



LOGICOM PUBLIC LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Period ended 31 March 2020

LOGICOM PUBLIC LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 31 March 2020

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BOARD OF DIRECTORS AND PROFESSIONAL ADVISERS**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
Christoforos Hadjikyprianou, Director

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 ADVISERS

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

BANKERS

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

BANKERS

National Bank of Greece S.A
 Alpha Bank S.A.
 Piraeus Bank S.A.
 Eurobank Ergasias S.A.
 HSBC Bank Middle East Limited
 HSBC Bank Oman SAOG
 Standard Chartered Bank (UAE)
 National Bank of Fujairah PSC
 Mashreq Bank 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
 Banca Comerciala Romania SA
 Turkiye Garanti Bankasi A.S
 Yapi ve Kredi Bankasi AS
 QNB Finansbank A.S.
 Akbank TAS
 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 provisions of the Conditions for Transparency (Movable Securities for Trading in Controlled Market) Law of 2007 (“Law”), we the members of the Board of Directors and Anthoulis Papachristoforou, BA (Hons) FCCA, Group Financial Controller responsible for the preparation of the financial statements, of the Group and the Company Logicom Public Ltd, for the period ended 31 March 2020, we confirm that to the best of our knowledge:

(a) The Interim Consolidated Financial Statements which are presented on pages 7 to 38,

(i) were prepared in accordance with the International Financial Reporting Standard (IAS) 34 Interim Financial Statements. The Interim Consolidated Financial Statements have not been audited by the Group external auditors, 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 Interim Consolidated Financial Statements as a whole, and

b) the management's 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 Interim 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 drafting the financial statements

Anthoulis Papachristoforou (Group Chief Financial Officer)

Nicosia, 30 June 2020

LOGICOM PUBLIC LIMITED

BOARD OF DIRECTORS' INTERIM REPORT

ACCOUNTING STANDARDS FOR THE PREPARATION OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Interim Consolidated Financial Statements were prepared according to the International Accounting Standard (IAS) No. 34 Interim Financial Reporting. The Interim Consolidated Financial Statements have not been audited by the external Group auditors.

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

DEVELOPMENT AND PERFORMANCE OF THE GROUP'S ACTIVITIES AND POSITION

1. **The turnover** decreased by 10,1% in relation to the corresponding period in 2019. The Turnover of the Distribution Sector decreased by 10,2%, mainly due to the decreased sales in the markets of the Gulf region, Saudi Arabia, Lebanon and Jordan compared to the first quarter of 2019. The turnover of the Software and Integrated Solutions Sector also decreased by 7,7%. The turnover of the Group was adversely affected by the spread of Coronavirus (COVID-19) and the consequences of the efforts to limit its spread to the economies of the countries in which the Group operates.
2. **The percentage of gross profit margin** increased significantly to 8,3% compared to 7,6% in the corresponding previous period (2020: Gross profit: €17.499.825 to Sales: €210.220.300, 2019: Gross profit: €17.693.024 to Sales: €233.817.061 as reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income), mainly due to constant pursuit of achieving sales with increased profit margin.
3. **Other Income** remained at the same levels. The Other Income mainly relates to contributions from suppliers for the promotion of their products and to income through business relationships with third parties.
4. **The Impairment loss on the Group's Trade Receivables** amounts to €134.994 (A' quarter 2019: €169.547) and refer to the total bad debts that were recognised in the results in accordance with the provisions of IFRS 9.
5. The decrease in **Administration Expenses** by €2.157.548 and in percentage terms 1,5%, compared to the A' quarter of 2019, is mainly due to the decrease of personnel costs. The term 'Administration Expenses' encompasses all the operating expenses of the Group, including Administrative, Distribution and Operational expenses.
6. **The Profit from Operating Activities** decreased by 1,7% compared to the corresponding period of 2019 and amounts to €6.998.544 compared to €7.122.620 in the A' quarter of 2019, mainly due to the decrease in turnover, despite the increase in gross profit. The term 'Operating Activities' encompasses all the activities of the Group.
7. **The Net Bank Finance Cost**, including Interest Receivable and Payable, and related Bank Charges resulting from the banking facilities used for the execution of the Group's operations decreased to €1.846.874 compared to €2.001.107 during the corresponding period of 2019 and by 7,7%, in percentage terms, due to the decreased utilisation of the available bank facilities during the period, due to the reduction of the turnover, but also due to the gradual reduction of the borrowing interest rates in US Dollars.
8. **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 €282.527 (A' quarter 2019: €218.207). 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 fluctuations between the US Dollar and the Euro in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.
According to the directives of the IAS21, the increase in the value of the Company's long term investments in its foreign subsidiaries, due to foreign exchange differences, amounting to €243.872, is transferred to the Reserves until the date of liquidation, where any result will be transferred in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

LOGICOM PUBLIC LIMITED

BOARD OF DIRECTORS' INTERIM REPORT

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

9. References to the **Profit from associates after tax** refer to the share of loss of €1.054.765 for the A' quarter of 2020 compared to the share of profit of €1.594.030 for the prior year corresponding period from the associated company Demetra Holding Plc ('Demetra'). The financial results of Demetra include 21,01% of the results of Hellenic Bank Public Company Ltd ('Hellenic') in which Demetra acquired in 2019 a corresponding percentage of the shares and evaluated, based on the provision of the International Financial Reporting Standards, that it exercises significant influence, which recognised the investment using the method of equity accounting. As a result of the accounting treatment of Demetra's investment in Hellenic, a negative goodwill value of €119 million was recorded in the results of Demetra in 2019 which resulted in the share of profits from associated companies to be particularly high in the final results of 2019.
- References to the **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.
10. **The Profit attributable to the Company's shareholders** decreased by 43,4% compared to the corresponding period of 2019, from €5.803.900 to €3.283.163, mainly due to the loss, in relation to the profit during the A' quarter of 2019, from Demetra.
11. **The Group's cash and cash equivalent** compared to the overdrafts present a credit balance of €1.394.895 at the end of the A' quarter of 2020 compared to €21.111.933 at the end of 2019. **The short term loans** increased to €64.772.801 from €58.138.882. **The long term loans** decreased to €23.376.514 from €25.048.466.
12. 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 from 1 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.
13. During the A' quarter of 2020, the Turnover and the Profit from Operations are reduced, however, the loss from the associated company Demetra Holding Plc resulted in the significant decrease of the Profit attributable to the Shareholders, in comparison with the corresponding period of 2019.
14. During the A' quarter of 2020 there was not any income from non-recurring or extraordinary activities.
15. The results are within the estimations of the Board of Directors.

RISKS AND UNCERTAINTIES

The main risks consist of credit risk, interest rate risk, foreign exchange risk, liquidity risk, fair value risk and risk of capital management. These risks are analysed and the procedures of monitoring them are described in note 13 to the Interim Consolidated Financial Statements.

LOGICOM PUBLIC LIMITED**BOARD OF DIRECTORS' INTERIM REPORT****OPERATIONS OF THE COMPANY AND ITS SUBSIDIARY COMPANIES**

During the A' quarter of 2020 the Group continued 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.

FORESEEABLE DEVELOPMENT OF THE COMPANY

The slow down in the growth of the global economy, which is further exacerbated with the escalation of the Coronavirus Pandemic (COVID-19) with consequent effects on the production, combined with geopolitical developments, as well as, the observed instability in areas in which the Group operates, at the beginning of 2020, have affected the activities of the Group and the Company, and have led to a reduction in turnover.

The governments of the countries in which the Group operates, including the Republic of Cyprus, have imposed travel restrictions, as well as, strict quarantine measures. Until the signing date of the interim financial statements, these measures are largely maintained in many countries around the world while the Republic of Cyprus, as well as, most, of the countries in which the Group operates have only recently taken a series of relaxations that are expected to allow gradual restart of their economies.

The Management of the Group and the Company is closely monitoring any developments in order to maintain and strengthen growth prospects without affecting the viability and strong financial position of the Group and the Company.

RESEARCH AND DEVELOPMENT ACTIVITIES

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

BRANCHES – FOREIGN OPERATION

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 foreign exchange hedging products to hedge the risk of fluctuations in foreign currencies. The Group's and the Company's management follow a policy to minimize the risk arising from the fluctuation in 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 period, that was recognised in the Group's results amounted to €560.715 (A' quarter 2019: €441.830).

SHARE CAPITAL

There was no change in the issued share capital of the company during the A' quarter of 2020.

All shares are listed and traded in the Cyprus Stock Exchange, 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 10.

LOGICOM PUBLIC LIMITED**BOARD OF DIRECTORS' INTERIM REPORT****COMPOSITION, SEGRAGATION OF DUTIES AND REIMBURSEMENT OF THE BOARD OF DIRECTORS - SHARE CAPITAL PARTICIPATION - REELECTION**

The Board of Directors members as at 31 March 2020 and at the date of the present report are presented on page 2. The percentages of participation in the Company's share capital that was held directly or indirectly by the members of the Board of Directors of the Company on 31 March 2020 and on 30 June 2020 are presented in notes 14 and 15 to the Interim Consolidated Financial Statements.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The significant events after the reporting date that have a bearing on the understanding of the Interim Consolidated Financial Statements are presented in note 20.

PUBLICATION

1. The Interim Financial Report will not be sent to the shareholders but the Consolidated Statement of Profit or loss and Other Comprehensive Income will be published in the newspapers 'Politis' on 02/07/2020, and 'o Phileleftheros' on 03/07/2020.
2. The whole content of the Interim Financial Report, is available, free of charge, from the Registered Office of the Company (Zenonos Sozou 3, 1st Floor, 3105 Limassol. P.O Box : 51094,3501 Limassol. Tel.: +357 25 818444, Fax: +357 25 372282, E mail: (log@adamides.com) and from the Head Offices of the Company (Stasinou 26, Agia Paraskevi, 2003 Strovolos, Nicosia. P.O. Box.: 23472, 1683 Nicosia. Tel.: +357 22 551000, Fax: +357 22 514294) and it is uploaded in the Company's websites (www.logicom.net) and of the Cyprus Stock Exchange(www.cse.com.cy).

THE BOARD OF DIRECTORS

30 June 2020

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Period ended 31 March 2020

	Period ended 31 March 2020	Period ended 31 March 2019	Year ended 31 December 2019
	€	€	€
Revenue	210.220.300	233.817.061	946.797.978
Cost of sales	(192.720.475)	(216.124.037)	(875.437.919)
Gross profit	17.499.825	17.693.024	71.360.059
Other income	118.654	118.824	1.051.035
Impairment loss on trade receivables	(134.994)	(46.739)	(535.970)
Administrative expenses	(10.484.941)	(10.642.489)	(41.230.338)
Other expenses	-	-	(34.376)
Profit from operations	6.998.544	7.122.620	30.610.410
Net foreign exchange loss	(282.527)	(218.207)	(313.338)
Interest receivable	129.070	130.969	537.784
Interest payable and bank charges	(1.975.944)	(2.132.076)	(8.472.749)
Net finance costs	(2.129.401)	(2.219.314)	(8.248.303)
Share of (loss)/profit from associated companies after tax	8 (1.054.765)	1.594.030	39.789.625
Share of (loss)/profit from joint ventures after tax	(67.719)	67.986	31.627
Profit before tax	3.746.659	6.565.322	62.183.359
Tax	(491.004)	(734.296)	(3.508.446)
Profit for the period/year	3.255.655	5.831.026	58.674.913
Other comprehensive income that will not to be reclassified to profit or loss in future periods			
Surplus from revaluation of land and buildings	-	-	1.794.232
Surplus from revaluation of investments at fair value through other comprehensive income	(1.357.936)	9.816	213.099
Deferred taxation arising on revaluation of land and buildings	(43.197)	890	(172.787)
Adjustment on remeasurement of obligation	-	-	(483.103)
Deferred taxation arising from the remeasurement of obligation	-	-	(1.704)
	(1.401.133)	10.706	1.349.737
Other comprehensive income that will be reclassified to profit or loss in future periods			
Exchange difference from translation and consolidation of financial statements from foreign operations	1.440.094	3.220.665	3.619.382
Exchange difference in relation to hedge of a net investment in a foreign operation	(903.480)	(668.528)	(671.698)
Share of loss from associated company	(230.257)	-	(64.907)
	306.357	2.552.137	2.882.777
Other comprehensive (expenses)/income for the period/year	(1.094.776)	2.562.843	4.232.514
Total comprehensive income for the period/year	2.160.879	8.393.869	62.907.427
Profit for the period/year attributable to:			
Company's shareholders	3.283.163	5.803.900	58.683.217
Non-controlling interest	(27.508)	27.126	(8.304)
Profit for the period/year	3.255.655	5.831.026	58.674.913
Total comprehensive income for the period/year attributable to:			
Company's shareholders	2.188.387	8.366.743	62.915.731
Non-controlling interest	(27.508)	27.126	(8.304)
Total comprehensive income	2.160.879	8.393.869	62.907.427
Basic earnings per share (cent)	4 4.43	7.83	79.22
Diluted earnings per share (cent)	4 4.43	7.83	79.22

The notes on pages 12 to 38 are an integral part of these consolidated interim financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONAs at 31 March 2020

	Note	31 March 2020 €	31 December 2019 €
ASSETS			
Property, plant and equipment	5	23.031.306	23.086.797
Right-of-use assets	6	6.440.740	6.644.304
Intangible assets and goodwill		9.324.549	9.391.507
Equity-accounted investees	8	75.733.537	77.003.779
Investments at fair value through other comprehensive income		3.505.696	3.862.832
Trade and other receivables		22.425.066	22.416.171
Deferred taxation		<u>1.950.747</u>	<u>1.944.689</u>
Total non-current assets		<u>142.411.641</u>	<u>144.350.079</u>
Inventories		65.713.547	67.969.900
Trade and other receivables		193.400.638	211.413.123
Investments at fair value through profit and loss		19.284	19.284
Current tax assets		959.141	855.102
Cash and cash equivalents	9	<u>40.991.150</u>	<u>29.761.787</u>
Total current assets		<u>301.083.760</u>	<u>310.019.196</u>
Total assets		<u>443.495.401</u>	<u>454.369.275</u>
Equity			
Share capital	10	25.187.064	25.187.064
Reserves		<u>140.379.950</u>	<u>138.191.563</u>
Equity attributable to shareholders of the company		165.567.014	163.378.627
Non-controlling interest		<u>(2.450.762)</u>	<u>(2.423.254)</u>
Total equity		<u>163.116.252</u>	<u>160.955.373</u>
Liabilities			
Long-term loans	11	15.079.911	16.758.647
Obligations under finance leases		5.250.422	5.399.600
Trade and other payables		11.595.514	11.441.699
Deferred taxation		486.178	486.683
Provision for other liabilities and termination of employment		<u>3.242.812</u>	<u>3.090.779</u>
Total non-current liabilities		<u>35.654.837</u>	<u>37.177.408</u>
Trade and other payables		121.142.199	126.756.223
Bank overdrafts	11	42.386.045	50.873.720
Short term loans	11	69.439.150	66.551.100
Current portion of long-term loans	11	8.296.603	8.289.819
Obligations under finance leases		1.254.479	1.187.701
Promissory notes		397.124	130.549
Derivative financial instruments		148.121	946.831
Current tax liabilities		1.620.320	1.460.282
Provision for other liabilities and termination of employment		<u>40.271</u>	<u>40.269</u>
Total current liabilities		<u>244.724.312</u>	<u>256.236.494</u>
Total liabilities		<u>280.379.149</u>	<u>293.413.902</u>
Total equity and liabilities		<u>443.495.401</u>	<u>454.369.275</u>

The notes on pages 12 to 38 are an integral part of these consolidated interim financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 31 March 2020

	Share capital €	Share Premium Reserve €	Revaluation 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 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 period	-	-	-	-	-	-	-	5.803.900	5.803.900	27.126	5.831.026
Other comprehensive income	-	-	890	-	(668.528)	-	3.220.665	9.816	2.562.843	-	2.562.843
Balance at 31 March 2019	<u>25.187.064</u>	<u>10.443.375</u>	<u>4.765.276</u>	<u>116.818</u>	<u>(9.687.727)</u>	<u>1.872.251</u>	<u>(1.051.011)</u>	<u>82.006.884</u>	<u>113.652.930</u>	<u>(1.961.881)</u>	<u>111.691.049</u>
Balance at 1 January 2020	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
Total comprehensive income											
Profit for the period	-	-	-	-	-	-	-	3.283.163	3.283.163	(27.508)	3.255.655
Other comprehensive income	-	-	(43.197)	-	(903.480)	-	1.440.094	(1.588.193)	(1.094.776)	-	(1.094.776)
Balance at 31 March 2020	<u>25.187.064</u>	<u>10.443.375</u>	<u>6.342.634</u>	<u>116.818</u>	<u>(10.594.377)</u>	<u>2.435.557</u>	<u>787.800</u>	<u>130.848.143</u>	<u>165.567.014</u>	<u>(2.450.762)</u>	<u>163.116.252</u>

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 at 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 profits refer are Cyprus tax residents and Cyprus domiciled. The amount of deemed 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

The notes on pages 12 to 38 are an integral part of these consolidated interim financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED CASH FLOW STATEMENT
Period ended 31 March 2020

	Note	Period ended 31 March 2020 €	Period ended 31 March 2019 €
Cash flows from operations			
Profit for the period /year		3.255.655	5.831.026
Adjustments for:			
Exchange differences		265.802	2.453.456
Depreciation	5	327.918	319.211
Depreciation on leased property, plant and equipment	5	62.034	77.004
Depreciation on right of use assets	6	383.774	398.508
Interest payable		1.746.102	1.934.585
Interest receivable		(129.070)	(130.969)
Impairment loss on trade receivables		134.994	46.739
Provision for obsolete and slow moving inventory		71.530	81.945
Share of loss/(profit) from investments in associated companies	8	1.054.765	(1.594.030)
Share of loss/(profit) from joint ventures		67.719	(67.986)
Change in fair value of derivative financial instruments		(798.710)	(441.830)
Profit from the disposal of property, plant and equipment		(8.947)	(1.660)
Amortisation of research and development		60.511	61.297
Charge to profit or loss for provisions for other liabilities and termination of employment		165.083	275.207
Taxation		491.004	734.296
		<u>7.150.164</u>	<u>9.976.799</u>
Decrease in inventories		2.184.823	3.182.526
Decrease/(increase) in trade and other receivables		17.868.596	(6.124.890)
(Decrease)/increase in trade and other payables		(5.460.209)	4.075.024
Increase/(Decrease) in promissory notes		266.575	(509.280)
		<u>22.009.949</u>	<u>10.600.179</u>
Interest paid		(1.685.516)	(1.767.246)
Taxation paid		(436.913)	(777.250)
		<u>(436.913)</u>	<u>(777.250)</u>
Net cash flows from operations		<u>19.887.520</u>	<u>8.055.683</u>
Cash flows used in investing activities			
Proceeds from disposal of property, plant and equipment		198.073	259.890
Payments to acquire investments at fair value through other comprehensive income		(1.000.800)	(3.434.818)
Payments to acquire property, plant and equipment	5	(390.319)	(338.555)
Interest received		129.070	130.969
		<u>129.070</u>	<u>130.969</u>
Net cash flows used in investing activities		<u>(1.063.976)</u>	<u>(3.382.514)</u>
Net cash flow from financing activities			
Proceeds from issue of new loans		36.564.103	33.545.006
Repayment of loans		(35.348.005)	(31.153.750)
Repayments of obligations under finance leases		(322.604)	(435.805)
		<u>(322.604)</u>	<u>(435.805)</u>
Net cash flows from financing activities		<u>893.494</u>	<u>1.955.451</u>
Net flow in cash and cash equivalents		19.717.038	6.628.620
Cash and cash equivalents at beginning of the period		<u>(21.111.933)</u>	<u>18.318.669</u>
Cash and cash equivalents at end of the period	9	<u>(1.394.895)</u>	<u>11.679.647</u>

The notes on pages 12 to 38 are an integral part of these consolidated interim financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Note	31 March 2020 €	31 December 2019 €
ASSETS			
Property, plant and equipment	5	4.755.680	5.027.232
Right of use assets	6	556.919	586.229
Investments in subsidiary companies	7	53.707.037	53.707.037
Long-term loans to subsidiary companies	18	29.425.442	29.048.640
Deferred taxation		<u>879.276</u>	<u>879.277</u>
Total non-current assets		<u>89.324.354</u>	<u>89.248.415</u>
Inventories		780.524	1.789.537
Trade and other receivables		18.789.072	20.397.039
Receivables from subsidiary companies	18	23.507.556	37.921.188
Investments at fair value through profit and loss		9.594	9.594
Cash and cash equivalents	9	<u>992.919</u>	<u>2.141.917</u>
Total current assets		<u>44.079.665</u>	<u>62.259.275</u>
Total assets		<u>133.404.019</u>	<u>151.507.690</u>
Equity			
Share capital	10	25.187.064	25.187.064
Reserves		<u>15.541.388</u>	<u>17.753.638</u>
Total equity		<u>40.728.452</u>	<u>42.940.702</u>
Liabilities			
Long-term loans	11	9.374.901	10.899.978
Obligations under finance leases		463.564	490.218
Deferred taxation		<u>484.273</u>	<u>484.273</u>
Total non-current liabilities		<u>10.322.738</u>	<u>11.874.469</u>
Trade and other payables		20.317.172	22.459.411
Bank overdrafts	11	27.257.202	30.258.843
Short term loans	11	27.640.425	36.333.646
Current portion of long-term loans	11	6.490.350	6.490.353
Obligations under finance leases		108.440	108.440
Promissory notes		397.124	130.549
Derivative financial instruments		138.817	908.251
Current tax liabilities		<u>3.299</u>	<u>3.026</u>
Total current liabilities		<u>82.352.829</u>	<u>96.692.519</u>
Total liabilities		<u>92.675.567</u>	<u>108.566.988</u>
Total equity and liabilities		<u>133.404.019</u>	<u>151.507.690</u>

The notes on pages 12 to 38 are an integral part of these consolidated interim financial statements.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Period ended 31 March 2020

1. UNAUDITED FINANCIAL STATEMENTS

The interim consolidated financial statements for the A' quarters ended on 31 March 2020 and 2019 respectively, have not been audited by the external auditors of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements, which are presented in Euro, have been prepared in accordance with the International Financial Reporting Standards, including IAS 34 "Interim Financial Reporting".

The accounting policies used in the preparation of the interim financial statements are in accordance with those used in the annual financial statements for the year ended 31 December 2019. During the current period, the Group assesses the effect of the new and revised International Financial Reporting Standards (IFRSs) and Interpretations that refer to accounting periods beginning on or after 1 January 2019, on the consolidated financial statements. The new standards and interpretations that are relevant to the Group operations will be adopted in accordance with the relevant IFRSs guidelines.

The results are presented in Euro. Transactions in foreign currencies are translated using the exchange rates prevailing at the date of the transaction. Amounts receivable and payable denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the date of the Statement of Financial Position and the Foreign currency differences arising on translation are recognised in the Statement of Profit or Loss and Other Comprehensive Income. From 1st of January 2006 and according to the latest amendment of IAS 21, all exchange differences arising from the translation of long term loans granted to foreign subsidiaries are transferred to the Exchange Differences Reserve in the financial statements of the Group irrespective of the currency in which the loan has been granted.

The Company has chosen to implement the provisions of IFRS 9 for the hedging of the foreign exchange risk. According to the provisions of IFRS 9, the net investments in foreign operations can be defined as 'hedged item' and the long term bank borrowings, of a corresponding value, denominated in the same currency as the net investments, which is different from the parent Company's functional currency, can be defined as 'hedging instrument', resulting to the hedging of exchange differences arising from the translation of net investments and long term bank borrowings, in the consolidated financial statements of the parent Company with its subsidiaries, and their transfer to the Hedge Reserve in the Group's financial statements, provided that the hedging is considered effective.

The Taxation has been calculated on the taxable profits for the period based on the Company's dividend policy and the applicable tax legislation.

3. OPERATING SEGMENTS

The Group can be divided in to 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 for 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 and the production of computers in other countries that the Group operates in, other than the countries mentioned above.
- Services segment – This segment operates in the provision of solutions and services for networks and telecommunications and the provision of solutions and services for software for customers in Cyprus and abroad.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2020

3. OPERATING SEGMENTS (continued)

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 management reports which are examined by the Board of Directors. The profit of each segment is used for the evaluation of the performance since the management believes that this 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 2.

Revenue and total non-current assets are allocated between Cyprus, Greece, United Arab Emirates and other countries are as follows:

	Revenue		Total non-current assets	
	Period ended 31 March 2020 €	Period ended 31 March 2019 €	31 March 2020 €	31 December 2019 €
Cyprus	21.264.104	20.827.167	95.715.314	132.283.529
Greece	21.935.890	23.622.950	1.296.697	1.248.624
United Arab Emirates	75.434.820	76.922.239	6.055.961	5.957.664
Other Foreign Countries	<u>91.585.486</u>	<u>112.444.705</u>	<u>39.343.669</u>	<u>4.860.262</u>
	<u>210.220.300</u>	<u>233.817.061</u>	<u>142.411.641</u>	<u>144.350.079</u>

Period ended 31 March 2020	European Markets Distribution Segment €	Middle East Markets Distribution Segment €	All other Segments €	Services Segments €	Transactions between operating segments €	Total €
Revenue from third parties	<u>41.003.283</u>	<u>138.089.944</u>	<u>19.269.983</u>	<u>11.857.090</u>	<u>-</u>	<u>210.220.300</u>
Intersegment revenue	<u>8.800.964</u>	<u>35.517.483</u>	<u>409.894</u>	<u>105.335</u>	<u>(44.833.676)</u>	<u>-</u>
Other income	64.231	3.293	38.439	12.691	-	118.654
Depreciation and amortisation	212.403	285.082	149.915	124.803	-	772.203
Personnel costs	1.850.855	3.019.205	782.038	1.098.013	-	6.750.111
Travelling expenses	97.331	69.071	9.290	25.215	-	200.907
Provision for bad debts	191	131.676	3.127	-	-	134.994
Professional fees	402.449	120.178	49.338	58.371	-	630.336
Rent	11.878	59.216	35.327	10.854	-	117.275
Credit insurance	93.621	256.470	8.644	22.995	-	381.730
Transportation expenses	<u>146.855</u>	<u>306.215</u>	<u>29.555</u>	<u>155</u>	<u>-</u>	<u>482.780</u>
Profit from operations	<u>(502.525)</u>	<u>4.580.037</u>	<u>291.049</u>	<u>1.605.046</u>	<u>1.024.937</u>	<u>6.998.544</u>
Net foreign exchange (loss)/profit	(455.529)	(70.993)	(399.763)	(90.912)	734.670	(282.527)
Interest receivable	651	-	126.515	1.904	-	129.070
Interest payable and bank charges	<u>(1.064.976)</u>	<u>(609.195)</u>	<u>(253.404)</u>	<u>(48.369)</u>	<u>-</u>	<u>(1.975.944)</u>
Net finance costs	<u>(1.519.854)</u>	<u>(680.188)</u>	<u>(526.652)</u>	<u>(137.377)</u>	<u>734.670</u>	<u>(2.129.401)</u>
Share of (loss)/profit from associated companies after tax	-	-	-	(1.032.687)	(22.078)	(1.054.765)
Share of profit from joint ventures	-	-	(67.719)	-	-	(67.719)
Profit before tax	<u>(4.113.087)</u>	<u>12.131.503</u>	<u>(791.018)</u>	<u>7.535.568</u>	<u>(11.016.307)</u>	<u>3.746.659</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2020

3. OPERATING SEGMENTS (continued)

Period ended 31 March 2019	European Markets Distribution Segment €	Middle East Markets Distribution Segment €	All other Segments €	Services Segments €	Transactions between operating segments €	Total €
Revenue from third parties	42.847.195	154.720.544	23.404.578	12.844.744	-	233.817.061
Intersegment revenue	8.559.929	36.214.204	13.159	232.805	(45.020.097)	-
Other income	65.804	(2.330)	49.211	6.139	-	118.824
Depreciation and amortisation	195.129	296.074	166.419	121.394	-	779.016
Personnel costs	1.741.650	3.093.487	845.994	1.296.939	-	6.978.070
Travelling expenses	120.661	64.802	16.424	28.767	-	230.654
Provision for bad debts	(10)	44.902	1.847	-	-	46.739
Professional fees	211.600	82.371	103.362	70.814	-	468.147
Rent	1.540	57.248	21.529	1.700	-	82.017
Credit insurance	94.978	252.483	46.028	22.684	-	416.173
Transportation expenses	141.438	293.695	25.780	1.162	-	462.075
(Loss)/Profit from operations	(204.004)	5.514.637	465.442	1.596.545	(250.000)	7.122.620
Net foreign exchange (loss)/profit	(165.157)	15.861	(541.786)	(15.201)	488.076	(218.207)
Interest receivable	980	-	124.103	5.886	-	130.969
Interest payable and bank charges	(1.204.459)	(656.062)	(223.217)	(48.338)	-	(2.132.076)
Net finance costs	(1.368.636)	(640.201)	(640.900)	(57.653)	488.076	(2.219.314)
Share of (loss)/profit from associated companies after tax	-	-	-	1.594.030	-	1.594.030
Share of profit from joint ventures	-	-	67.986	-	-	67.986
Profit before tax	(1.572.640)	4.874.436	(107.473)	3.132.923	238.076	6.565.322

4. 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 as adjusted for the effect of the warrants during the period as follows:

	Period ended 31 March 2020	Period ended 31 March 2019
Earnings attributable to shareholders (€)	3.283.163	5.803.900
Weighted average number of issued shares during the period	74.079.600	74.079.600
Basic earnings per share (cent)	4,43	7,83
Diluted weighted average number of shares	74.079.600	74.079.600
Diluted earnings per share (cent)	4,43	7,83

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2020

5. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Land and buildings €	Computers €	Furniture and fittings €	Motor vehicles €	Total €
Acquisition cost or revaluation					
Balance at 1 January 2019	17.853.850	7.361.222	4.119.196	1.616.123	30.950.391
Additions for the period	868.577	1.811.921	166.412	215.010	3.061.920
Disposals for the period	(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
Balance at 1 January 2020	19.397.134	8.077.643	3.591.107	1.570.327	32.636.211
Additions for the period	53.029	181.484	60.090	95.716	390.319
Disposals for the period	-	(196.888)	(2.073)	(14.268)	(213.229)
Exchange differences	122.030	54.459	38.809	14.448	229.746
Balance at 31 March 2020	19.572.193	8.116.698	3.687.933	1.666.223	33.043.047
Depreciation					
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 for the year	(50.976)	(887.357)	(448.461)	(228.959)	(1.615.753)
Exchange differences	11.459	32.420	16.672	8.284	68.835
Adjustment on revaluation	(906.402)	(105.891)	-	-	(1.012.293)
Balance at 31 December 2019	376.729	5.415.425	2.579.905	1.177.355	9.549.414
Balance at 1 January 2020	376.729	5.415.425	2.579.905	1.177.355	9.549.414
Charge for the period	90.451	191.262	75.206	33.033	389.952
Disposals for the period	-	(7.762)	(2.073)	(14.268)	(24.103)
Exchange differences	7.157	47.322	29.167	12.832	96.478
Balance at 31 March 2020	474.337	5.646.247	2.682.205	1.208.952	10.011.741
Net book value					
Balance at 31 March 2020	19.097.856	2.470.451	1.005.728	457.271	23.031.306
Balance at 1 January 2020	19.020.405	2.662.218	1.011.202	392.972	23.086.797

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2020

5. PROPERTY, PLANT AND EQUIPMENT (continued)

THE COMPANY	Land and buildings €	Computers €	Furniture and fittings €	Motor vehicles €	Total €
Acquisition cost or revaluation					
Balance at 1 January 2019	3.743.000	1.963.402	632.164	575.463	6.914.029
Additions for the period	-	1.110.830	24.491	19.169	1.154.490
Disposals for the period	(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
Balance at 1 January 2020	3.442.111	2.411.236	277.372	483.632	6.614.351
Additions for the period	-	19.123	6.952	17.935	44.010
Disposals for the period	-	(189.534)	-	(14.268)	(203.802)
Balance at 31 March 2020	3.442.111	2.240.825	284.324	487.299	6.454.559
Depreciation					
Balance at 1 January 2019	210.143	1.414.234	540.246	362.091	2.526.714
Charge for the year	(209.516)	(347.269)	(355.266)	83.456	(828.595)
Disposals for the year	-	-	-	(111.000)	(111.000)
Balance at 31 December 2019	627	1.066.965	184.980	334.547	1.587.119
Balance at 1 January 2020	627	1.066.965	184.980	334.547	1.587.119
Charge for the period	33.614	71.295	6.776	14.846	126.531
Disposals for the period	-	(503)	-	(14.268)	(14.771)
Balance at 31 March 2020	34.241	1.137.757	191.756	335.125	1.698.879
Net book value					
Balance at 31 March 2020	3.407.870	1.103.068	92.568	152.174	4.755.680
Balance at 1 January 2020	3.441.484	1.344.271	92.392	149.085	5.027.232

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 comparable valuation method for the computation of the market value, with the cost of construction method for the market value of the building under consideration as well as on the basis of future prospects of the properties under consideration. Revaluations are 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 of Najada Holdings Ltd under construction, have been capitalised, with a total cost of €795.924. The cost of the building under construction is not depreciated.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2020

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

The real right to rent in the Larnaca Free Trade Zone as well as the privately owned buildings with an initial purchase cost of €130.178 and with subsequent additions at a cost of €29.672 were sold in 2019 for €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.

As at 31 March 2020 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.

Land and buildings are classified as Level 3 for 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.

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	31 March 2020	31 December 2019
				€	€
Land and buildings	Comparative method	Sale price per sq.m.	€500/sq.m. €1.700/sq.m.	2.835.000	2.835.000
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	10.225.000
Buildings	Comparative method	Transfer price per sq.m.	USD 1.720 (€1.532)/sq.m.	<u>3.507.404</u>	<u>3.507.404</u>

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

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2020

6. 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 2019	1.892.023	5.070.456	234.114	7.196.593
Additions for the period	-	748.382	95.786	844.168
Exchange differences	36.378	18.100	(1.585)	52.893
Balance at 31 December 2019	<u>1.928.401</u>	<u>5.836.938</u>	<u>328.315</u>	<u>8.093.654</u>
Period ended 31 March 2020				
Balance at 1 January 2020	1.928.401	5.836.938	328.315	8.093.654
Additions for the period	-	-	130.786	130.786
Disposals for the period	-	-	-	-
Exchange differences	48.932	16.225	966	66.123
Balance at 31 March 2020	<u>1.977.333</u>	<u>5.853.163</u>	<u>460.067</u>	<u>8.290.563</u>
Depreciation				
Balance at 1 January 2019	-	-	-	-
Charge	96.756	1.254.317	101.661	1.452.734
Exchange differences	(336)	(2.665)	(383)	(3.384)
Balance at 31 December 2019	<u>96.420</u>	<u>1.251.652</u>	<u>101.278</u>	<u>1.449.350</u>
Period ended 31 March 2020				
Balance at 1 January 2020	96.420	1.251.652	101.278	1.449.350
Charge for the period	24.558	325.019	34.197	383.774
Exchange differences	2.606	13.910	184	16.700
Balance at 31 March 2020	<u>123.584</u>	<u>1.590.579</u>	<u>135.660</u>	<u>1.849.823</u>
Net book value				
Balance at 31 March 2020	<u>1.853.749</u>	<u>4.262.584</u>	<u>324.407</u>	<u>6.440.740</u>
Balance at 1 January 2020	<u>1.831.981</u>	<u>4.585.286</u>	<u>227.037</u>	<u>6.644.304</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSPeriod ended 31 March 2020**THE COMPANY**

	Right of use buildings and warehouse €
Acquisition cost	
Balance at 1 January 2019	<u>703.475</u>
Balance at 31 December 2019	<u>703.475</u>
Period ended 31 March 2020	
Balance at 1 January 2020	703.475
Balance at 31 March 2020	<u>703.475</u>
Depreciation	
Balance at 1 January 2019	-
Charge	117.246
Disposals for the period	-
Exchange differences	-
Impairment charge	-
Balance at 31 December 2019	<u>117.246</u>
Period ended 31 March 2020	
Balance at 1 January 2020	117.246
Charge for the period	<u>29.310</u>
Balance at 31 March 2020	<u>146.556</u>
Net book value	
Balance at 31 March 2020	<u><u>556.919</u></u>
Balance at 1 January 2020	<u><u>586.229</u></u>

The Group and the Company adopted IFRS 16 “Leases” on 1 January 2019. On transition to IFRS16 the Group recognised right-of-use assets, including lease liabilities relating to leases of land, buildings, warehouses and vehicles.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2020

7. INVESTMENTS IN SUBSIDIARIES

The Company has the following investments in subsidiary companies:

Company	Country of incorporation	31 March 2020 Holding %	31 December 2019 Holding %	31 March 2020 €	31 December 2019 €
Logicom (Overseas) Limited	Cyprus	100	100	-	-
Logicom (Middle East) SAL	Lebanon	100	100	375.820	375.820
ENET Solutions Logicom S.A.	Greece	100	100	1.205.400	1.205.400
Logicom FZE	United Arab Emirates	100	100	18.693.825	18.693.825
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
				<u>53.707.037</u>	<u>53.707.037</u>

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 Ltd, 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, 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, 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, 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 Ltd, 100% of Newcytech Business Solutions Ltd in Cyprus with share capital of €756.776.

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

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

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Period ended 31 March 2020

7. INVESTMENTS IN SUBSIDIARIES *(continued)*

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

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

The Company owns indirectly, through subsidiary Logicom FZE 100% of Logicom Kuwait for Computer Company W.L.L. 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 subsidiary Logicom FZE and Logicom (Overseas) Limited the 100% of Logicom Egypt LLC in Egypt, with share capital of €56.

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.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2020

7. INVESTMENTS IN SUBSIDIARIES *(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	01/01/2000	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 1Million	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 W.L.L	06/09/2018	BD50	100
Logicom Egypt LLC	07/11/2019	LE10	100

8. 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 significant influence.

The Group recognizes the above investments using the equity method.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2020

8. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

THE GROUP

	Period ended 31 March 2020 €	31 December 2019 €
M.N. Limassol Water Co. Ltd	697.280	682.501
M.N. E.P.C Water Co.	-	-
M.N. Larnaca Desalination Co. Ltd	-	-
Demetra Holdings Plc	<u>75.036.257</u>	<u>76.321.278</u>
	<u>75.733.537</u>	<u>77.003.779</u>

	M.N. Larnaca Desalination Co. Ltd €	M.N. E.P.C Water Co. €	M.N. Limassol Water Co. Ltd €	Demetra Holdings Plc €	Demetra Investments Public Limited €
Balance at 1 January 2020	-	-	682.501	76.321.278	77.003.779
Reclassification of loss from investments in joint ventures after tax	81.948	550	-	8	82.49
Share of profit/(loss) from investments in joint ventures	(81.948)	(550)	14.779	-	(67.719)
Exchange differences	-	-	-	-	-
Net share of profit from associated companies after tax	-	-	-	(1.054.764)	(1.054.764)
Share of loss through other comprehensive income	-	-	-	(230.257)	(230.257)
	-	-	-	-	-
Balance at 31 March 2020	<u>-</u>	<u>-</u>	<u>697.280</u>	<u>75.036.257</u>	<u>75.733.537</u>

	M.N. Larnaca Desalination Co. Ltd €	M.N. E.P.C Water Co. €	M.N. Limassol Water Co. Ltd €	Demetra Holdings Plc €	Demetra Investments Public Limited €
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	273.249	496	-	5	273.74
Share of profit/(loss) 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 the owners	-	-	-	(63.664)	(63.664)
Balance at 31 December 2019	<u>-</u>	<u>-</u>	<u>682.501</u>	<u>76.321.278</u>	<u>77.003.779</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSPeriod ended 31 March 2020**8. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES** *(continued)*

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 the company 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 restrict the production to 50% of the agreed one from 8 March 2019 and then operate in stand by mode from 10 October 2019.

Significant aggregate amounts in respect of Investments in equity-accounted investees:

<u>Period ended 31 March 2020</u>	M.N. Larnaca			Total
	Desalination Co. Ltd	M.N. Limassol Water Co. Ltd	M.N. E.P.C Water Co.	
Percentage	50%	50%	50%	
Reporting Date	31/03/2020	31/03/2020	31/03/2020	
	€	€	€	€
Non-current assets	18.284.283	36.786.354	-	55.070.637
Current assets	5.937.447	8.934.289	2.712	14.874.448
Total assets	24.221.730	45.720.643	2.712	69.945.085
Current liabilities	(35.985.161)	(7.426.190)	(1.000)	(43.412.351)
Liabilities	-	(37.524.691)	(29.589)	(37.554.280)
Total liabilities	(35.985.161)	(44.950.881)	(30.589)	(80.966.631)
Net Assets	(11.763.431)	769.762	(27.877)	(11.021.546)
Revenue	1.930.641	1.917.078	-	3.847.719
Expenses	(2.094.536)	(1.887.520)	(1.100)	(3.983.156)
(Loss)/profit	(163.895)	29.558	(1.100)	(135.437)
Group's share in net assets	(5.881.716)	384.881	(13.939)	(5.510.774)
Group's share in (loss)/profit	(81.948)	14.779	(550)	(67.719)

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2020

8. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

2019	M.N. Larnaca			Total
	Desalination Co. Ltd	M.N. Limassol Water Co. Ltd	M.N. E.P.C Water Co.	
Percentage Reporting Date	50% 31/12/2019	50% 31/12/2019	50% 31/12/2019	
	€	€	€	€
Non-current assets	18.444.236	36.632.486	-	55.076.722
Current assets	6.475.500	10.271.340	2.563	16.749.403
Total assets	24.919.736	46.903.826	2.563	71.826.125
Current liabilities	(1.277.039)	(7.440.493)	(1.000)	(8.718.532)
Liabilities	(35.242.228)	(38.723.127)	(29.589)	(73.994.944)
Total liabilities	(36.519.267)	(46.163.620)	(30.589)	(82.713.476)
Net Assets	(11.599.531)	740.206	(28.026)	(10.887.351)
Revenue	13.153.652	12.548.388	-	25.702.040
Expenses	(13.700.149)	(11.937.645)	(992)	(25.638.786)
(Loss)/profit	(546.497)	610.743	(992)	63.254
Group's share in net assets	(5.799.766)	370.103	(14.013)	(5.443.676)
Group's share in (loss)/profit	(273.249)	305.372	(496)	31.627

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

Reporting date	31/03/2020	31/12/2019
Percentage	29,62%	29,62%
	€	€
Non-current assets	243.737.014	244.852.155
Current assets	22.595.323	26.314.704
Total assets	266.332.337	271.166.859
Current liabilities	(3.100.468)	(3.596.630)
Non-current liabilities	(9.902.172)	(9.902.172)
Total liabilities	(13.002.640)	(13.498.802)
Net assets	253.329.697	257.668.057
Revenue	366.889	137.338.454
Expenses	(3.927.879)	(3.004.812)
(Loss)/profit	(3.560.990)	134.333.642
Group's share in net assets	78.532.206	79.877.098
Group's share in profit for the period	(1.103.907)	41.643.429

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSPeriod ended 31 March 2020**8. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES** *(continued)*

During the year 2019 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 shares 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 the International Financial Reporting Standards, the fair value was calculated on 30 September 2019, a date that is considered to be close to the 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 acquisition cost of the shares, €75.624.873, and resulted in a negative goodwill of €119.850.066 that was written off in the results of Demetra Holdings Plc.

9. CASH AND CASH EQUIVALENTS**THE GROUP**

	31 March 2020	31 December 2019
	€	€
Cash in hand	56.908	45.145
Current accounts with banks	<u>40.934.242</u>	<u>29.716.642</u>
	<u><u>40.991.150</u></u>	<u><u>29.761.787</u></u>

THE COMPANY

	31 March 2020	31 December 2019
	€	€
Cash in hand	35.891	26.919
Current accounts with banks	<u>957.028</u>	<u>2.114.998</u>
	<u><u>992.919</u></u>	<u><u>2.141.917</u></u>

For the purposes of the statement of cash flows, the cash and cash equivalents include the following:

THE GROUP

	31 March 2020	31 December 2019
	€	€
Cash at bank and in hand	40.991.150	29.761.787
Bank overdrafts (Note 11)	<u>(42.386.045)</u>	<u>(50.873.720)</u>
	<u><u>(1.394.895)</u></u>	<u><u>(21.111.933)</u></u>

THE COMPANY

	31 March 2020	31 December 2019
	€	€
Cash at bank and in hand	992.919	2.141.917
Bank overdrafts (Note 11)	<u>(27.257.202)</u>	<u>(30.258.843)</u>
	<u><u>(26.264.283)</u></u>	<u><u>(28.116.926)</u></u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2020

10. SHARE CAPITAL

	31 March 2020 Number of shares	31 March 2020 €	31 December 2019 Number of shares	31 December 2019 €
Authorised				
Ordinary shares of €0,34 each	<u>100.000.000</u>	<u>34.000.000</u>	<u>100.000.000</u>	<u>34.000.000</u>
Issued and fully paid				
Balance at 1 January	<u>74.079.600</u>	<u>25.187.064</u>	<u>74.079.600</u>	<u>25.187.064</u>
Balance at 31 March/31 December 2019	<u>74.079.600</u>	<u>25.187.064</u>	<u>74.079.600</u>	<u>25.187.064</u>

11. LOANS AND BANK OVERDRAFTS**THE GROUP**

	31 March 2020 €	31 December 2019 €
Long-term loans	23.376.514	25.048.466
Short term loans	69.439.150	66.551.100
Bank overdrafts (Note 9)	<u>42.386.045</u>	<u>50.873.720</u>
	<u>135.201.709</u>	<u>142.473.286</u>

The long-term loans of the Group are repayable as follows:

THE GROUP

	31 March 2020 €	31 December 2019 €
Within one year	8.296.603	8.289.819
Between two and five years	<u>15.079.911</u>	<u>16.758.647</u>
	<u>23.376.514</u>	<u>25.048.466</u>

THE COMPANY

	31 March 2020 €	31 December 2019 €
Long-term loans	15.865.251	17.390.331
Short term loans	27.640.425	36.333.646
Bank overdrafts (Note 9)	<u>27.257.202</u>	<u>30.258.843</u>
	<u>70.762.878</u>	<u>83.982.820</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2020

11. LOANS AND BANK OVERDRAFTS *(continued)*

The long term loans of the Company are repayable as follows:

THE COMPANY

	31 March 2020	31 December 2019
	€	€
Within one year	6.490.350	6.490.353
Between two and five years	<u>9.374.901</u>	<u>10.899.978</u>
	<u><u>15.865.251</u></u>	<u><u>17.390.331</u></u>

12. FAIR VALUES

Management believes that 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 period.

13. 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.

The Group adopted the IFRS 15 and IFRS 9 from 1 January 2018.

13.1 *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 on top of the credit limits provided by Atradius with Cooper Gay SA.

The insurance agreements for the trade receivables and the procedures required by these agreements, have improved significantly the monitoring and control of trade receivables, mainly in the approval of credit limits, which is done in cooperation with the credit insurance company that 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.

13.2 *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 is monitoring the fluctuations of interest rates on an ongoing basis and ensures that the necessary actions are taken.

13.3 *Foreign exchange risk*

This risk arises from adverse movements in foreign exchange rates.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2020

13. RISK MANAGEMENT *(continued)*

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 Financial Controller together with the Executive Directors. This issue is discussed and examined at Board of Directors meetings because 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 possible degree, assets (investments in foreign subsidiaries) and liabilities (bank overdrafts, short and long term loans) at the same currency, mainly the 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 borrowing in foreign currency in relation to the total borrowings of the Group.
3. The bank borrowing is usually made in the currency that the suppliers invoice the Company.
4. In cases of projects where 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, for the specific amount in foreign currency that the Company will be invoiced.
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. 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.

More specifically, the equity and long-term loans that are part of the net investment in subsidiaries Logicom FZE, Logicom Dubai LLC, Logicom (Middle East) SAL, Logicom Jordan LLC and Logicom Saudi Arabia LLC, where the functional currency is the U.S. Dollar are counterbalanced with the bank borrowings of the Group in U.S. Dollar. Hedging is determined on a quarterly basis and the amount is adjusted accordingly. The hedge effectiveness is assessed on the monthly basis and to the extent the hedging is ineffective the exchange differences are recognized in the statement of profit or loss and other comprehensive income.

On 31 March 2020 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.

13.4 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 and the Company have procedures in place to minimize such losses, like 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 without 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 11.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2020

13. RISK MANAGEMENT (continued)

13.5 Capital Management

The management of the Group and the Company 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. The Management monitors continuously the return on equity.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to owners 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 Group's gearing ratio is calculated as follows:

	THE GROUP		THE COMPANY	
	Period ended 31 March 2020 €	Period ended 31 March 2019 €	Period ended 31 March 2020 €	Period ended 31 March 2019 €
Total borrowings	135.598.833	142.603.835	70.762.878	84.113.369
Less: Cash and cash equivalents (Note 9)	<u>(40.991.150)</u>	<u>(29.761.787)</u>	<u>(992.919)</u>	<u>(2.141.917)</u>
Net debt	94.607.683	112.842.048	69.769.959	81.971.452
Total equity	<u>163.116.252</u>	<u>160.955.373</u>	<u>40.728.452</u>	<u>42.940.702</u>
Gearing ratio	<u>0,58</u>	<u>0,70</u>	<u>1,71</u>	<u>1,91</u>

14. 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:

	31/03/2020 Fully paid Shares %	30/06/2020 Fully paid Shares %
Varnavas Irinarchos ¹	51,55	51,55
Takis Klerides ²	0,55	0,55
George Papaioannou ³	1,01	1,01
Nikos Michaelas ⁴	0,02	0,02
Anthoulis Papachristoforou	0,65	0,65
Anastasios Athanasiades	0,07	0,07
Andreas Constantinides	-	-
Christoforos Hadjikyprianou	-	-

- The indirect ownership of Mr. Varnavas Irinarchos on 30 June 2020 of 51,55% arises from the participation of the company Edcrane Ltd.
- The direct ownership of Mr. Takis Klerides as at 30 June 2020 is 0,28% and the indirect ownership which arises from the participation of his daughter Mrs. Pamela Klerides, is 0,27%.
- The direct ownership of Mr. Giorgou Papaioannou on 30 June 2020 is 1% and the indirect ownership that arises from the participation of his son Mr. Christou Papaioannou is 0,0034% and of his son Mr. Alexandrou Papaioannou is 0,0034%.
- The indirect ownership of Mr. Nicos Michaelas on 30 June 2020 is 0,02% and arises from the share of its shareholding by the Employee Providend Fund of Demetra Investments Public Limited.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2020

15. SHAREHOLDERS' INTEREST

The shareholders who held, directly or indirectly, more than 5% of the share capital of the Company were as follows:

	31/03/2020 %	30/06/2020 %
Varnavas Irinarchos ¹	51,55	51,55
Demetra Holdings Plc	10,28	10,28

1. The indirect ownership of Mr. Varnavas Irinarchos on 30 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.

16. 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 Financial Controller

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.

17. 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 (€3.285.871) 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 (€365.097) 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 EUR 1.500.000 to a third foreign supplier for providing a trading credit facility. This guarantee is valid from 12 August 2019 until 11 August 2020.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2020

17. CONTINGENCIES AND LITIGATIONS *(continued)*

- (4) The Company has provided a fourth bank guarantee of up to EUR450.000 to a fourth foreign supplier for providing a trading 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 (€730.194) to a fifth supplier for providing a trading facility. This guarantee expired on 12 April 2019 and was renewed until 12 April 2020.
- (6) The Company has provided a sixth bank guarantee of up to USD 300.00 (€273.823) to a sixth foreign supplier for providing a trading 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 (€456.371) to a seventh foreign supplier for providing a trading facility. This guarantee is valid from 12 September 2019 until 11 September 2020.
- (8) The Company has provided an eighth guarantee of up to USD 2.000.000 (€1.825.484) to an eighth foreign supplier for providing a trading facility. The guarantee is valid from 16 April 2020 until 15 April 2021.
- (9) Group companies have provided bank guarantees in order to participate in governmental and private sector projects.
- (10) Verendrya Ventures Ltd committed not 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 amount of additional tax and Zakat is €2,4m (SAR10,3 m), plus additional penalties that will be calculated 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 was made.

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 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.

18. RELATED PARTY TRANSACTIONS

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.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSPeriod ended 31 March 2020**18. RELATED PARTY TRANSACTIONS** *(continued)*

The sales made by Logicom Public Ltd to its subsidiary companies were as follows:

Sales

	Period ended 31 March 2020	Period ended 31 March 2019
	€	€
Logicom Solutions Limited	294.380	363.288
Newcytech Business Solutions Ltd	1.405.845	1.105.398
ENET Solutions Logicom S.A.	3.054.592	2.418.662
Logicom Jordan LLC	1.017.945	403.077
Logicom (Middle East) SAL	(139.408)	267.027
Logicom FZE	20.825	422
Logicom Italia s.r.l.	35.839	11.244
Logicom Information Technology Distribution s.r.l.	1.529.365	2.015.851
Logicom Saudi Arabia LLC	<u>34.962</u>	<u>54</u>

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:

	Period ended 31 March 2020	31 December 2019
	€	€
ENET Solutions Logicom S.A.	2.338.445	2.280.577
Logicom (Middle East) SAL	4.359.529	4.251.647
Logicom FZE	2.705.915	2.638.953
Logicom Jordan LLC	2.789.430	2.720.402
Verendrya Ventures Ltd	<u>17.232.123</u>	<u>17.157.061</u>
	<u>29.425.442</u>	<u>29.048.640</u>

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% (2019: 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.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2020

18. RELATED PARTY TRANSACTIONS (continued)

Balances with subsidiary companies

	Nature of transactions	31 March 2020	31 December 2019
		€	€
		Debit/ (Credit)	Debit/ (Credit)
Logicom (Overseas) Limited	Other	(313.759)	(307.442)
Netcom Limited	Other	126.050	123.908
Logicom Solutions Limited	Trading	(2.656.020)	(697.054)
Logicom Services Ltd	Financing	22.259.355	21.256.111
ENET Solutions Logicom S.A.	Trading	(1.887.506)	(3.976.879)
Newcytech Business Solutions Ltd	Trading	2.352.494	1.767.387
ICT Logicom Solutions SA	Other	(194.989)	(194.989)
Logicom Jordan LLC	Trading	2.166.958	2.179.644
Logicom (Middle East) SAL	Trading/Financing	1.863.035	1.755.557
Logicom FZE	Trading/Financing	(37.092.748)	(18.418.786)
Logicom Dubai LLC	Trading/Financing	(12.570.817)	(12.259.735)
Logicom Italia s.r.l.	Trading/Financing	3.837.308	3.875.332
Logicom IT Distribution Limited		-	-
Logicom Saudi Arabia LLC	Trading/Financing	29.871.697	29.808.620
Logicom Information Technology Distribution s.r.l.	Trading	10.742.103	9.700.202
Logicom Trading & Distribution LLC	Trading	5.706.123	4.750.248
Logicom Distribution Germany GmbH	Other	(472.640)	(505.921)
Najada Holdings Limited	Financing	603.407	291.761
Logicom Kuwait for Computer Company W.L.L	Trading	385.427	-
Enet Solutions LLC	Other	92.826	90.529
Logicom Egypt LLC	Other	1.076	688
Verendrya Ventures Ltd	Financing	112.708	106.539
		<u>24.932.088</u>	<u>39.345.720</u>
Αναμενόμενες πιστωτικές ζημιές		<u>(1.424.532)</u>	<u>(1.424.532)</u>
		<u>23.507.556</u>	<u>37.921.188</u>

The above balances are repayable according to the nature of each transaction.

Balances with jointly controlled companies

	31 March 2020	31 December 2019
	€	€
	Debit/ (Credit)	Debit/ (Credit)
M.N. E.P.C Water Co.	(350)	(350)
M.N. Limassol Water Co. Ltd	2.245	105
	<u>1.895</u>	<u>(245)</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2020

18. RELATED PARTY TRANSACTIONS (continued)

The sales made by Logicom FZE to Group companies were as follows:

Sales

	Period ended 31 March 2020	Period ended 31 March 2019
	€	€
Logicom Public Limited	8.083	52.019
Logicom Jordan LLC	390.999	364.913
Logicom (Middle East) SAL	204.743	518.413
Logicom Dubai LLC	25.909.123	27.982.120
Logicom Saudi Arabia LLC	2.850.483	3.083.565
Logicom Kuwait for Computer Company W.L.L	2.465.079	2.021.879
Logicom Trading & Distribution LLC	1.344.246	1.559.250
Logicom LLC	2.008.649	565.870
Logicom Bahrain W.L.L	334.575	22.711
Logicom LLC	-	-
ENET Solutions Logicom S.A.	-	-

The sales made by Logicom (Middle East) SAL to Group companies were as follows:

Sales

	Period ended 31 March 2020	Period ended 31 March 2019
	€	€
Logicom FZE	<u>395.194</u>	<u>1.830</u>

The sales made by Logicom Dubai LLC to Group companies were as follows:

Sales

	Period ended 31 March 2020	Period ended 31 March 2019
	€	€
Newcytech Business Solutions Ltd	<u>-</u>	<u>3.385</u>

The sales made by ENET Solutions Logicom S.A. to Group companies were as follows:

Sales

	Period ended 31 March 2020	Period ended 31 March 2019
	€	€
Logicom Public Limited	1.266.533	1.871.408
ICT Logicom Solutions SA	3.619	1.905
Logicom Information Technology Distribution s.r.l.	<u>118.607</u>	<u>47.472</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSPeriod ended 31 March 2020**18. RELATED PARTY TRANSACTIONS** *(continued)*

The sales made by Logicom Solutions Ltd to Group companies were as follows:

Sales

	Period ended 31 March 2020 €	Period ended 31 March 2019 €
Logicom Public Limited	5.574	7.002
Newcytech Business Solutions Ltd	22.927	21.941
ICT Logicom Solutions SA	<u>7.906</u>	<u>65.357</u>

The sales made by Logicom IT Distribution s.r.l. to Group companies were as follows:

Sales

	Period ended 31 March 2020 €	Period ended 31 March 2019 €
Logicom Public Limited	-	(4.739)
ENET Solutions Logicom S.A.	<u>14.196</u>	<u>16.068</u>

The sales made by Newcytech Business Solutions Limited to Group companies were as follows:

Sales

	Period ended 31 March 2020 €	Period ended 31 March 2019 €
Logicom Public Limited	1.470	35
Logicom Solutions Limited	26.700	20.242
Newcytech Distribution Ltd	<u>23.511</u>	<u>16.839</u>

The sales made by ICT Logicom Solutions S.A. to Group companies were as follows:

Sales

	Period ended 31 March 2020 €	Period ended 31 March 2019 €
Logicom Solutions Limited	<u>17.248</u>	<u>-</u>

The sales made by Logicom Distribution Germany GmbH to Group companies were as follows:

Sales

	Period ended 31 March 2020 €	Period ended 31 March 2019 €
Logicom Italia s.r.l.	<u>41.533</u>	<u>72.035</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2020

18. RELATED PARTY TRANSACTIONS (continued)

The balances between Group companies and the parent Company are stated below:

Balances with related companies

	Nature of transactions	Period ended 31 March 2020 €	31 December 2019 €
		Debit/ (Credit)	Debit/ (Credit)
Logicom (Overseas) Limited	Other	313.759	307.442
Netcom Limited	Other	(126.050)	(123.908)
Logicom Solutions Limited	Trading	2.656.020	697.054
Logicom Services Ltd	Financing	(22.259.355)	(21.256.111)
Newcytech Business Solutions Ltd	Trading	(2.352.494)	(1.767.387)
ENET Solutions Logicom S.A.	Trading/Financing	(450.938)	1.696.302
ICT Logicom Solutions SA	Other	194.989	194.989
Logicom Jordan LLC	Trading	(4.956.388)	(4.900.046)
Logicom (Middle East) SAL	Trading/Financing	(6.222.564)	(6.007.204)
Logicom FZE	Trading/Financing	34.386.833	15.779.833
Logicom Dubai LLC	Trading/Financing	12.570.817	12.259.735
Logicom Italia s.r.l.	Trading/Financing	(3.837.308)	(3.875.332)
Logicom IT Distribution Limited		-	-
Logicom Saudi Arabia LLC	Trading/Financing	(29.871.697)	(29.808.620)
Logicom Information Technology Distribution s.r.l.	Trading	(10.742.103)	(9.700.202)
Logicom Trading & Distribution LLC	Trading	(5.706.123)	(4.750.248)
Logicom Distribution Germany GmbH	Other	472.640	505.921
Najada Holdings Limited	Financing	(603.407)	(291.761)
Enet Solutions LLC	Other	(92.826)	(90.529)
Logicom Kuwait for Computer Company W.L.L	Trading	(385.427)	-
Logicom Egypt LLC	Other	(1.076)	(688)
Verendrya Ventures Ltd	Financing	<u>(17.344.831)</u>	<u>(17.263.600)</u>

19. BALANCES WITH ASSOCIATED COMPANIES AND JOINT VENTURES

The balances with joint ventures relate to financing for the construction, maintenance and operation of the desalination plants in Cyprus through the subsidiary Verendrya Ventures Limited.

The balances with joint ventures are as follows:

Balances with joint ventures

	Period ended 31 March 2020 €	31 December 2019 €
M.N Larnaca Desalination Co. Limited	10.642.205	10.724.152
M.N. Limassol Water Co. Limited	<u>12.057.329</u>	<u>11.930.375</u>
	<u>22.699.534</u>	<u>22.654.527</u>
Expected credit losses	<u>(490.902)</u>	<u>(492.928)</u>
	<u>22.208.632</u>	<u>22.161.599</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2020

19. BALANCES WITH ASSOCIATED COMPANIES AND JOINT VENTURES *(continued)*

The amounts receivable from joint ventures are presented after the deduction of the accumulated impairments and losses 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 8, for the calculation of the expected future cash flows of the company, estimates, assumptions, judgements and evidences which include the legal opinion in relation to the validity of the 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.

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 the A' quarter of 2020 amounts to €125.105 (2019: €501.796).

The balances with the joint ventures, 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 associated companies were as follows:

Balances with associated companies	Period ended 31	31 December
	March 2020	2019
	€	€
Demetra Holdings Plc	<u>11.513.103</u>	<u>11.438.040</u>

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% (2019: 1,75%) per annum and does not have a specified repayment date.

20. EVENTS AFTER THE REPORTING PERIOD

During the period following the reporting date governments, including the Republic of Cyprus and the governments of the countries in which the Group operates, continue the measures taken to limit the spread of Coronavirus (COVID-19) for travel restrictions as well as quarantine measures. Many countries have adopted emergency and costly quarantine measures. Some countries have continued to require companies to limit or even suspend their usual business activities. These measures are largely maintained in many countries around the world. and only recently most of the counties in which the Group operates have taken a series of easings that will allow their economies 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 expansion rate of the spread and the high level of uncertainty resulting from the inability to reliably predict the outcome.

The Management will continue to monitor the situation and will assess the need for actions in the event that the disruption period is extended.

There were no other significant events after the reporting date other than the above that have a bearing on the understanding of the condensed interim consolidated financial statements.