary differences arising from differences between depreciation and capital allowances	(44.548)	21.160	-	70.109	(81)	(93.542)	36
Temporary differences arising from loss for the year	-	1.059.692	-	(388.280)	(2.038)	-	1.450.010
Revaluation of land and buildings	(442.135)	-	(172.787)	-	-	(269.258)	-
Temporary differences arising from administrative expenses	-	816.878	(1.704)	49.797	5.524	-	763.261
Temporary differences arising from unrealised exchange difference	-	46.959	-	733	4.099	(54.569)	96.696
	(486.683)	1.944.689	(174.491)	(267.641)	7.504	(417.369)	2.310.003
THE COMPANY							
Deferred taxation arising from:							
Temporary differences arising from differences between depreciation and capital allowances	(42.228)	-	-	40.602	-	(82.830)	-
Temporary differences arising from loss for the year	-	879.277	-	(462.587)	-	-	1.341.864
Revaluation of land and buildings	(442.045)	-	(172.787)	-	-	(269.258)	-
	(484.273)	879.277	(172.787)	(421.985)	-	(352.088)	1.341.864

Deferred tax assets and liabilities are offset if there is a legal enforceable right to offset current tax assets and liabilities and when the deferred taxes relate to the same tax authority.

Deferred tax asset recognised relates to unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of the year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax asset mainly relates to the Company's tax losses. The Company is expected to generate taxable profits in the next years based on the overall tax planning prepared in relation to its operations.

36. CONTINGENCIES AND LITIGATIONS

The most important guarantees are as follows:

(1) The Company has provided a bank guarantee of up to USD 3.600.000 (€3.204.558) to a foreign supplier for providing a trading credit facility. This guarantee is valid from 9 July 2019 until 18 August 2020.

(2) The Company has provided a second bank guarantee of up to USD 400.000 (€356.062) to a second foreign supplier for providing a trading credit facility. This guarantee is valid from 9 July 2019 until 18 August 2020.

(3) The Company has provided a third bank guarantee of up to €1.700.000 to a third foreign supplier for providing a trading credit facility. This guarantee is valid from 12 August 2019 until 11 August 2020.

(4) The Company has provided a fourth bank guarantee of up to €450.000 to a fourth foreign supplier for providing a trading credit facility. This guarantee is valid from 12 August 2019 until 11 August 2020.

(5) The Company has provided a fifth bank guarantee of up to USD 800.000 (€712.124) to a fifth foreign supplier for providing a trading credit facility. This guarantee is valid from 12 April 2019 until 12 April 2020.

(6) The Company has provided a sixth bank guarantee of up to USD 300.000 (€267.046) to a sixth foreign supplier for providing a trading credit facility. This guarantee is valid from 12 September 2019 until 11 September 2020.

(7) The Company has provided a seventh bank guarantee of up to USD 500.000 (€445.077) to a seventh foreign supplier for providing a trading credit facility. This guarantee is valid from 12 September 2019 until 11 September 2020.

(8) The Company has provided an eighth bank guarantee of up to €34.172 to the Director of Customs and Excise Department for the use of a Bonded Warehouse in the Free Trade Zone in Larnaca.

(9) Companies of the Group have provided bank guarantees in order to participate to government projects and private sector projects.

(10) Verendrya Ventures Ltd committed not to request repayment of the loan receivable from M.N. Larnaca Desalination Co. Ltd for the following 12 months or until it becomes possible without affecting the company's ability to continue to operate as a going concern.

(11) The Company committed to provide financial and other assistance to Verendrya Ventures Ltd, to the extent of its participation in the company, which will enable it to continue its activities and meets its obligation as they fall due. As part of the financial assistance provided, the Company has also committed not to claim repayment of the amounts due from Verendrya Ventures Ltd, until the company has the necessary liquidity.

In December 2018, the subsidiary company Logicom Saudi Arabia LLC in Saudi Arabia, received notice of Zakat and Income tax assessments from the General Authority of Zakat and Tax (“GAZT”) relating to the years 2010 - 2014. The total claim is additional tax and Zakat of €2,4m (SAR10,3 m), plus additional penalties to be computed when the tax is settled. In February 2019 the company has filed an objection in response to the claim and in September 2019 received a negative response. In November 2019 the Company contacted the General Secretariat of Tax Affairs ('GSTC') and expects a response on this matter. At this stage the company is of the view that any amount of payable in the form of charges or penalties is not probable and as a result no provision is made as at 31 December 2018.

The company has submitted the Zakat and Income tax forms up to 2018 and is expecting the assessment of the local authorities.

Apart from the tax liabilities that have already been accounted for in the consolidated and separate financial statements, based on the existing information, it is possible that additional tax liabilities may arise during the examination of the tax and other affairs of the companies of the Group.

37. OPERATING LEASE

THE GROUP

	2019	2018
	€	€
Within one year	-	1.884.675
Between one and five years	-	3.414.139
After more than five years	-	690.731
	-	5.989.545

The Group leases land, warehouses, buildings and vehicles. The comparative amounts for 2018 that are mentioned have been transferred in the Obligations under Finance Leases or have been capitalised in the right-of-use assets according to the requirements of IFRS 16 (Note 33).

38. FAIR VALUES

The fair values of the financial assets and liabilities of the Group and the Company are approximately equal to the amounts shown in the books at the end of the year.

39. RISK MANAGEMENT

The main financial assets held by the Group and the Company are cash and cash equivalents, investments and trade and other receivables. The main financial liabilities of the Group and the Company are bank overdrafts and loans and trade and other payables. The Group and the Company are exposed to the following risks from their financial assets and liabilities.

39.1 Credit risk

Credit risk is the risk of default by counter parties to transactions mainly from trade receivables of the Group and the Company. The Group and the Company ensure the application of appropriate mechanisms and ensure the maintenance of related monitoring procedures and controls over credits. Credit risk is monitored on an ongoing basis.

The Group entered into an agreement with Atradius Credit Insurance N.V. ('Insurance Company') for the credit insurance that the Group offers to its customers. The issuance of such insurance agreement is considered to be the most appropriate method for hedging against credit risk. The insurance company was evaluated in March 2020 by the rating agency Moody's as A2 with negative prospects. The Group also signed an agreement in March 2020 for additional insurance beyond the credit limits provided by Atradius with Cooper Gay SA.

The insurance agreements for the trade receivables and the procedures required under these agreements, have significantly improved the monitoring and control of trade receivables, mainly in the approval of credit limits, which is done in cooperation with the credit insurance company as the latest has the resources for a better evaluation of the credibility of each debtor. It should be noted that the credit insurance covers all trade receivables other than governmental or semi-governmental organizations as well as natural persons.

39. RISK MANAGEMENT *(continued)*

39.1 Credit risk (continued)

The carrying value of investments represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date of the consolidated and separate financial statements was:

THE GROUP

	2019 €	2018 €
Investments at fair value through other comprehensive income	3.862.832	223.200
Investments at fair value through profit and loss	19.284	20.841
Receivables from joint ventures	22.161.599	22.004.921
Trade and other receivables	208.886.364	184.156.767
Cash and cash equivalents	29.716.642	31.189.618
	264.646.721	237.595.347

THE COMPANY

	2019 €	2018 €
Investments at fair value through profit and loss	9.594	9.594
Long-term loans to subsidiary companies	29.048.640	28.406.793
Trade and other receivables	20.372.390	18.780.495
Cash and cash equivalents	2.114.998	2.296.882
Balances with subsidiary companies	37.921.188	56.038.179
	89.466.810	105.531.943

Cash and cash equivalents

The Group held cash and cash equivalents amounting to €29.716.642 (2018: €31.189.618), which represent the maximum credit risk exposure, after trade and other receivables from whom any risk has been limited as explained above. Cash and cash equivalents are deposited in banks and financial institutions, which are valuated from Caa3 to A1, based on Moody's, from CCC- to A+ based on Standard & Poor's and from CCC- to A+ based on Fitch's.

The maximum exposure to credit risk of the Group, for trade receivables by geographic region, is as follows:

THE GROUP

	2019 €	2018 €
Europe	66.245.780	62.238.521
Middle East	136.852.140	112.391.993
	203.097.920	174.630.514

THE COMPANY

	2019 €	2018 €
Europe	10.480.638	8.320.441
	10.480.638	8.320.441

In accordance to the above analysis, 33% of the Group's trade receivables (2018: 36%) originates from Europe and 67% (2018: 64%) of the Group's trade receivables originates from the Middle East.

39. RISK MANAGEMENT *(continued)*

39.1 Credit risk (continued)

The ageing of the remaining trade receivables which are not impaired is as follows:

THE GROUP

	2019 €	2018 €
0 until 90 days	192.162.913	163.269.268
91 until 180 days	5.795.437	8.039.684
more than 180 days	5.139.570	3.321.562
	203.097.920	174.630.514

THE COMPANY

	2019 €	2018 €
0 until 90 days	10.059.487	8.056.520
91 until 180 days	141.813	133.101
more than 180 days	279.338	130.820
	10.480.638	8.320.441

The other receivables of the Company mainly include the customer balances of the subsidiary company Logicom FZE that are granted to the Company (note 24) aged 0-90 days which are considered recoverable in full.

The ageing of the balances of the subsidiary companies in the Company's books is as follows:

THE COMPANY

	2019 €	2018 €
0 until 180 days	37.921.188	56.038.179
more than 180 days	29.048.640	28.406.793
	66.969.828	84.444.972

For the determination of provision for doubtful debts, the age of the balances, the characteristics of the customers and countries in which the Group operates and the extent to which the outstanding amount was recovered after the year end were taken into consideration.

The provision for doubtful debts for the year shows an increase in relation to the provision of the corresponding period of 2018. Group's management estimates that the credit insurance has significantly reduced the risk for doubtful debts. The provision for doubtful debts is analysed as follows:

39. RISK MANAGEMENT *(continued)*

39.1 Credit risk (continued)

THE GROUP

Trade debtors	2019 €	2018 €
At 1 January	3.312.677	2.402.504
Adjustment from the adoption of IFRS 9	-	926.869
Balance on 1 January after the adjustment	3.312.677	3.329.373
Provision for doubtful debts	778.050	509.992
Expected credit losses	44.836	(89.106)
Decrease in provision for doubtful debts	(286.916)	(315.153)
Exchange differences	(194.770)	(122.429)
At 31 December	3.653.877	3.312.677

THE GROUP

Loans receivable from joint ventures	2019 €	2018 €
At 1 January	443.708	-
Adjustment from the adoption of IFRS 9	-	480.850
Balance on 1 January after the adjustment	443.708	480.850
Expected credit losses	47.194	(37.142)
At 31 December	490.902	443.708

THE GROUP

Impairment loss on receivables	2019 €	2018 €
Trade receivables	488.776	105.733
Loans receivable from joint ventures	47.194	(37.142)
At 31 December	535.970	68.591

THE COMPANY

Trade debtors	2019 €	2018 €
At 1 January	120.133	115.208
Adjustment from the adoption of IFRS 9	-	5.488
Balance on 1 January after adjustment	120.133	120.696
Expected credit losses	(4.051)	(563)
At 31 December	116.082	120.133

39. RISK MANAGEMENT *(continued)*

39.1 Credit risk (continued)

THE COMPANY

Receivables from subsidiary companies	2019 €	2018 €
At 1 January	2.103.162	-
Adjustment from the adoption of IFRS 9	-	942.670
Balance on 1 January after adjustment	2.103.162	942.670
Provision for impairment of receivable from subsidiary company	-	1.050.000
Expected credit losses	371.370	110.492
Decrease in provision for doubtful debts	(1.050.000)	-
At 31 December	1.424.532	2.103.162

THE COMPANY

Impairment losses on receivables	2019 €	2018 €
Trade debtors	(4.051)	(563)
Loans receivable from related companies	371.396	(46.414)
Receivables from subsidiary companies	101.494	-
Decrease in provision for doubtful debts	-	1.206.617
At 31 December	468.839	1.159.640

The Group estimates that the fair value of trade and other receivables is not significantly different from their carrying value as recognised in the financial statements, as the average repayment period of trade and other receivables is less than 6 months.

The Group estimates expected credit losses for trade receivables using a provision matrix. The Group utilises its experience from the history of credit losses for trade receivables of the past 5 years, after adjusting so as to reflect the effects of the current conditions and provide for future conditions that did not affect the period in which the historic data are based and to eliminate the effects of the conditions of the past period that do not affect the expected future cash flows. The Group, depending on the differentiation of its customer base, uses the appropriate groupings, i.e. by country/geographical region.

The probability of default as well as the assumptions and estimations for credit losses in the case of default is estimated, for loans to subsidiaries or associated companies. The significant increase of the credit risk is also estimated on the basis of the devrease in the credibility of the counter party as this is measured by a credit rating institution.

39. RISK MANAGEMENT *(continued)*

39.1 *Credit risk (continued)*

The following table provides information about the exposure to credit risk and expected credit losses for trade and other receivables as at 31 December 2019.

THE GROUP

	Weighted-average loss rate 2019 %	Gross carrying amount 2019 €	Impairment loss allowance 2019 €	Weighted-average loss rate 2018 %	Gross carrying amount 2018 €	Impairment loss allowance 2018 €
Balances not impaired	0,0372	170.488.502	63.423	0,3568	158.224.597	564.578
1 to 90 days	0,3090	25.430.790	78.592	0,5156	17.369.675	89.555
91 to 180 days	0,8809	5.976.827	52.647	6,1519	1.999.999	123.037
More than 180 days	4,3643	3.896.737	170.064	16,3264	193.215	31.545
		205.792.856	364.726		177.787.486	808.715

THE COMPANY

	Weighted-average loss rate 2019 %	Gross carrying amount 2019 €	Impairment loss allowance 2019 €	Weighted-average loss rate 2018 %	Gross carrying amount 2018 €	Impairment loss allowance 2018 €
Balances not impaired	0,0022	9.161.460	204	0,0144	7.701.717	1.106
1 to 90 days	0,0179	1.089.887	195	0,2282	640.745	1.462
91 to 180 days	0,1620	220.944	358	1,0313	48.289	498
More than 180 days	0,0940	124.429	117	3,7314	49.821	1.859
		10.596.720	874		8.440.572	4.925

39.2 Interest rate risk

Interest rate risk is the risk of fluctuations in the value of financial instruments due to movements in market interest rates. Income and cash flows from operations of the Group and the Company are dependent on changes of market interest rates, since the Group and the Company have material assets which bear interest. The Group and the Company are exposed to interest rate risk on borrowings. Borrowing in variable interest rates exposes the Group and the Company in interest rate risk that affects cash flows. Borrowing in fixed interest rates exposes the Group and the Company in interest rate risk that affects the fair value. The management of the Group and the Company and more specifically the Risk Management Committee is monitoring the fluctuations of interest rates on an ongoing basis and ensures that the necessary actions are taken.

The interest rates and repayment dates applicable for loans and bank facilities are stated in note 32.

39. RISK MANAGEMENT *(continued)*

39.2 Interest rate risk (continued)

Sensitivity analysis on interest rates

A possible increase of the interest rates by 1% in relation to the weighted average interest rates of the year, would have decrease the profit for the year. The analysis below assumes that all other parameters remain constant:

THE GROUP

	2019 €	2018 €
Long-term loans	(250.485)	(317.344)
Short term loans	(665.511)	(581.389)
Bank overdrafts	(508.737)	(495.301)
Cash and cash equivalents	297.618	311.896
Promissory notes	(1.305)	(34.705)
	(1.128.420)	(1.116.843)

THE COMPANY

	2019 €	2018 €
Long-term loans	(173.903)	(232.833)
Short term loans	(363.336)	(339.160)
Bank overdrafts	(302.588)	(299.339)
Promissory notes	(1.305)	(34.705)
Cash and cash equivalents	21.419	22.969
	(819.713)	(883.068)

A possible decrease of the interest rates by the same percentage would have an equal but opposite effect on the profit for the year.

39.3 Foreign exchange risk

This risk arises from adverse movements in foreign exchange rates.

The Company and the Group are subject to foreign exchange risk on sales, purchases and loans in currencies other than the Company's and subsidiary companies functional currency, and on the long term loans to foreign subsidiaries. Management is aware of foreign exchange risk and is examining alternative methods to hedge the risk.

The hedging of foreign exchange risk is managed by the Group Chief Financial Officer together with the Executive Directors. This issue is discussed and examined at the Board of Directors' meetings due to the fact that management has assessed that the Company is materially affected from the movements in foreign currencies against the Euro.

Until today, the hedging methods that have been used against foreign exchange risk are the following:

1. Natural Hedging. The Company maintains to the maximum extent, assets (investments in foreign subsidiaries) and liabilities (bank overdrafts, short and long term loans) at the same currency, mainly the United States Dollars (USD). In this way any gain or loss in assets is hedged by the corresponding loss or gain in liabilities.
2. The percentage of sales in foreign currency on total turnover is approximately the same with the percentage of bank borrowings in foreign currency in relation to the total borrowings of the Group.
3. The bank borrowings are usually made in the currency that the suppliers invoice the Company.
4. In cases of projects were the total cost of completion of the project is known from the time of the validation of the tender, then forward contracts are used, for the period required to complete the project and for the specific amount in foreign currency that the Company will be invoiced.

39. RISK MANAGEMENT *(continued)*

39.3 Foreign exchange risk *(continued)*

5. In addition, the Company enters into forward exchange contracts based on turnover at regular intervals e.g. weekly, for covering the payments to suppliers based on the credit period that they give to the Company. In this way the purchase of foreign currency for payments to suppliers in future periods is secured with the receipts from trade receivables.

Hedging of net investment in foreign operation

The Group applies hedge accounting to decrease foreign exchange risk.

Specifically, the equity and long-term loans that are part of the net investment in subsidiary companies Logicom FZE, Logicom Dubai LLC, Logicom (Middle East) SAL, Logicom Jordan LLC and Logicom Saudi Arabia LLC, where the functional currency is the USD are hedged with the bank borrowings of the Group in USD. Hedging is determined on a quarterly basis and the amount is adjusted accordingly. The hedge effectiveness is assessed on a monthly basis and to the extent the hedging is ineffective, the exchange differences are recognized in statement of profit or loss and other comprehensive income.

As at 31 December 2019 the amounts that were hedged were USD 40.000.000 of net investment in the above foreign companies and USD 40.000.000 of bank borrowings.

The carrying value of financial assets and liabilities of the Group denominated in foreign currency as at the date of the consolidated and separate financial statements is as follows:

THE GROUP

	USD	
	2019	2018
	€	€
Trade and other receivables	14.272.431	5.162.276
Cash and cash equivalents	3.158.912	2.338.091
Trade and other payables	(48.860.933)	(63.744.893)
Short term loans	(36.333.646)	(33.915.953)
Bank overdrafts	(26.761.964)	(24.509.596)
	(94.525.200)	(114.670.075)

THE COMPANY

	USD	
	2019	2018
	€	€
Trade and other receivables	9.851.770	8.865.848
Cash and cash equivalents	326.045	23.147
Trade and other payables	(16.268.678)	(26.128.210)
Short term loans	(36.333.646)	(33.915.953)
Bank overdrafts	(26.761.964)	(24.509.596)
Balances with subsidiary companies	48.771.921	70.475.701
	(20.414.552)	(5.189.063)

39. RISK MANAGEMENT *(continued)*

39.3 Foreign exchange risk (continued)

The following foreign exchange rates were used in the preparation of the consolidated and separate financial statements:

	Average Rate		Rate as at reporting date	
	2019	2018	2019	2018
	€	€	€	€
USD 1	0,8933	0,8467	0,8902	0,8734

Sensitivity analysis on fluctuations of foreign exchange rates
A possible strengthening of the Euro against the US Dollar and the other currencies by 10% as at 31 December 2019 would have increased/decreased respectively the profit for the year and the shareholders' funds. The analysis below assumes that all other parameters and mainly interest rates remain constant:

THE GROUP

	Effect on the shareholders funds		Effect on profit or loss	
	2019	2018	2019	2018
	€	€	€	€
USD	1.269.374	4.165.458	7.137.631	10.564.325

THE COMPANY	Effect on the shareholders funds		Effect on profit or loss	
	2019	2018	2019	2018
	€	€	€	€
USD	2.041.455	1.375.890	2.041.455	1.375.890

A possible weakening of the Euro against the above currencies by 10% would have equal but opposite effect, if all other parameters remain constant.

39.4 Liquidity risk

Liquidity risk is the risk that arises when the expiry date of assets and liabilities does not concur. When expiries do not concur, the performance can increase but at the same time the risk for losses can also increase. The Group has procedures in place to minimize such losses, such as retaining sufficient amounts in cash and other highly liquid assets and retaining sufficient amounts in secured credit facilities in order to cover liabilities when they fall due.

The management estimates that the ability of the Group to receive in advance its trade receivables through the factoring agreement with recourse in Cyprus, Greece and the United Arab Emirates, reduces even further the liquidity risk.

Bank loans and overdrafts of the Group and the Company are presented in note 32.

The expected cash outflows based on the information included in the consolidated and separate financial statements are presented below:

39. RISK MANAGEMENT *(continued)*

39.4 Liquidity risk (continued)

THE GROUP

Liquidity Risk		Cash outflows arising from contractual liabilities				
	Balance	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
	€	€	€	€	€	€
31 December 2019						
Long-term loans	25.048.466	4.184.491	4.105.325	3.506.154	9.290.056	3.962.440
Short term loans	66.551.100	66.551.100	-	-	-	-
Trade and other payables	138.197.922	119.430.198	7.329.684	-	-	11.438.040
Bank overdrafts	50.873.720	50.873.720	-	-	-	-
Provision for other liabilities	137.056	-	40.000	-	97.056	-
Promissory notes	130.549	130.549	-	-	-	-
Obligations under finance leases	6.587.301	594.732	592.970	1.230.503	2.016.739	2.152.357
	287.526.114	241.764.790	12.067.979	4.736.657	11.403.851	17.552.837
31 December 2018						
Long-term loans	31.734.431	4.005.768	4.331.468	8.781.742	4.442.983	10.172.470
Short term loans	58.138.882	58.138.882	-	-	-	-
Operating leases	5.989.546	1.088.622	796.053	1.278.338	2.135.802	690.731
Trade and other payables	129.053.922	129.053.922	-	-	-	-
Bank overdrafts	49.530.095	49.530.095	-	-	-	-
Provision for other liabilities	179.543	-	-	40.000	139.543	-
Promissory notes	3.470.451	3.470.451	-	-	-	-
	278.096.870	245.287.740	5.127.521	10.100.080	6.718.328	10.863.201

39. RISK MANAGEMENT *(continued)*

39.4 Liquidity risk (continued)

THE COMPANY

Liquidity Risk		Cash outflows arising from contractual liabilities				
	Balance	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
	€	€	€	€	€	€
31 December 2019						
Long-term loans	17.390.331	3.284.410	3.205.940	2.718.408	6.885.852	1.295.721
Short term loans	36.333.646	36.333.646	-	-	-	-
Trade and other payables	22.459.410	22.459.410	-	-	-	-
Bank overdrafts	30.258.843	30.258.843	-	-	-	-
Promissory notes	130.549	130.549	-	-	-	-
Obligations under finance leases	598.658	53.582	54.858	115.272	374.946	-
	107.171.437	92.520.440	3.260.798	2.833.680	7.260.798	1.295.721
31 December 2018						
Long-term loans	23.283.298	3.284.410	3.284.410	6.309.094	2.718.408	7.686.976
Short term loans	33.915.953	33.915.953	-	-	-	-
Operating leases	318.230	64.149	64.149	35.758	71.516	82.658
Trade and other payables	31.563.725	31.563.725	-	-	-	-
Bank overdrafts	29.933.854	29.933.854	-	-	-	-
Promissory notes	3.470.451	3.470.451	-	-	-	-
	122.485.511	102.232.542	3.348.559	6.344.852	2.789.924	7.769.634

39.5 Fair Value

Items of the assets and liabilities of the Group and the Company, as these are classified in amortised cost or fair value, are presented below:

39. RISK MANAGEMENT *(continued)*

39.5 Fair Value (continued)

Assets and liabilities in amortised cost:

THE GROUP

	2019 €	2018 €
Trade and other receivables	233.829.294	209.405.850
Cash and cash equivalents	29.761.787	31.211.426
Right-of-use assets	6.644.304	-
Obligations under finance leases	6.587.301	-
Long-term loans	(25.048.466)	(31.734.431)
Short term loans	(66.551.100)	(58.138.882)
Bank overdrafts	(50.873.720)	(49.530.095)
Provisions for other liabilities	(137.056)	(179.543)
Trade and other payables	(138.197.922)	(129.053.922)
Promissory notes	(130.549)	(3.470.451)
	(4.116.127)	(31.490.048)

THE COMPANY

	2019 €	2018 €
Long-term loans to subsidiary companies	29.048.640	28.406.793
Balances with subsidiary companies	37.921.188	55.686.633
Trade and other receivables	20.397.039	18.798.611
Cash and cash equivalents	2.141.917	2.299.735
Right-of-use assets	586.229	-
Obligations under finance leases	598.658	-
Long-term loans	(17.390.331)	(23.283.298)
Short term loans	(36.333.646)	(33.915.953)
Bank overdrafts	(30.258.843)	(29.933.854)
Trade and other payables	(22.459.410)	(31.563.725)
Promissory notes	(130.549)	(3.470.451)
	(15.879.108)	(16.975.509)

The fair values of the financial assets and liabilities of the Group and the Company are approximately the same as the amounts reported in the consolidated and separate financial statements at the end of year.

39. RISK MANAGEMENT *(continued)*

39.5 Fair Value (continued)

Assets and liabilities at fair value:

THE GROUP

	2019 €	2018 €
Investments at fair value through profit and loss	19.284	20.841
Investments at fair value through other comprehensive income	3.862.832	223.200
Land and buildings	19.020.405	16.894.474
Derivative financial instruments	(946.831)	(1.350.649)
	21.955.690	15.787.866

THE COMPANY

	2019 €	2018 €
Investments at fair value through profit and loss	9.594	9.594
Land and buildings	3.441.484	3.532.857
Derivative financial instruments	(908.251)	(1.327.871)
	2.542.827	2.214.580

The table below analyses financial assets carried at fair value, based on the valuation method used to determine their value. The different levels have been defined as follows:

- Level 1: investments measured at fair value using quoted prices in active markets.
- Level 2: investments measured at fair value based on valuation models in which all significant inputs that affect significantly the fair value are based on observable market data.
- Level 3: investments measured at fair value based on valuation models in which all significant inputs that affect significantly the fair value are not based on observable market data.

THE GROUP

31 December 2019	Level 1 €	Level 2 €	Level 3 €	Total €
Investments at fair value through profit and loss	19.284	-	-	19.284
Investments at fair value through other comprehensive income	3.862.832	-	-	3.862.832
Land and buildings	-	-	19.020.405	19.020.405
Derivative financial instruments	-	(946.831)	-	(946.831)
	3.882.116	(946.831)	19.020.405	21.955.690

39. RISK MANAGEMENT *(continued)*

39.5 Fair Value (continued)

31 December 2018	Level 1	Level 2	Level 3	Total
	€	€	€	€
Investments at fair value through profit and loss	20.841	-	-	20.841
Investments at fair value through other comprehensive income	223.200	-	-	223.200
Land and buildings	-	-	16.894.474	16.894.474
Derivative financial instruments	-	(1.350.649)	-	(1.350.649)
	244.041	(1.350.649)	16.894.474	15.787.866

During 2019 there were no transfers between the three levels reported above.

The fair value of investments at fair value through profit and loss and through other comprehensive income is based on the stock exchange prices at the reporting date.

The determination of the fair value of the land and buildings is made with the assistance of independent qualified appraisers using various valuation methods and assumptions which are mainly based on market conditions at each valuation date.

The determination of the fair value of the derivative financial instruments is based on tools to monitor the active markets for foreign currencies.

THE COMPANY

31 December 2019	Level 1	Level 2	Level 3	Total
	€	€	€	€
Investments at fair value through profit and loss	9.594	-	-	9.594
Land and buildings	-	-	3.441.484	3.441.484
Derivative financial instruments	-	(908.251)	-	(908.251)
Total	9.594	(908.251)	3.441.484	2.542.827

31 December 2018	Level 1	Level 2	Level 3	Total
	€	€	€	€
Investments at fair value through profit and loss	9.594	-	-	9.594
Land and buildings	-	-	3.532.857	3.532.857
Derivative financial instruments	-	(1.327.871)	-	(1.327.871)
Total	9.594	(1.327.871)	3.532.857	2.214.580

39. RISK MANAGEMENT *(continued)*

39.6 Capital Management

Group's and Company's management has as a principle the maintenance of a strong capital base for the support of the credibility and trust of the investors and creditors as well as the market as a whole. Management monitors continuously the return on equity.

In order to maintain or change the share capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

The gearing ratio is as follows:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	€	€	€	€
Total borrowings (Note 32,34)	142.603.835	142.873.859	84.113.369	90.603.556
Less: Cash and cash equivalents (Note 25)	(29.761.787)	(31.211.426)	(2.141.917)	(2.299.735)
Net debt	**112.842.048**	**111.662.433**	**81.971.452**	**88.303.821**
Total equity	**160.955.373**	**103.297.180**	**42.940.703**	**43.337.666**
Gearing ratio	0,70	1,08	1,91	2,04

40. OPERATING ENVIRONMENT OF THE GROUP

The Group operates in Cyprus, in the geographical area of Southeast Europe and Middle East with significant presence in the wider area of the Gulf.

In the Gulf region, political instability has been observed in recent years, resulting in economic instability. Despite the current situation, the Group has managed to expand its presence in the region.

The Greek economy has been tested in recent years to a large extend with ongoing memoranda to return to a good position the public financing between the Greek Government, the European Commission, the European Central Bank and the International Monetary Fund. The Greek economy has now entered into a phase of recovery and the economic environment is improved. The Group has managed to maintain and strengthen its presence in the country without any particular problems.

The Cyprus economy has achieved significant recovery after the economic crisis of 2013 as it continued to improve for fifteen consecutive quarters. The economic recovery accelerated in 2017, with the actual GDP increasing by 4,2% on an annual basis. The actual GDP of Cyprus increased during 2019, compared to 2018. The recovery is of a broad basis and has contributed to the employment increase almost in all sectors and to the decrease of unemployment.

The recovery phase, accompanied by positive surprises, has been completed and the economy is entering its growth phase. In terms of absolute figures, the value of the domestic product of final products and services in fixed prices, that is the actual GDP, was formed at €21,4 bil. in 2019 recovering the level held prior to the crisis. The nominal GDP, that is the value of the domestic product of final products and services in current prices, reached the amount of €19,6 bil. in 2019, from €18,5 bil. in the prior year.

40. OPERATING ENVIRONMENT OF THE GROUP *(continued)*

The macroeconomic prospects of the Cyprus economy are positive and accompanied by the significant increase of the actual GDP during 2019, the significant growth rate and the further improvement of the basic domestic indicators. The increase is expected to be supported mainly from the private consumption, the investments and from the continuous improvement in the employment market. The public expenditure are also expected to positively contribute to the increase through public investments. In the medium term, the prospects of the economy remain positive and is expected that the growth will continue with a lower pace near the long-term average.

On 11 March 2020, the World Health Organisation declared COVID-19 to be a pandemic, recognising its rapid spread around the world. Many governments have taken strict measures to help keep the virus from spreading. These measures include: self-restraint / quarantine to those who may be affected, implementation of social distancing and control or closure of borders, as well as universal 'closure' of cities / regions or even entire countries. These measures have slowed the economy in all the countries in which the Group is operating, as well as the global economy, and are likely to have a wider impact on the respective economies as the measures continue to be in force for a longer period of time.

The Cyprus Government has already eased measures to restart the economy. However, estimates of significant revenue losses from important sectors of the economy such as tourism, as well as, the announced support actions for both businesses and government employees are expected to have a burden in the economic environment.

The Company's management believes that it is taking all the necessary measures to address any problems that may arise due to the external factors, with a view to maintain the viability of the Company and the development of its business in the current business and economic environment.

41. DIRECTORS' INTEREST

The percentage of the share capital of the Company that was held by each member of the Board of Directors, directly or indirectly, is as follows:

	31/12/2019 Fully paid Shares %	25/06/2020 Fully paid Shares %
Varnavas Irinarchos[1]	51,55	51,55
Takis Klerides[2]	0,55	0,55
Giorgos Papaioannou[3]	1,01	1,01
Nicos Michaelas[4]	0,02	0,02
Anthoulis Papachristoforou	0,65	0,65
Anastasios Athanasiades	0,07	0,07
Andreas Constantinides	-	-
Christoforos Hadjikyprianou	-	-

1. The indirect ownership of Mr. Varnavas Irinarchos as at 25 June 2020 of 51,55% arises from the participation of the company Edcrane Ltd.

2. The direct ownership of Mr. Takis Klerides as at 25 June 2020 is 0,28% and the indirect ownership which arises from the participation of his daughter Mrs. Pamela Klerides, is 0,27%.

3. The direct ownership of Mr. George Papaioannou as at 25 June 2020 is 1% and his indirect ownership that arises from the participation of his sons Mr. Christos Papaioannou is 0,0034% and Mr. Alexandros Papaioannou is 0,0034%.

4. The indirect ownership of Mr. Nicos Michaelas as at 25 June 2020 of 0,02% arises from the share of its shareholding by the Employee Providend Fund of Demetra Investments Public Limited.

42. SHAREHOLDERS' INTEREST

The shareholders who held, directly or indirectly, more than 5% of the share capital of the Company were as follows:

	31/12/2019 %	25/06/2020 %
Varnavas Irinarchos[1]	51,55	51,55
Demetra Holdings Plc	10,28	10,28

1. The indirect ownership of Mr. Varnavas Irinarchos as at 25 June 2020 arises through the company Edcrane Ltd. The ultimate parent company of the Group is Takero Limited which holds 100% of Edcrane's Ltd shares.

43. DIRECTORS' CONTRACTS

No important contract exists or existed at the end of the financial year and at the date of issuing the financial statements in which the members of management, their spouses or their underage children have or had direct or indirect significant interest, except from the employment contracts of Mr. Varnavas Irinarchos and Mr. Anthoulis Papachristoforou.

(1) Contract of Mr. Varnavas Irinarchos, Managing Director

Employment contract as Managing Director of the Company for two years from 1 January 2005, with annual salary (13 months) of €93.973 which will be increasing at a proportion equal to the annual rate of inflation, as determined by the annual index on 31 January each year or at a rate equal to 4% over his last salary, whichever is higher. For 2019 the annual salary of the Managing Director was €151.200. The Company will also pay annually (12 months) for entertainment expenses an amount of €25.629, that will be increasing in every following annual period at a proportion equal to the rate of inflation, as determined by the annual index on 31 January each year or at a rate equal to 4%, whichever is higher. For 2019 the allowance for entertainment expenses amounted to €25.000.

In addition, the Company provides to the Director an appropriate vehicle and covers all related expenses.

The contract was renewed for one year from 1 January 2020, with an annual salary (13 months) of €151.200. The Company will also pay annually (12 months), for entertainment expenses the amount of €25.000.

Mr. Varnavas Irinarchos is committed not to form, assist or take part in any way in the incorporation of a company or business, which performs operations similar or competitive to the operations of the Company during his employment and for at least five years after his departure from the Company. Mr. Varnavas Irinarchos accepts that this constraint is by no means in contrast with the general principle of Restraint of Trade, and that it is considered reasonable as the employee benefited from the bonus issue of shares during the listing of the Company in the CSE.

(2) Contract of Mr Anthoulis Papachristoforou, Group Chief Financial Officer

In 2019 the annual salary of Mr. Anthoulis Papachristoforou amounted to €151.050 and the allowance for entertainment expenses amounted to €24.000. The remuneration of Mr. Anthoulis Papachristoforou for 2020 will be the same as 2019.

44. REMUNERATION OF NON EXECUTIVE DIRECTORS

The remuneration of non-executive directors is analysed as follows:

	2019 €	2018 €
Adamos Adamides	-	28.200
Takis Klerides	26.667	12.300
Nicos Michaelas	12.300	12.650
George Papaioannou	11.950	11.600
Anastasios Athanasiades	15.050	14.000
	65.967	78.750

45. RELATED PARTY TRANSACTIONS

The companies of the Group buy and sell goods and services according to their needs from other Group companies. Transactions are made in the context of commercial practices related to intragroup transactions in the relevant operating activities. When necessary, Logicom Public Limited charges every year its subsidiary companies with a fee for administration services.

Transactions and balances between Group companies:

The amounts charged by Logicom Public Limited to its subsidiaries and impairments on balances and investment were as follows:

	2019	2018
	€	€
Administration Services		
Logicom Solutions Limited	137.000	137.000
Commissions		
Logicom Solutions Limited	120.000	120.000
Impairment of subsidiary receivable balances		
Enet Solutions LLC	101.494	-
Logicom IT Distribution Limited	-	1.050.000
	101.494	1.050.000
Impairment of subsidiary		
Logicom (Middle East) S.A.L.	1.150.000	-

The sales made by Logicom Public Ltd to its subsidiary companies were as follows:

Sales

	2019	2018
	€	€
Logicom Solutions Limited	1.766.423	2.406.547
Newcytech Business Solutions Ltd	4.952.835	3.682.876
ENET Solutions - Logicom S.A.	9.252.869	26.338.322
Logicom Jordan LLC	2.496.880	4.324.318
Logicom (Middle East) SAL	46.552	1.623.236
Logicom FZE	1.021	8.374
Logicom Italia s.r.l.	32.818	44.807
Logicom Information Technology Distribution s.r.l.	6.982.686	12.128.501
Logicom Saudi Arabia LLC	20.149	79

45. RELATED PARTY TRANSACTIONS *(continued)*

The balances between Logicom Public Ltd and its subsidiary companies in the books of the parent company were as follows:

Long-term loans to subsidiary companies:

	2019	2018
	€	€
ENET Solutions - Logicom S.A.	2.280.577	2.237.555
Logicom (Middle East) SAL	4.251.647	4.171.441
Logicom FZE	2.638.953	2.589.170
Logicom Jordan LLC	2.720.402	2.669.083
Verendrya Ventures Ltd	17.157.061	16.739.544
	29.048.640	28.406.793

There is no written agreement between the parent and the subsidiary companies, regarding the long-term loans receivable from the subsidiary companies. The loans bear no interest and there is no fixed repayment date. The loans are recognised according to the provisions of IAS 21.

The long-term loan with the subsidiary company Verendrya Ventures Limited, relates to a contract for the financing of the operations of the desalination units in Larnaka and Episkopi. The loan bears an annual interest of 1,75% (2018: 1,75%) and has no fixed repayment date.

Taking into consideration the expected future cash flows of the subsidiary company, which consists of the expected future cash flows of the desalination company in Larnaca as well as those of the company that has undertaken the same project of the desalination unit in Limassol no impairment has been recognised for the loan with the subsidiary company Verendrya Ventures Limited. The determination of the expected future cash flows is based on estimates, judgements and assumptions that were applied by the management of Verendrya Ventures Limited (Note 20).

45. RELATED PARTY TRANSACTIONS *(continued)*

Balances with subsidiary companies

	Nature	2019 € Debit/ (Credit)	2018 € Debit/ (Credit)
Logicom (Overseas) Limited	Other	(307.442)	(337.186)
Netcom Limited	Other	123.908	121.634
Logicom Solutions Limited	Trade	(697.054)	425.652
Logicom Services Ltd	Financing	21.256.111	18.875.644
Newcytech Business Solutions Ltd	Trade	1.767.387	102.241
ENET Solutions - Logicom S.A.	Trade	(3.976.879)	(3.535.170)
ICT Logicom Solutions SA	Other	(194.989)	(194.815)
Logicom Jordan LLC	Trade	2.179.644	4.816.054
Logicom (Middle East) SAL	Trade/Financing	1.755.557	1.120.737
Logicom FZE	Trade/Financing	(18.418.786)	(10.354.711)
Enet Solutions LLC	Other	90.529	-
Logicom Dubai LLC	Trade/Financing	(12.259.735)	(48.510)
Logicom Italia s.r.l.	Trade/Financing	3.875.332	6.885.528
Logicom IT Distribution Limited	Financing	-	4.335.753
Logicom Saudi Arabia LLC	Trade/Financing	29.808.620	24.435.628
Logicom Information Technology Distribution s.r.l.	Trade	9.700.202	13.338.422
Logicom Trading & Distribution LLC	Trade	4.750.248	(786.026)
Logicom Distribution Germany GmbH	Other	(505.921)	(425.763)
Najada Holdings Limited	Financing	291.761	(849.371)
Verendrya Ventures Ltd	Financing	106.539	215.600
Logicom Egypt LLC	Other	688	-
		39.345.720	58.141.341
Expected credit losses from subsidiary companies		(1.424.532)	(2.103.162)
		37.921.188	56.038.179

The above balances are repayable according to the nature of each transaction.

Balances with associated companies

	2019 € Debit	2018 € Debit
M.N. E.P.C Water Co.	350	-
M.N. Larnaca Desalination Co Ltd	-	383
M.N. Limassol Water Co. Ltd	105	-
	455	383

45. RELATED PARTY TRANSACTIONS *(continued)*

The sales made by Logicom FZE to Group companies were as follows:

Sales

	2019 €	2018 €
Logicom Public Limited	101.219	220.233
Logicom Jordan LLC	1.265.496	1.438.376
Logicom (Middle East) SAL	1.801.901	3.180.569
Logicom Dubai LLC	115.743.919	113.104.786
ENET Solutions - Logicom S.A.	1.161	1.130
Logicom Bahrain WLL	456.022	-
Logicom IT Distribution Limited	-	1.973
Logicom Saudi Arabia LLC	12.163.980	11.740.956
Logicom Kuwait for Computer Company W.L.L	7.107.878	8.305.454
Logicom Information Technology Distribution s.r.l.	-	43.446
Logicom Trading & Distribution LLC	4.629.037	4.644.506
Logicom LLC	2.810.416	969.315

The sales made by Logicom (Middle East) SAL to Group companies were as follows:

Sales

	2019 €	2018 €
Logicom Public Limited	-	1.778
Logicom FZE	168.125	136.851
Logicom Kuwait for Computer Company W.L.L	7.460	-

The sales made by Logicom Dubai LLC to Group companies were as follows:

Sales

	2019 €	2018 €
Logicom Bahrain WLL	6.736	-
Newcytech Business Solutions Ltd	3.434	-

The sales made by ENET Solutions - Logicom S.A. to Group companies were as follows:

Sales

	2019 €	2018 €
Logicom Public Limited	9.248.771	8.698.677
ICT Logicom Solutions SA	205.389	44.583
Logicom Italia s.r.l.	520	792
Logicom IT Distribution Limited	-	14.819.076
Logicom Information Technology Distribution s.r.l.	314.412	1.016.734
Logicom FZE	654	-
Logicom Solutions Limited	20.784	-

45. RELATED PARTY TRANSACTIONS *(continued)*

The sales made by Logicom Solutions Ltd to Group companies were as follows:

Sales

	2019 €	2018 €
Logicom Public Limited	82.866	139.009
Newcytech Business Solutions Ltd	174.758	659.281
ICT Logicom Solutions SA	2.037.061	1.950.490

The sales made by Logicom Italia s.r.l. to Group companies were as follows:

Sales

	2019 €	2018 €
ENET Solutions - Logicom S.A.	-	453

The sales made by Logicom IT Distribution s.r.l. to Group companies were as follows:

Sales

	2019 €	2018 €
Logicom Public Limited	-	90.272
ENET Solutions - Logicom S.A.	63.246	91.407
Logicom Solutions Limited	-	1.822
Logicom Italia s.r.l.	-	-

The sales made by Logicom Saudi Arabia LLC to Group companies were as follows:

Sales

	2019 €	2018 €
ENET Solutions - Logicom S.A.	-	5.979
Logicom (Middle East) SAL	4.381	4.163
Logicom FZE	-	11.407

The sales made by Newcytech Business Solutions Limited to Group companies were as follows:

Sales

	2019 €	2018 €
Logicom Public Limited	674.669	13.807
Logicom Solutions Limited	258.864	442.137
Newcytech Distribution Ltd	224.552	137.265

45. RELATED PARTY TRANSACTIONS *(continued)*

The sales made by Logicom IT Distribution Limited to Group companies were as follows:

Sales

	2019	2018
	€	€
ENET Solutions - Logicom S.A.	82.847	523.732
Logicom FZE	-	66.408

The sales made by ICT Logicom Solutions S.A. to Group companies were as follows:

Sales

	2019	2018
	€	€
Logicom Solutions Limited	432.946	231.891
Logicom Information Technology Distribution s.r.l.	-	-

The sales made by Logicom Distribution Germany Gmbh to Group companies were as follows:

Sales

	2019	2018
	€	€
Logicom Italia s.r.l.	234.874	246.347

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2019

45. RELATED PARTY TRANSACTIONS *(continued)*

The balances between Group companies and the parent Company are presented below:

	Nature	2019 € Debit/ (Credit)	2018 € Debit/ (Credit)
Logicom (Overseas) Limited	Other	307.442	337.186
Netcom Limited	Other	(123.908)	(121.634)
Logicom Solutions Limited	Trade	697.054	(425.652)
Logicom Services Ltd	Financing	(21.256.111)	(18.875.644)
Newcytech Business Solutions Ltd	Trade	(1.767.387)	(102.241)
ENET Solutions - Logicom S.A.	Trade/Financing	1.696.302	1.297.615
ICT Logicom Solutions SA	Other	194.989	194.815
Logicom Jordan LLC	Trade/Financing	(4.900.046)	(7.485.137)
Logicom (Middle East) SAL	Trade/Financing	(6.007.204)	(5.292.178)
Logicom FZE	Trade/Financing	15.779.833	7.765.541
Logicom Dubai LLC	Trade/Financing	12.259.735	48.510
Enet Solutions LLC	Other	(90.529)	-
Logicom Italia s.r.l.	Trade/Financing	(3.875.332)	(6.885.528)
Logicom IT Distribution Limited	Financing	-	(3.285.753)
Logicom Saudi Arabia LLC	Trade/Financing	(29.808.620)	(24.435.628)
Logicom Information Technology Distribution s.r.l.	Trade	(9.700.202)	(13.338.422)
Logicom Trading & Distribution LLC	Trade	(4.750.248)	786.026
Logicom Distribution Germany GmbH	Other	505.921	425.763
Najada Holdings Limited	Financing	(291.761)	849.371
Verendrya Ventures Ltd	Financing	(17.263.600)	(16.955.144)
Logicom Egypt LLC	Other	(688)	-

During the year the companies of the Group paid dividends to the Company, as follow:

Dividend for 2019:

	2019 €
Logicom FZE	6.008.545
Logicom Services Ltd	5.902.677
	11.911.222

46. BALANCES WITH ASSOCIATED COMPANIES AND JOINT VENTURES

The balances with the joint ventures, relate to the financing of the construction, maintenance, renovation and operation of the desalination plants in Cyprus through its subsidiary company Verendrya Ventures Limited.

The balances with jointly controlled companies were as follows:

Balances with joint ventures

	2019	2018
	€	€
	Debit	Debit
M.N. Larnaca Desalination Co Limited	10.724.152	10.160.484
M.N. Limassol Water Co. Limited	11.930.375	12.288.145
	22.654.527	22.448.629
	(492.928)	(443.708)
	22.161.599	22.004.921

The amounts receivable from joint ventures are presented after the deduction of the accumulated impairments and loss in addition to the value of the investment. The net value of the balances as at 31 December 2019 is considered recoverable based on the expected discounted future cash flows from these companies. As mentioned in note 20, for the calculation of the expected future cash flows of the company estimates, assumptions, judgements and evidence which include the legal opinion in relation to the validity of claims in favour and against the company and an opinion from its consultants in respect of the level of compensation that the company is expected to be entitled to, have been made. The Group considers that there was no evidence for impairment of the amount receivable from joint venture M.N. Limassol Water Co. Limited. During 2018, the amount receivable from the joint venture M.N. Larnaca Desalination Co. Limited has been impaired by €661.913 and is included in note 8.

The loan with M.N. Limassol Water Co. Ltd is non-current, bearing interest of 4,5% per annum and does not have a specified repayment date. The M.N. Larnaca Desalination Co. Ltd is non-current, interest free and has no specified repayment date.

Interest receivable for 2019 amounts to €501.796 (2018: €944.299) and is included in note 11.

The balances with the associated companies, relate to a loan that the subsidiary Verendrya Ventures Limited entered into with Demetra Holdings Plc in relation to the latter's participation in the desalination plants in Episkopi and Larnaca.

The balances with joint ventures were as follows:

Balances with associated companies

	2019	2018
	€	€
	Credit	Credit
Demetra Holdings Plc	11.438.040	11.241.317

The long-term loan of the subsidiary company Verendrya Ventures Limited, with Demetra Holdings Plc, relates to the financing of the desalination projects in Larnaca and Limassol. The loan bears an interest rate of 1,75% (2018: 1,75%) per annum and does not have a specified repayment date.

47. EVENTS AFTER THE REPORTING PERIOD

During the period following the reporting date, a rapid development of Coronavirus (COVID 19) was observed, during which the global economy entered a period of unprecedented crisis in the field of health care, which has already caused significant global unrest in the business activities and the daily life. Many countries have adopted emergency and costly restraint measures. Some countries have required companies to limit or even suspend their usual business activities. Governments, including the Cyprus Government and the countries in which the Groups operates, have imposed travel restrictions as well as strict quarantine measures. These measures are largely in place in many parts of the world and the Cyprus Government has only recently taken a series of easing measures that will allow the economy to gradually restart.

The economic impact of the current crisis on the global economy and overall business cannot be assessed with reasonable certainty at this stage due to the spread and the high level of uncertainty resulting from the inability to reliably predict the outcome.

This event is considered as non-adjusting and is therefore not reflected in the recognition and measurement of assets and liabilities in the financial statements for the year ended 31 December 2019.

The Management has examined the special circumstances and the risks that the Company and the Group are exposed to and has concluded that there is no significant impact on the profitability of the Company and the Group. The event is not expected to have a direct impact on the Company's business activities. The Management will continue to monitor the situation closely and will assess the need for individual actions if the period of disturbance is prolonged.

There were no other significant events after the reporting date that have a bearing on the understanding of the consolidated and separate financial statements.