



LOGICOM PUBLIC LIMITED

**INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

Period ended 31 March 2016

LOGICOM PUBLIC LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2016 to 31 March 2016

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BOARD OF DIRECTORS AND PROFESSIONAL ADVISERS**DIRECTORS**

Adamos K. Adamides, Chairman
Varnavas Irinarchos, Vice Chairman and Managing Director
Takis Klerides, Director
Nicos Michaelas, Director
George Papaioannou, Director
Anthoulis Papachristoforou, Director
Anastasios Athanasiades, Director

GROUP FINANCIAL CONTROLLER

Anthoulis Papachristoforou

SECRETARY

Adaminco Secretarial Limited
Eagle Star House, 1st floor
35 Theklas Lysioti Street
3030 Limassol

REGISTERED OFFICE

Eagle Star House, 1st floor
35 Theklas Lysioti Street
3030 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

Eagle Star House, 1st floor
35 Theklas Lysioti Street
3030 Limassol

BANKERS

Hellenic Bank Public Company Limited
Bank of Cyprus Public Company Limited
National Bank of Greece (Cyprus) Ltd
HSBC Bank Middle East
Banque Audi SAL
Alpha Bank Cyprus Ltd
Societe Generale Cyprus Ltd
Standard Chartered Bank
Eurobank Ergasias S.A.
Piraeus Bank (Cyprus) Ltd
Unicredit Bank AG
Credito Artigiano S.p.A.
The Cyprus Development Bank Public Company Limited
Societe Generale Lebanon
Garanti Bank
Housing Bank for Trade & Finance
National Bank of Greece S.A.
Eurobank Cyprus Ltd
Euro Bank Factors S.A
Alpha Bank S.A.
Macquarie Bank Limited (London branch)
FIMBank PLC
Saudi British Bank
National Bank of Fujairah PSC
Arab Bank PLC
Mashreq Bank PSC
Alpha Bank (Romania)
CIBC
Russian Commercial Bank Ltd
Piraeus Bank A.E.
Marfin Bank (Romania)
Noor Bank
ABC Factors S.A.
Commercial Bank of Dubai PSC
Banca Popolare di Milano Sarl
Bank of Beirut
Akbank TAS
Finansbank AS
Yapi re Kredi Bakasi AS
Asya Kntim bankasi AS
Turkiye Is Bankasi
Emporiki Bank SA
FBME Bank Ltd
Bank of Bahrain & Kuwait BSC
COOP Central Bank
NEB Factors SA
Al banka Turk Katilim Bankasi
Global Supply Chain Finance Ltd

LOGICOM PUBLIC LIMITED**DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIALS
RESPONSIBLE FOR THE FINANCIAL STATEMENTS**

According to article 10 and 12, 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 2016, we confirm that to the best of our knowledge:

(a) The interim consolidated financial statements which are presented on pages 5 to 29.

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

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

b) the directors' report gives a fair review of the developments and the performance of the business as well as the financial 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:

Adamos K. Adamides, Chairman

Varnavas Irinarchos, Vice Chairman and Managing Director

Takis Klerides

Nicos Michaelas

George Papaioannou

Anthoulis Papachristoforou

Anastasios Athanasiades

Responsible for drafting the financial statements

Anthoulis Papachristoforou (Group Chief Financial Officer of the Group)

Nicosia, 26 May 2016

LOGICOM PUBLIC LIMITED

BOARD OF DIRECTORS' REPORT

ACCOUNTING STANDARDS FOR THE PREPARATION OF THE INTERIM 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.

FINANCIAL REVIEW OF RESULTS AND COMPARISON OF FINANCIAL REVIEW OF RESULTS TO THE CORRESPONDING PREVIOUS PERIOD

1. **The turnover** decreased marginally by 2,1% in relation to the corresponding period in 2015, mainly due to the uncertain economic conditions in some regions of the Group's operations. The turnover of the Distribution Division remained approximately at the same levels as those of the A' quarter 2015 despite the negative effect of the markets uncertain economic conditions. The turnover of the Software and the IT & Telecommunications Solutions Division shows a decrease of 27,7% mainly due to the absence of significant projects in the Cypriot market and also due to the markets uncertain economic conditions in general.
2. **The percentage of gross profit margin** remains at approximately the same levels (6,9%) compared to the corresponding period of 2015.
3. **Other Income** mainly relates to contributions from suppliers for promotion of their products and income through business relationships with third parties.
4. The increase in **Administration Expenses** by €531.943 and in percentage terms 6,7%, compared to the A' quarter of 2015, is mainly due to the increase of personnel and infrastructure costs, as a result of the Group's planned expansion into new markets and the addition of new products and brands.
5. **The Profit from Operating Activities** decreased by 13,4% compared to the corresponding period of 2015 and amounts to €5.274.208 (compared to €6.091.715 in the A' quarter of 2015), mainly due to the increase in administration expenses and the decrease of sales. The term 'Operating Activities' encompasses all the activities of the Group.
6. **The Net Bank Finance Cost**, including interest receivable and payable, and bank related charges resulting from the banking facilities used for the expansion of the Group's operations amounted to €1.765.150 compared to €1.799.658 during the corresponding period of 2015 and decreased by 1,9% in percentage terms.
7. **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 €144.518, compared to the corresponding period of 2015 where the loss amounted to €928.471. It is clarified that as from 1/1/2010 the provisions of the IAS39 in relation to Hedge Accounting have been adopted, with the aim to reduce the effects of the exchange rate fluctuation between the US Dollar and the Euro in the Consolidated Statement of Comprehensive Income.

According to the provisions of the Revised International Accounting Standard 21, the decrease in the value of the Holding Company's long term receivables (investments) to its foreign subsidiaries, due to foreign exchange differences, amounting to €433.802 is transferred to the Reserves until the date of their disposal, at which time any resulting profit or loss will be recognized in the Consolidated Statement of Results and Other Comprehensive Income.
8. **The Profit attributable to the Company's Shareholders** increased by 6,9% compared to the corresponding period of 2015, from €2.847.544 to €3.044.205 mainly due to the decrease in the net financing expenses.
9. During the A' quarter of 2016 there was not any income from non-**recurring or extraordinary activities**.
10. The results are within the estimations of the Board of Directors.

LOGICOM PUBLIC LIMITED**BOARD OF DIRECTORS' REPORT****SIGNIFICANT EVENTS AND IMPACT ON THE INTERIM FINANCIAL STATEMENTS**

During the A' quarter of 2016, the Turnover has shown a marginal decrease, the Profit from Operating Activities has shown a decrease as well, mainly due to the increase in administration expenses, with the overall profitability showing an increase mainly due to the decrease of the net financing costs.

RISKS AND UNCERTAINTIES

The main risks consist of credit risk, interest rate risk, foreign exchange risk and liquidity risk. These risks are analyzed and the procedures of monitoring them are described in note 11 to the consolidated interim financial statements.

PERSPECTIVES

Despite, both, the current market conditions which are characterized by the uncertainty due to the economic instability in some regions of the Group's operations, and the uncertainty on the exchange rate fluctuation between the US Dollar and the Euro, an increase in the profitability for the A' half of the year is expected.

The effort for the relative reduction of the operational and administration costs, as well as, for increased productivity will continue to be pursued.

OTHER SIGNIFICANT INFORMATION

The relevant references in relation to the Desalination Units in Episkopi and Larnaca, which have been included as Significant Information in the Report and Consolidated Financial Statements for the year ended 31/12/2015, remain significant and relevant reference is made.

RELATED PARTIES TRANSACTIONS

The related parties' transactions are analyzed in the notes 12, 13 and 14 to the consolidated interim financial statements.

PUBLICATION

1. The Interim Financial Report will not be sent to the shareholders but the Consolidated Statement of Results and Other Comprehensive Income will be published in the newspapers 'Alithia' and 'Simerini' on 28/05/2016 and 'o Phileleftheros' on 29/05/2016.
2. The whole content of the Interim Financial Report, is available, free of charge, from the Registered Office of the Company (Theklas Lysiotti 35, Eagle Star House, 1st Floor, 3030 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

26 May 2016

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Period ended 31 March 2016

	Period ended 31 March 2016	Period ended 31 March 2015	Year ended 31 December 2015
	€	€	€
	Note		
Revenue	197.903.820	202.112.655	846.252.721
Cost of sales	<u>(184.223.338)</u>	<u>(188.148.777)</u>	<u>(792.471.781)</u>
Gross profit	13.680.482	13.963.878	53.780.940
Other income	48.313	50.481	1.120.542
Administrative expenses	<u>(8.454.587)</u>	<u>(7.922.643)</u>	<u>(34.591.764)</u>
Operating profit	5.274.208	6.091.716	20.309.718
Net foreign exchange loss	(144.518)	(928.471)	183.602
Interest receivable	20.321	7.293	131.184
Interest payable and bank charges	<u>(1.785.471)</u>	<u>(1.806.951)</u>	<u>(7.451.416)</u>
Net finance costs	(1.909.668)	(2.728.129)	(7.136.630)
Share of loss of associated company and partnership (net of taxation)	<u>(96.829)</u>	<u>(129.416)</u>	<u>(929.682)</u>
Profit before tax	3.267.711	3.234.171	12.243.406
Tax	<u>(249.802)</u>	<u>(430.939)</u>	<u>(1.760.950)</u>
Profit for the period/year	<u>3.017.909</u>	<u>2.803.232</u>	<u>10.482.456</u>
Other comprehensive income that are to be reclassified to profit or loss in future periods			
Net change in the fair value of investments available for sale	249.017	(8.985)	(102.879)
Exchange difference from translation and consolidation of financial statements from foreign operations	(1.818.169)	5.431.933	5.331.942
Exchange difference in relation to hedge of a net investment in a foreign operation	1.004.449	(4.231.960)	(3.794.853)
Deferred taxation arising from exchange differences in relation to foreign operations	37.241	24.729	87.936
Deferred taxation arising on revaluation of land and buildings	660	(1.616)	2.641
Other comprehensive (expenses)/income for the period/year after tax	<u>(526.802)</u>	<u>1.214.101</u>	<u>1.524.787</u>
Total comprehensive income for the period/year after tax	<u>2.491.107</u>	<u>4.017.333</u>	<u>12.007.243</u>
Profit for the period/year attributable to:			
Company's shareholders	3.044.205	2.847.545	10.827.335
Non-controlling interest	<u>(26.296)</u>	<u>(44.313)</u>	<u>(344.879)</u>
Profit for the period/year	<u>3.017.909</u>	<u>2.803.232</u>	<u>10.482.456</u>
Total comprehensive income for the period/year attributable to:			
Company's shareholders	2.517.403	4.061.645	12.352.122
Non-controlling interest	<u>(26.296)</u>	<u>(44.313)</u>	<u>(344.879)</u>
Total comprehensive income	<u>2.491.107</u>	<u>4.017.333</u>	<u>12.007.243</u>
Basic earnings per share (cent)	4	<u>4,11</u>	<u>3,84</u>
Diluted earnings per share (cent)	4	<u>4,11</u>	<u>3,84</u>

The notes on pages 10 to 29 are an integral part of these consolidated financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Note	31 March 2016 €	31 December 2015 €
ASSETS			
Property, plant and equipment	5	11.929.158	11.957.137
Intangible assets		8.705.760	8.731.551
Available-for-sale financial assets		6.008.216	5.853.396
Trade and other receivables		21.466.003	21.295.695
Deferred tax assets		<u>3.035.804</u>	<u>2.993.808</u>
Total non-current assets		<u>51.144.941</u>	<u>50.831.587</u>
Inventories		60.182.535	69.624.498
Trade and other receivables		143.096.967	172.189.073
Financial assets at fair value through profit or loss		23.635	23.635
Derivative financial instruments		83.663	-
Refundable taxes		6.886.632	7.424.305
Cash and cash equivalents	7	<u>27.829.227</u>	<u>28.148.721</u>
Total current assets		<u>238.102.659</u>	<u>277.410.232</u>
Total assets		<u>289.247.600</u>	<u>328.241.819</u>
Equity			
Share capital	8	25.187.064	25.187.064
Reserves		<u>49.948.455</u>	<u>47.431.052</u>
Equity attributable to shareholders of the company		75.135.519	72.618.116
Non-controlling interest		<u>(875.701)</u>	<u>(849.405)</u>
Total equity		<u>74.259.818</u>	<u>71.768.711</u>
Liabilities			
Long-term loans	9	4.313.514	2.947.384
Trade and other payables		9.550.751	9.550.751
Deferred taxation		581.116	579.927
Contingent liabilities		<u>321.529</u>	<u>350.697</u>
Total non-current liabilities		<u>14.766.910</u>	<u>13.428.759</u>
Trade and other payables		77.870.824	108.806.738
Bank overdrafts	9	48.758.523	52.383.050
Short term loans	9	46.264.749	43.038.306
Current portion of long-term loans	9	1.885.820	3.991.439
Promissory notes		21.262.502	30.808.228
Derivative financial instruments		1.466.582	351.408
Tax payable		2.396.872	3.350.180
Contingent liabilities		<u>315.000</u>	<u>315.000</u>
Total current liabilities		<u>200.220.872</u>	<u>243.044.349</u>
Total liabilities		<u>214.987.782</u>	<u>256.473.108</u>
Total equity and liabilities		<u>289.247.600</u>	<u>328.241.819</u>

The notes on pages 10 to 29 are an integral part of these consolidated financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 31 March 2016

	Share capital €	Share Premium Reserve €	Revaluation Reserve €	Fair Value Reserve €	Difference arising on the conversion the share capital to Euro €	Hedge reserve €	Statutory reserve €	Translation reserve €	Retained earnings €	Total €	Non-controlling interest €	Total €
Balance at 1 January 2015	25.187.064	10.443.375	3.164.098	1.407.850	116.818	(5.536.825)	209.362	(3.325.673)	31.651.045	63.317.114	(504.526)	62.812.588
Total comprehensive income												
Profit for the year	-	-	-	-	-	-	-	-	2.803.232	2.803.232	(44.313)	2.758.919
Other comprehensive income	-	-	-	(8.985)	-	(4.231.960)	-	5.456.662	-	1.215.717	-	1.215.717
Revaluation reserve realized through use	-	-	(1.616)	-	-	-	-	-	1.616	-	-	-
Balance at 31 March 2015	<u>25.187.064</u>	<u>10.443.375</u>	<u>3.162.482</u>	<u>1.398.865</u>	<u>116.818</u>	<u>(9.768.785)</u>	<u>209.362</u>	<u>2.130.989</u>	<u>34.455.893</u>	<u>67.336.063</u>	<u>(548.839)</u>	<u>66.787.224</u>
Balance at 1 January 2016	25.187.064	10.443.375	3.144.659	1.304.971	116.818	(9.331.678)	900.739	2.006.269	38.845.899	72.618.116	(849.405)	71.768.711
Total comprehensive income												
Profit for the period	-	-	-	-	-	-	-	-	3.044.205	3.044.205	(26.296)	3.017.909
Other comprehensive income	-	-	660	249.017	-	1.004.449	-	(1.780.928)	-	(526.802)	-	(526.802)
Revaluation reserve realized through use	-	-	(5.520)	-	-	-	-	-	5.520	-	-	-
Balance at 31 March 2016	<u>25.187.064</u>	<u>10.443.375</u>	<u>3.139.799</u>	<u>1.553.988</u>	<u>116.818</u>	<u>(8.327.229)</u>	<u>900.739</u>	<u>225.341</u>	<u>41.895.624</u>	<u>75.135.519</u>	<u>(875.701)</u>	<u>74.259.818</u>

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividends to the extent that the owners (companies and individuals) are Cyprus tax residents. 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 owners.

The notes on pages 10 to 29 are an integral part of these consolidated financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED CASH FLOW STATEMENT
Period ended 31 March 2016

	31 March 2016	31 March 2015
Note	€	€
Cash flows from operations		
Profit for the period /year	3.017.909	2.803.231
Adjustments for:		
Exchange differences	(1.998.154)	185.967
Depreciation	5 287.636	462.213
Depreciation on leased property, plant and equipment	5 139.540	-
Interest payable	1.785.471	1.000.648
Interest receivable	(20.321)	(7.293)
(Profit) from the sale of property, plant and equipment	(5.940)	-
Amortization of research and development	14.281	37.728
(Credit) to profit or loss for provisions	(29.168)	-
Tax	<u>1.399.235</u>	<u>430.939</u>
	4.590.489	4.913.433
Decrease/(increase) in inventories	9.441.963	(14.945.232)
Decrease/(increase) in trade and other receivables	28.921.798	(17.351.752)
(Decrease)/increase in trade and other payables	<u>(30.953.912)</u>	<u>239.363</u>
	12.018.338	(27.144.188)
Tax paid	<u>(665.437)</u>	<u>(1.006.865)</u>
Net cash flows from/(used in) operations	<u>11.352.901</u>	<u>(28.151.053)</u>
Cash flows used in investing activities		
Proceeds from disposal of property, plant and equipment	7.894	-
Payment for purchase of property, plant and equipment	5 (661.435)	(348.771)
Interest received	<u>20.321</u>	<u>7.293</u>
Net cash flows used in investing activities	<u>(633.220)</u>	<u>(341.478)</u>
Net cash flow (used in)/from investing activities		
Cash flows from financing activities		
Proceeds from borrowings	14.244.390	12.322.378
Repayment of borrowings	(11.359.352)	(11.285.913)
Interest paid	(1.785.471)	(1.000.648)
(Decrease) / increase in promissory notes	(9.545.726)	11.951.447
Proceeds from derivative financial instruments	<u>1.031.511</u>	<u>-</u>
Net cash flows (used in)/from financing activities	<u>(7.414.648)</u>	<u>11.987.264</u>
Net flow in in cash and cash equivalents	3.305.033	(16.505.267)
Cash and cash equivalents at beginning of the period/year	<u>(24.234.329)</u>	<u>(23.584.480)</u>
Cash and cash equivalents at end of the period/year	7 <u>(20.929.296)</u>	<u>(40.089.747)</u>

The notes on pages 10 to 29 are an integral part of these consolidated financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Note	31 March 2016 €	31 December 2015 €
ASSETS			
Property, plant and equipment	5	3.798.841	3.818.262
Intangible assets		35.506	58.852
Investments in subsidiary companies	6	12.841.060	12.841.060
Long-term loans to subsidiary companies	16	25.884.934	26.480.934
Deferred tax assets		<u>2.175.061</u>	<u>2.172.276</u>
Total non-current assets		<u>44.735.402</u>	<u>45.371.384</u>
Inventories		938.637	4.254.113
Trade and other receivables		13.678.694	17.109.197
Receivables from related companies	16	29.379.907	67.813.508
Financial assets at fair value through profit or loss		16.781	16.781
Refundable taxes		137.059	137.059
Cash and cash equivalents	7	<u>2.391.600</u>	<u>2.624.785</u>
Total current assets		<u>46.542.678</u>	<u>91.955.443</u>
Total assets		<u>91.278.080</u>	<u>137.326.827</u>
Equity			
Share capital	8	25.187.064	25.187.064
Reserves		<u>10.274.455</u>	<u>11.895.306</u>
Total equity		<u>35.461.519</u>	<u>37.082.370</u>
Liabilities			
Long-term loans	9	3.658.645	2.424.613
Deferred taxation		<u>440.562</u>	<u>440.786</u>
Total non-current liabilities		<u>4.099.207</u>	<u>2.865.399</u>
Trade and other payables		14.056.322	54.659.258
Bank overdrafts	9	28.954.990	32.087.337
Short term loans	9	3.715.415	3.765.959
Current portion of long-term loans	9	1.885.820	3.904.012
Promissory notes		1.812.670	2.682.361
Derivative financial instruments		1.288.737	276.731
Tax payable		<u>3.400</u>	<u>3.400</u>
Total current liabilities		<u>51.717.354</u>	<u>97.379.058</u>
Total liabilities		<u>55.816.561</u>	<u>100.244.457</u>
Total equity and liabilities		<u>91.278.080</u>	<u>137.326.827</u>

The notes on pages 10 to 29 are an integral part of these consolidated financial statements.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2016

1. Unaudited financial statements

The condensed interim financial statements for the A' quarters ended on 31 March 2015 and 2016 respectively, have not been audited by the external auditors of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed 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 2015.

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 at the balance sheet date are translated to the functional currency at the exchange rate prevailing at that date and the Foreign currency differences arising on retranslation are recognized in profit or loss. 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.

As from 1/1/2010, the Company has chosen to implement the provisions of IAS 39 for the hedging of the foreign exchange risk. According to the provisions of IAS 39, 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 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.

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.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2016

3. OPERATING SEGMENTS (continued)

Sales and total non-current assets that relate to intangible assets and property, plant and equipment are allocated between Cyprus and abroad as follows:

	Revenue		Total non-current assets	
	31 March 2016 €	31 March 2015 €	31 March 2016 €	31 December 2015 €
Cyprus	14.880.675	17.366.742	43.546.307	43.684.427
Greece	17.945.887	23.485.051	535.859	547.302
United Arab Emirates	86.297.306	81.969.062	4.253.126	4.261.682
Other Foreign Countries	<u>78.779.952</u>	<u>79.291.800</u>	<u>2.809.649</u>	<u>2.338.176</u>
	<u>197.903.820</u>	<u>202.112.655</u>	<u>51.144.941</u>	<u>50.831.587</u>

31 March 2016	European Markets Distribution Segment €	Middle East Markets Distribution Segment €	All other Segments €	Services Segments €	Intersegment transaction €	Total €
External revenue	<u>36.452.978</u>	<u>136.845.447</u>	<u>15.846.290</u>	<u>8.759.105</u>	<u>-</u>	<u>197.903.820</u>
Intersegment revenue	<u>8.638.502</u>	<u>42.240.824</u>	<u>735.418</u>	<u>475.427</u>	<u>(52.090.171)</u>	<u>-</u>
Other income	1.210	27.853	1.074	18.176	-	48.313
Depreciation and amortization	92.068	122.298	44.519	43.032	-	301.917
Personnel costs	905.591	2.601.083	612.086	1.113.092	-	5.231.852
Travelling expenses	121.734	55.670	20.904	47.708	-	246.016
Provision for bad debts	(482)	80.755	(14.059)	(4.905)	-	61.309
Professional fees	231.748	71.601	39.910	117.661	-	460.920
Rent	76.774	242.248	84.484	65.090	-	468.596
Credit insurance	72.218	191.655	23.349	-	-	287.222
Transportation expenses	<u>60.321</u>	<u>384.518</u>	<u>41.712</u>	<u>707</u>	<u>-</u>	<u>487.258</u>
Operating profit	<u>229.558</u>	<u>3.659.871</u>	<u>342.150</u>	<u>561.861</u>	<u>480.768</u>	<u>5.274.208</u>
Net foreign exchange loss	(313.133)	54.811	300.606	183.844	(370.646)	(144.518)
Interest receivable	2.089	-	951	17.281	-	20.321
Interest payable and bank charges	<u>(785.506)</u>	<u>(799.881)</u>	<u>(31.026)</u>	<u>(27.430)</u>	<u>(141.628)</u>	<u>(1.785.471)</u>
Net finance costs	<u>(1.096.550)</u>	<u>(745.070)</u>	<u>270.531</u>	<u>173.695</u>	<u>(512.274)</u>	<u>(1.909.668)</u>
Share of loss of associated company and partnership (net of taxation)	<u>(96.829)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(96.829)</u>
Profit before tax	<u>(963.821)</u>	<u>2.914.801</u>	<u>612.681</u>	<u>735.556</u>	<u>(31.506)</u>	<u>3.267.711</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2016

3. OPERATING SEGMENTS (continued)

31 March 2015	European Markets Distribution Segment €	Middle East Markets Distribution Segment €	All other Segments €	Services Segments €	Intersegment transaction €	Total €
External revenue	42.284.024	129.414.971	18.350.989	12.062.671	-	202.112.655
Intersegment revenue	20.030.029	38.285.637	683.533	1.193.581	(60.192.780)	-
Other income	39.383	(7.593)	15.276	3.415	-	50.481
Depreciation and amortization	103.766	110.416	49.082	43.529	-	306.793
Personnel costs	1.251.622	2.019.580	632.004	1.117.495	-	5.020.701
Travelling expenses	113.434	35.953	29.244	45.857	-	224.488
Provision for bad debts	(16.018)	(85.155)	(1.858)	-	-	(103.031)
Professional fees	246.901	60.044	40.411	92.584	-	439.940
Rent	72.170	198.924	91.818	65.471	-	428.383
Credit insurance	91.781	173.654	24.484	-	-	289.919
Transportation expenses	71.766	103.062	52.691	1.987	-	229.506
Operating profit	750.605	3.634.097	153.485	2.125.922	(572.393)	6.091.716
Net foreign exchange loss	(2.367.536)	10.046	(635.768)	(1.024.860)	3.089.647	(928.471)
Interest receivable	3.418	-	3.828	47	-	7.293
Interest payable and bank charges	(1.000.701)	(892.029)	(2.610)	(55.617)	144.006	(1.806.951)
Net finance costs	(3.364.819)	(881.983)	(634.550)	(1.080.430)	3.233.653	(2.728.129)
Share of loss of associated company and partnership (net of taxation)	-	-	(129.416)	-	-	(129.416)
Profit before tax	(2.614.214)	2.752.114	(610.481)	1.045.492	2.661.260	3.234.171

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSPeriod ended 31 March 2016**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 of the period 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:

	31 March 2016	31 March 2015
Profit attributable to owners (€)	<u>3.044.205</u>	<u>2.847.545</u>
Weighted average number of ordinary shares in issue during the period	<u>74.079.600</u>	<u>74.079.600</u>
Basic earnings per share (cent)	<u>4,11</u>	<u>3,84</u>
Diluted weighted average number of shares	<u>74.079.600</u>	<u>74.079.600</u>
Diluted earnings per share (cent)	<u>4,11</u>	<u>3,84</u>

THE COMPANYBasic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the profit of the period 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:

	31 March 2016	31 March 2015
Loss attributable to owners (€)	<u>(1.642.932)</u>	<u>(1.213.244)</u>
Weighted average number of ordinary shares in issue during the period	<u>74.079.600</u>	<u>74.079.600</u>
Basic loss per share (cent)	<u>(2,22)</u>	<u>(1,64)</u>
Diluted weighted average number of shares	<u>74.079.600</u>	<u>74.079.600</u>
Diluted loss per share (cent)	<u>(2,22)</u>	<u>(1,64)</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2016

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 2015	7.953.222	6.457.994	2.835.014	1.720.035	18.966.265
Additions for the period	798.344	751.335	147.746	120.795	1.818.220
Disposals for the period	(312.926)	(407.290)	(57.191)	(58.743)	(836.150)
Exchange differences	469.687	94.261	72.955	63.780	700.683
Balance at 31 December 2015	<u>8.908.327</u>	<u>6.896.300</u>	<u>2.998.524</u>	<u>1.845.867</u>	<u>20.649.018</u>
Balance at 1 January 2016	8.908.327	6.896.300	2.998.524	1.845.867	20.649.018
Additions for the period	280.967	274.930	105.538	-	661.435
Disposals for the period	-	(96.104)	-	-	(96.104)
Exchange differences	(219.702)	(78.900)	(44.498)	(28.659)	(371.759)
Balance at 31 March 2016	<u>8.969.592</u>	<u>6.996.226</u>	<u>3.059.564</u>	<u>1.817.208</u>	<u>20.842.590</u>
Depreciation					
Balance at 1 January 2015	481.494	4.176.685	1.783.521	1.132.113	7.573.813
Charge	254.455	921.513	271.743	188.022	1.635.733
Disposals for the period	(137.054)	(385.369)	(39.793)	(58.743)	(620.959)
Exchange differences	31.874	32.862	14.163	24.395	103.294
Balance at 31 December 2015	<u>630.769</u>	<u>4.745.691</u>	<u>2.029.634</u>	<u>1.285.787</u>	<u>8.691.881</u>
Balance at 1 January 2016	630.769	4.745.691	2.029.634	1.285.787	8.691.881
Charge	61.287	250.186	69.307	46.396	427.176
Disposals for the period	-	(94.150)	-	-	(94.150)
Exchange differences	(15.837)	(57.571)	(23.580)	(14.487)	(111.475)
Balance at 31 March 2016	<u>676.219</u>	<u>4.844.156</u>	<u>2.075.361</u>	<u>1.317.696</u>	<u>8.913.432</u>
Net book amount					
Balance at 31 March 2016	<u>8.293.373</u>	<u>2.152.070</u>	<u>984.203</u>	<u>499.512</u>	<u>11.929.158</u>
Balance at 1 January 2016	<u>8.277.558</u>	<u>2.150.609</u>	<u>968.890</u>	<u>560.080</u>	<u>11.957.137</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2016

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 2015	3.487.500	1.643.881	565.677	441.659	6.138.717
Additions for the period	-	129.595	17.909	15.718	163.222
Disposals for the period	-	-	-	(35.384)	(35.384)
Balance at 31 December 2015	<u>3.487.500</u>	<u>1.773.476</u>	<u>583.586</u>	<u>421.993</u>	<u>6.266.555</u>
Balance at 1 January 2016	3.487.500	1.773.476	583.586	421.993	6.266.555
Additions for the period	-	40.121	1.789	-	41.910
Balance at 31 March 2016	<u>3.487.500</u>	<u>1.813.597</u>	<u>585.375</u>	<u>421.993</u>	<u>6.308.465</u>
Depreciation					
Balance at 1 January 2015	65.250	1.353.501	453.178	384.987	2.256.916
Charge	65.250	108.924	26.535	26.052	226.761
Disposals for the period	-	-	-	(35.384)	(35.384)
Balance at 31 December 2015	<u>130.500</u>	<u>1.462.425</u>	<u>479.713</u>	<u>375.655</u>	<u>2.448.293</u>
Balance at 1 January 2016	130.500	1.462.425	479.713	375.655	2.448.293
Charge	19.610	29.977	6.163	5.581	61.331
Balance at 30 September 2015	<u>150.110</u>	<u>1.492.402</u>	<u>485.876</u>	<u>381.236</u>	<u>2.509.624</u>
Net book amount					
Balance at 31 March 2016	<u>3.337.390</u>	<u>321.195</u>	<u>99.499</u>	<u>40.757</u>	<u>3.798.841</u>
Balance at 1 January 2016	<u>3.357.000</u>	<u>311.051</u>	<u>103.873</u>	<u>46.338</u>	<u>3.818.262</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2016

6. INVESTMENTS IN SUBSIDIARIES

The Company has the following investments in subsidiary companies:

<u>Name</u>	<u>Country of incorporation</u>	31 March 2016 Holding %	31 December 2015 Holding %	Cost 31 March 2016 €	Cost 31 December 2015 €
Logicom (Overseas) Limited	Cyprus	100	100	-	-
Logicom Solutions Limited	Cyprus	100	100	-	-
Logicom (Middle East) SAL	Lebanon	100	100	52.652	52.652
ENET Solutions - Logicom S.A.	Greece	100	100	1.205.400	1.205.400
Logicom FZE	United Arab Emirates	100	100	7.759.420	7.759.420
Logicom Dubai LLC	United Arab Emirates	100	100	-	-
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	100.382	100.382
Logicom Information Technology Distribution s.r.l.	Romania	100	100	63	63
Logicom Bulgaria EOOD	Bulgaria	100	100	10.048	10.048
Noesis Ukraine LLC	Ukraine	46	46	11.214	11.214
Logicom Services Ltd	Cyprus	100	100	10.000	10.000
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	16.365	16.365
				<u>12.841.060</u>	<u>12.841.060</u>

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

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 Ltd, the 100% of the subsidiary in Cyprus, Netcom Ltd.

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

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.

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.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2016

6. INVESTMENTS IN SUBSIDIARIES *(continued)*

The Company owns indirectly, through the subsidiary company Logicom Services Ltd 100% of the subsidiary in Cyprus, Inteli-scape Limited, with share capital of €85.500.

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 subsidiary Logicom Dubai LLC 100% of Logicom Trading and Distribution LLC in Qatar, with share capital of €40.015.

On 31 March 2016, the Company made an impairment assessment of its investments by comparing the net asset value of each investment with the carrying amount. There was no indication for impairment in the value of the investments in subsidiaries, except for Netcom Ltd, Verendrya Ventures Ltd, Logicom Middle East SAL, Cadmus Tech Points S.A.L., Logicom Bulgaria EOOD, Logicom Information Technology Distribution s.r.L, Rehab Technologies Ltd and Logicom Solutions LLC based on the criteria discussed above.

The Company issued a financial support commitment to the Group companies noted above, confirming that the Group will continue to provide financial support to enable them to continue as a going concern and meet their liabilities as they fall due.

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

	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	5.000
Netcom Limited	27/04/2000	EUR 1,71	10.000
Logicom (Middle East) SAL	25/07/2000	LBP 15.000	5.000
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
Logicom 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
Inteli-scape Ltd	29/09/2011	EUR 1,71	50.000
Logicom LLC	02/09/2012	OR 1	20.000
Logicom Kuwait for Computer Company W.L.L	13/03/2014	KD200	100
Logicom Trading & Distribution LLC	23/03/2014	QR1000	200
Cadmus Tech Points S.A.L	01/10/2013	LBP10000	<u>3.000</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2016

7. CASH AND CASH EQUIVALENTS

THE GROUP

	31 March 2016 €	31 December 2015 €
Cash in hand	55.592	17.944
Current accounts with banks	<u>27.773.635</u>	<u>28.130.777</u>
	<u>27.829.227</u>	<u>28.148.721</u>

THE COMPANY

	31 March 2016 €	31 December 2015 €
Cash in hand	2.537	2.031
Current accounts with banks	<u>2.389.063</u>	<u>2.622.754</u>
	<u>2.391.600</u>	<u>2.624.785</u>

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

THE GROUP

	31 March 2016 €	31 December 2015 €
Cash at bank and in hand	27.829.227	28.148.721
Bank overdrafts and short term loans (Note 9)	<u>(48.758.523)</u>	<u>(52.383.050)</u>
	<u>(20.929.296)</u>	<u>(24.234.329)</u>

THE COMPANY

	31 March 2016 €	31 December 2015 €
Cash at bank and in hand	2.391.600	2.624.785
Bank overdrafts and short term loans (Note 9)	<u>(30.767.660)</u>	<u>(32.087.337)</u>
	<u>(28.376.060)</u>	<u>(29.462.552)</u>

8. SHARE CAPITAL

	31 March 2016 Number of shares	31 March 2016 €	31 December 2015 Number of shares	31 December 2015 €
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	<u>74.079.600</u>	<u>25.187.064</u>	<u>74.079.600</u>	<u>25.187.064</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2016

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

	31 March 2016 €	31 December 2015 €
Long-term loans	6.199.334	6.938.823
Short term loans	46.264.749	43.038.306
Bank overdrafts (Note 7)	<u>48.758.523</u>	<u>52.383.050</u>
	<u>101.222.606</u>	<u>102.360.179</u>

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

THE GROUP

	31 March 2016 €	31 December 2015 €
Within one year	1.885.820	3.991.439
Between two and five years	<u>4.313.514</u>	<u>2.947.384</u>
	<u>6.199.334</u>	<u>6.938.823</u>

THE COMPANY

	31 March 2016 €	31 December 2015 €
Long-term loans	5.544.465	6.328.625
Short term loans	3.715.415	3.765.959
Bank overdrafts (Note 7)	<u>30.767.660</u>	<u>32.087.337</u>
	<u>40.027.540</u>	<u>42.181.921</u>

Maturity of non-current borrowings:

THE COMPANY

	31 March 2016 €	31 December 2015 €
Within one year	1.885.820	3.904.012
Between two and five years	<u>3.658.645</u>	<u>2.424.613</u>
	<u>5.544.465</u>	<u>6.328.625</u>

10. 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.

11. RISK MANAGEMENT

The main financial assets held by the Group and the Company are cash at bank, investments and trade and other receivables. The main financial liabilities of the Group and the Company are bank facilities and loans and trade payables. The Group and the Company are exposed to the following risks from their financial assets and liabilities.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2016

11. RISK MANAGEMENT *(continued)*

11.1 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. for the insurance of the credit 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 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 physical persons.

11.2 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.

11.3 Currency risk

This risk arises from adverse movements in foreign exchange rates.

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

The hedging of foreign exchange risk is managed by the Group 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

From 1 January 2010 the Group applies hedge accounting to foreign exchange risk.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2016

11. RISK MANAGEMENT *(continued)*

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 from January 1, 2010 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 comprehensive income.

On 31 March 2016 the amounts that were hedged were, USD 25.000.000 of net investment in the above foreign companies and USD 25.000.000 of bank borrowings.

11.4 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 Greece reduces even further the liquidity risk.

Bank loans and overdrafts of the Group and the Company are presented in note 9.

11.5 Management of equity

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.

12. 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:

	31/03/2016	26/05/2016
	Fully paid Shares	Fully paid Shares
	%	%
Adamos Adamides ¹	0,33	0,33
Varnavas Irinarchos ²	51,55	51,55
Takis Klerides	0,41	0,41
Nikos Michaelas	-	-
George Papaioannou	0,80	0,82
Anthoulis Papachristoforou	0,50	0,50
Anastasios Athanasiades	-	-

1. The direct ownership of Mr. Adamos Adamides on 26 May 2016 is 0,32% and the indirect ownership that arises from the participation of his wife Mrs. Maro Adamidou, is 0,01%.
2. The indirect ownership of Mr. Varnavas Irinarchos on 26 May 2016 of 51,55% arises from the participation of the company Edcrane Ltd.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2016

13. SHAREHOLDERS' INTEREST

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

	31/03/2016 %	26/05/2016 %
Varnavas Irinarchos ¹	51,55	51,55
Demetra Investment Public Ltd	10,28	10,28

1. The direct or indirect interest of Mr. Varnavas Irinarchos on 26 May 2016 is through the company Edcrane Ltd.

14. 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 2015 the annual salary of the Managing Director was €112.760. 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 2015 the allowance for entertainment expenses amounted to €25.629.

In addition, the Company provides to the Managing Director an appropriate vehicle and covers all related expenses. Mr. Varnavas Irinarchos is currently using his privately owned car and the Company covers all related expenses.

The contract was renewed for one year from 1 January 2016, with the same annual salary (13 months) of €112.760. The Company will also pay annually (12 months), for entertainment expenses, the same amount of €25.629.

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

Mr. Anthoulis Papachristoforou has no employment contract with the company. In 2015 the annual salary of Mr. Papachristoforou amounted to €104.895. The remuneration of Mr. Papachristoforou for 2016 will be reconsidered.

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

Period ended 31 March 2016

15. 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 (€3.162.055) to a foreign supplier for providing a trading credit facility. This guarantee is valid from 12 August 2015 until 18 August 2016.
- (2) The Company has provided a second bank guarantee of up to USD 400.000 (€351.339) to a second foreign supplier for providing a trading credit facility. This guarantee is valid from 24 August 2015 until 18 August 2016.
- (3) The Company has provided a third bank guarantee of up to EUR 1.350.000 to a third foreign supplier for providing a trading credit facility. This guarantee is valid from 30 September 2015 until 11 August 2016.
- (4) The Company has provided a fourth bank guarantee of up to EUR150.000 to a fourth foreign supplier for providing a trading facility. This guarantee is valid from 30 September 2015 to 11 August 2016.
- (5) The Company has provided a fifth bank guarantee of up to USD 1.600.000 (€1.405.358) to a fifth supplier for providing a trading facility. This guarantee has expired on 12 April 2016 and was renewed for up to USD 1.200.000 (€1.054.018) and is valid until 12 April 2017.
- (6) The Company has provided a sixth bank guarantee of up to USD 300.00 (€263.505) to a sixth foreign supplier for providing a trading facility. This guarantee is valid from 11 March 2016 until 11 September 2016.
- (7) The Company has provided bank guarantees of up to USD 1.600.000 (€1.405.358) to a seventh foreign supplier for providing a trading facility. These guarantees are valid from 11 March 2016 until 11 September 2016.
- (8) The Company has provided an eighth guarantee of up to €34.172 to the Director of Customs and Excise Department for the use of a Bonded Warehouse in the Free Trade Zone in Larnaca.
- (9) The Company has provided a ninth bank guarantee of up to €239.170 to the VAT Commissioner for the examination of a relevant objection to the opinion of the Value Added Tax Department and the demand for the payment of an equal amount.
- (10) Group companies have provided bank guarantees for the purpose of participating in governmental and private sector projects.

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.

16. 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 STATEMENTS

Period ended 31 March 2016

16. RELATED PARTY TRANSACTIONS *(continued)*

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

Sales

	31 March 2016 €	31 March 2015 €
Logicom Solutions Limited	217.771	260.316
Newcytech Business Solutions Ltd	664.732	618.216
ENET Solutions - Logicom S.A.	1.764.557	7.792.588
Logicom Jordan LLC	746.801	802.081
Logicom (Middle East) SAL	50.196	73.418
Logicom FZE	188	-
Logicom Italia s.r.l.	9.072	1.964
Logicom Information Technology Distribution s.r.l.	1.891.288	4.228.079
Logicom Saudi Arabia LLC	-	589
Verendrya Ventures Ltd	<u>141.628</u>	<u>144.006</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:

	31 March 2016 €	31 December 2015 €
ENET Solutions - Logicom S.A.	2.250.329	2.353.265
Logicom (Middle East) SAL	4.195.257	4.387.159
Logicom FZE	2.403.063	2.723.064
Logicom Jordan LLC	2.684.321	2.807.110
Verendrya Ventures Ltd	<u>14.351.964</u>	<u>14.210.336</u>
	<u>25.884.934</u>	<u>26.480.934</u>

There is no written agreement between the parent and the subsidiary companies, regarding the long-term loans receivable from subsidiary companies. The loans bear no interest and there is no fixed repayment date.

The long-term loan with the subsidiary company Verendrya Ventures Limited, refers to the contract for the financing of the operations of the desalination units in Larnaka and Episkopi. The loan bears an annual interest of 4,5% and has no fixed repayment date.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2016

16. RELATED PARTY TRANSACTIONS *(continued)***Balances with subsidiary companies**

	31 March 2016 €	31 December 2015 €
Logicom (Overseas) Limited	(406.267)	(430.063)
Netcom Limited	86.266	86.266
Logicom Solutions Limited	3.426.195	4.770.043
Logicom Services Ltd	19.306.733	19.310.943
Newcytech Business Solutions Ltd	781.172	414.606
ENET Solutions - Logicom S.A.	1.171.651	2.460.353
ICT Logicom Solutions SA	(964.073)	(964.073)
Logicom Jordan LLC	498.026	1.164.702
Logicom (Middle East) SAL	(1.273.653)	376.001
Logicom FZE	(26.826.314)	(10.160.515)
Logicom Dubai LLC	1.129.012	2.919.383
Logicom Solutions LLC	-	1.180.656
Logicom Italia s.r.l.	6.560.386	6.987.297
Logicom IT Distribution Limited	908.513	3.521.945
Logicom Saudi Arabia LLC	19.596.262	26.124.671
Logicom Information Technology Distribution s.r.l.	4.880.675	9.580.133
Logicom Bulgaria EOOD	936.492	926.820
Logicom Distribution Germany GmbH	(431.169)	(455.660)
	<u>29.379.907</u>	<u>67.813.508</u>

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

Balances with associated companies

	31 March 2016 €	31 December 2015 €
M.N. Larnaca Water Co Ltd	330.028	336.224
M.N. Limassol Water Co. Ltd	595.069	596.062
	<u>925.097</u>	<u>932.286</u>

The balances with the related companies relate to the financing of the construction, maintenance and operation of the desalination plants in Cyprus. The ability of the Company to recover the amounts receivable depends on the operating environment that the Company operates in.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2016

16. RELATED PARTY TRANSACTIONS (continued)

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

Sales

	31 March 2016 €	31 March 2015 €
Logicom Public Limited	211.909	257.499
Logicom Jordan LLC	503.750	686.568
Logicom (Middle East) SAL	1.112.827	886.753
Logicom Dubai LLC	31.649.327	28.269.329
Logicom IT Distribution Limited	43.283	50.913
Logicom Saudi Arabia LLC	2.675.967	2.331.230
Logicom Kuwait Computer Company W.L.L	4.521.770	3.790.870
Logicom Trading and Distribution LLC	1.477.802	1.821.499
Logicom Solutions Ltd	<u>790</u>	<u>-</u>

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

Sales

	31 March 2016 €	31 March 2015 €
Logicom Public Limited	1.402	211
Logicom Jordan LLC	331	458
Logicom FZE	<u>8.476</u>	<u>48.153</u>

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

Sales

	31 March 2016 €	31 March 2015 €
Logicom (Middle East) SAL	320	-
Logicom Solutions LLC	<u>155</u>	<u>11.107</u>

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

Sales

	31 March 2016 €	31 March 2015 €
Logicom FZE	-	18.287
Logicom Saudi Arabia LLC	<u>-</u>	<u>218.718</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2016

16. RELATED PARTY TRANSACTIONS *(continued)*

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

Sales

	31 March 2016 €	31 March 2015 €
Logicom Public Limited	1.288.745	1.359.878
ICT Logicom Solutions SA	25.059	111.061
Logicom Italia s.r.l.	121	62
Logicom IT Distribution Limited	1.280.345	3.929.570
Logicom Information Technology Distribution s.r.l.	405.441	450.150
Newcytech Business Solutions Ltd	-	1.249
	<u>-</u>	<u>1.249</u>

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

Sales

	31 March 2016 €	31 March 2015 €
Logicom Public Limited	201.684	167.269
Newcytech Business Solutions Ltd	25.804	31.116
ICT Logicom Solutions SA	179.044	265.637
	<u>179.044</u>	<u>265.637</u>

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

Sales

	31 March 2016 €	31 March 2015 €
Logicom Public Limited	115.684	-
ENET Solutions - Logicom S.A.	5.363	207.983
	<u>5.363</u>	<u>207.983</u>

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

Sales

	31 March 2016 €	31 March 2015 €
Logicom Public Limited	1.807	58
ENET Solutions - Logicom S.A.	6.757	4.149
	<u>6.757</u>	<u>4.149</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2016

16. RELATED PARTY TRANSACTIONS *(continued)*

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

Sales

	31 March 2016 €	31 March 2015 €
ENET Solutions - Logicom S.A.	5.582	3.784
Logicom Jordan LLC	8.574	8.297
Logicom (Middle East) SAL	-	1.949
Logicom FZE	30.016	125.464
Logicom IT Distribution Limited	-	9.752
Logicom Saudi Arabia LLC	<u>4.233</u>	<u>12.178</u>

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

Sales

	31 March 2016 €	31 March 2015 €
Logicom Public Limited	246	1.062
Logicom Solutions Limited	50.692	660.845
Newcytech Distribution Ltd	<u>17.958</u>	<u>50.579</u>

The sales made by Logicom IT Distribution Limited to Group companies were as follows:

Sales

	31 March 2016 €	31 March 2015 €
ENET Solutions - Logicom S.A.	538.494	177.428
Logicom FZE	58.672	180.646
Logicom IT Distribution Limited	<u>118.945</u>	<u>-</u>

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

Sales

	31 March 2016 €	31 March 2015 €
Logicom Solutions Limited	<u>-</u>	<u>17.074</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSPeriod ended 31 March 2016**16. RELATED PARTY TRANSACTIONS** *(continued)*

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

Sales

	31 March 2016 €	31 March 2015 €
Logicom Italia s.r.l.	<u>31.511</u>	<u>48.817</u>

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

Balances with related companies

	31 March 2016 €	31 March 2015 €
	Debit/ (Credit)	Debit/ (Credit)
Logicom (Overseas) Limited	406.267	430.063
Netcom Limited	(86.266)	(86.266)
Logicom Solutions Limited	(3.426.195)	(4.770.043)
Logicom Services Ltd	(19.306.733)	(19.310.943)
Newcytech Business Solutions Ltd	(781.172)	(414.606)
ENET Solutions - Logicom S.A.	(1.171.651)	(2.460.353)
ICT Logicom Solutions SA	964.073	964.073
Logicom Jordan LLC	(498.026)	(1.164.702)
Logicom (Middle East) SAL	1.273.653	(376.001)
Logicom FZE	26.826.314	10.160.515
Logicom Dubai LLC	(1.129.012)	(2.919.383)
Logicom Solutions LLC	-	(1.180.656)
Logicom Italia s.r.l.	(6.560.386)	(6.987.297)
Logicom IT Distribution Limited	(908.513)	(3.521.945)
Logicom Saudi Arabia LLC	(19.596.262)	(26.124.671)
Logicom Information Technology Distribution s.r.l.	(4.880.675)	(9.580.133)
Logicom Bulgaria EOOD	(936.492)	(926.820)
Logicom Distribution Germany GmbH	<u>431.169</u>	<u>455.660</u>