GROUP OF COMPANIES

HOUSEMARKET S.A.

REG. NO: 46208/04/B/00/37(04)

GENERAL ELECTRONIC COMMERCIAL REGISTRY NO: 003804201000

OFFICES: BUILDING 501 – ATHENS INTERNATIONAL AIRPORT

ANNUAL FINANCIAL REPORT

For the period

1/1/2016 to 31/12/2016

(TRANSLATED FROM THE GREEK ORIGINAL)

(In accordance with Law 3556/2007)

Table of Contents

Statements of Members of the Board of Directors

The members of the Board of Directors

1. Dafni A. Fourlis, Chairman
2. Vassilis S. Fourlis, Vice Chairman and
3. Panagiotis D. Katiforis, CEO

We confirm that to the best of our knowledge:

a. The Annual Financial Statements (Consolidated and Separate) of the Company HOUSEMARKET S.A. for the period 1/1/ - 31/12/2016 which have been prepared in accordance with International Financial Reporting Standards as endorsed by the EU, provide a true and fair view of the Assets, Liabilities and Shareholders Equity along with the income statement of the Group as well as of the companies that are included in the consolidation taken as a whole.

b. The Annual Report of Board of Directors provides a true and fair view of the evolution, performance and financial position of HOUSEMARKET S.A. and of the companies included in the consolidation, taken as a whole, as well as a description of the main risks and uncertainties they face.

Paiania, March 13 2017

The Chairman	The Vice Chairman	The CEO
Dafni A. Fourlis	Vassilis S. Fourlis	Panagiotis D. Katiforis

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY HOUSEMARKET SA FOR THE PERIOD 1/1 – 31/12/2016

(In accordance with L. 3556/ 2007)

TO THE SHAREHOLDERS ANNUAL GENERAL ASSEMBLY OF YEAR 2017

Dear Shareholders,

Please find below, for your approval, the Annual Financial Report (Consolidated and Separate) of the Company HOUSEMARKET S.A. for the period 1/1 - 31/12/2016 and the Group composed by its direct and indirect subdidiaries.

1. THE GROUP – Business Segment

The parent Company HOUSEMARKET S.A. along with its subsidiaries and their subsidiaries which operate in the Retail Trading of Home Furniture and Household Goods (IKEA Stores). The parent company is subsidiary of the company FOURLIS HOLDINGS S.A. with a direct shareholding of 100%.

The subsidiary companies and their subsidiaries of the Group that are included in the consolidated financial statements for the year 2016, are as follows:

a) Full method

- H.M. HOUSEMARKET (CYPRUS) LTD which operates in Cyprus and the Company has a shareholding of 100%.
- HOUSE MARKET BULGARIA AD which operates in Bulgaria and the Company has a shareholding of 100% (except one share).
- WYLDES LTD which operates in Cyprus and the Company has a shareholding of 100%.
- RENTIS REAL ESTATE INVESTMENTS SA which operates in Greece and the company HM HOUSEMARKET (CYPRUS) LTD has a shareholding of 100%.
- TRADE LOGISTICS S.A. which operates in Greece and the Company has a shareholding of 100% (except one share). On 23/12/2016 the parent company of TRADE LOGISTICS SA until then, FOURLIS TRADE SA was merged through its absorption from HOUSEMARKET SA. Therefore TRADE LOGISTICS SA is fully consolidated in the Group HOUSEMARKET within the year 2016, only regarding data of the financial position.

b) Net Equity method

Affiliated companies

The Group's consolidated data include, the following affiliated companies:

- VYNER LTD which operates in Cyprus and the company WYLDES LTD has a direct shareholding of 50%.
- SW SOFIA MALL ENTERPRISES LTD which operates in Cyprus, in which WYLDES LTD has a direct

shareholding of 50%.

2. Group Consolidated Results

(All the amounts are in thousands of euro unless otherwise stated)

The revenue of the Group increased by 4,2% compared to the corresponding prior year period. More analytically: The Group (IKEA Stores) realized sales of amount € 291,3 million for the year 2016 (2015: € 279,6 million). The EBITDA totaled € 27,5 million compared to € 23,6 million in 2015 and reported profits before tax € 6,8 million versus € 4,4 million profits in 2015. TRADE LOGISTICS SA during the year 2016 is fully consolidated in the Group HOUSEMARKET, only regarding the data of the financial position. TRADE LOGISTICS SA is not consolidated in the consolidated results of Group HOUSEMARKET for the specific fiscal year.

Today, seven (7) IKEA Stores are operating, five (5) of which in Greece, one (1) in Cyprus and one (1) in Bulgaria and seven (7) Pick up Points with IKEA products, five (5) of which in Greece (in Rhodes Island, Patras, Chania, Heraklion and Komotini) and two (2) in Bulgaria (Varna and Burgas). Moreover, e-commerce stores are operating in Greece, Cyprus and Bulgaria. All supply chain services are provided by the company of the Group TRADE LOGISTICS which supports IKEA Stores in Greece and Cyprus with automated warehousing and orders delivery systems.

In an effort to present a complete and real view of the Group's performance, we report the consolidated results per segment for the period 1/1 – 31/12/2016 versus 1/1 – 31/12/2015 at the following tables. (Amounts are in thousands of euros)

	2016	2015	2016/ 2015
Revenue	291.328	279.552	1,04
EBITDA	27.541	23.633	1,17
Profit before Tax	6.790	4.418	1,54
Net Profit after Tax and Minority Interests	8.906	3.412	2,61

We note that on a consolidated basis the parent company's Total Equity (after minority interest) at December 31, 2016 amounts to € 141,0 million versus an amount of € 128,8 million at December 31, 2015.

3. Basic Financial Indicators (Consolidated)

Below please find basic Indicators for the Group Financial Structure and Performance & Efficiency according to the consolidated financial statements included in the Annual Financial Report of the Group, for the years 2016 and 2015 respectively.

Financial Structure Indicators:

	2016	2015
Current Assets/ Total Assets	23,04%	23,13%
Total Liabilities/ Total Equity & Liabilities	57,26%	55,78%
Total Equity (after minority interest)/ Total Equity & Liabilities	42,74%	44,22%
Current Assets/ Short Term Liabilities	77,56%	66,06%

Performance & Efficiency basic Indicators:

	2016	2015
Operating Profit/ Revenues	6,19%	5,58%
Profit before tax/ Total Equity (after minority interest)	4,82%	3,43%

4. Operating Performance – Important developments:

During the period 1/1 – 31/12/2016 the following share capital changes were realised at the parent company and its subsidiaries:

- HOUSEMARKET S.A.: Following the resolution of 9/12/2016 of the General Assembly of the shareholders of the Company (relevant minutes of the G.A. with number 39/9.12.2016) as well as the corresponding resolution of the General Assembly of the shareholders of the company FOURLIS TRADE S.A. of 9/12/2016, the merger agreement with number 6140/16.12.2016 of the Notary of Athens Aleksandra Oikonomou – Konduleniou and the amending act with number 6144/22.12.2016 of the same Notary were signed, for the merge of the aforementioned companies, which was implemented through the absorption of FOURLIS TRADE S.A. from HOUSEMARKET S.A., in compliance with the provisions of articles 68 – 77a L.2190/1920 and the provisions of article 54 of L. 4172/2013 and the merge was completed with its registration in General Electronic Commercial Registry (GECR) on 23/12/2016 with Code Registration Number 868530 related to the absorbing HOUSEMARKET SA (relevant announcement issued with protocol number 732347/23.12.2016 of GECR service of the Athens Chamber of Commerce and Industry) as well as with a Code Registration Number 868451 related to the absorbed FOURLIS TRADE SA (relevant announcement issued with protocol number 734356/23.12.2016 of GECR service of the Athens Chamber of Commerce and Industry). Consequently, the share capital of the Company increased by the contributed net equity of the absorbed company FOURLIS TRADE SA, namely € 8.710.646,47 plus the amount of € 0,53 for rounding reasons (which was covered by cash by the sole shareholder "FOURLIS HOLDINGS SA"), namely the amount of € 8.710.647,00, with a subsequent issue of 8.710.647 new nominal shares of the Company, of nominal value € 1,00 per share, which were undertaken to their total by the company "FOURLIS HOLDINGS SA", the only shareholder of both merged companies. After the aforementioned increase, the share capital of the Company amounts to € 47.450.647,00, divided into 47.450.647 shares of nominal value € 1,00 per share, totally paid.

- TRADE LOGISTICS S.A.: Following the resolution of 27/12/2016 of the General Assembly of the shareholders of the Company (relevant minutes of the G.A. with number 20/27.12.2016), the share capital of the company increased by the amount € 10.500.000,00 by issue of 10.500.000 new common nominal vote shares of nominal value € 1,00 per share. This share capital increase was totally covered by tha shareholder HOUSEMARKET S.A. After the aforementioned increase, the share capital of the company amounts to € 18.470.000,00, divided into 18.470.000 shares of nominal value € 1,00 per share, totally paid.

- RENTIS S.A.: Following the resolution of the General Assembly of shareholders held on 22/3/2016 (relevant minute of the G.A. with number 35/22.3.2016), an increase in the share capital of the company was implemented by the total amount of euros 3.350.000,00 euros by issuing 3.350.000 new common nominal vote shares, of nominal value € 1,00 per share. This share capital increase was totally covered by the shareholder H.M. HOUSEMARKET (CYPRUS) LIMITED. After the aforementioned increase, the share capital of the company amounts to € 17.810.000,00 divided into 17.810.000 nominal shares of nominal value € 1,00 per share, totally paid.

- WYLDES LTD: Under ordinary resolution of 19/12/2016 of the Board of Directors of the Company, the share capital increased by the total amount of € 216,00 by issuing 216 shares, of nominal value €1,00 and underlying price € 10.000,00 per share. It must be noted that, following the total payment, from the only shareholder HOUSEMARKET S.A., of the underlying amount of the new shares and total amount of € 2.159.784,00 resulted to the increase of the share premium reserve. Therefore the share capital of the company on 31/12/2016 amounts to € 6.876,00 divided into 6.876 ordinary shares of nominal value €1,00 per share, totally paid.

- VYNER LTD: Following the ordinary resolution of 19/12/2016 of the Board of Directors of the Company, the share capital increased by the amount of € 390,00 by issuing 390 shares, of nominal value €1,00 per share. The subsidiary company WYLDES LTD participated in the aforementioned share capital increase by the amount of € 195,00 (plus € 1.814.805,00 as share premium value). Therefore the share capital of the company on 31/12/2016 amounts to € 9.992,00 divided into 9.992 ordinary shares of nominal value € 1,00 per share, totally paid, while the shareholding of WYLDES LTD in the Company was formed at 49,99% of the paid share capital.

Apart from the above, there are no other changes at the share capital of the companies of the Group within 2016.

On 16/9/2016, the Company announced that it will issue an Ordinary Corporate Non-Convertible Unsecured Bond Loan with an issue amount of minimum € 15.000.000 and maximum € 40.000.000.

The loan is subject to the Greek Law and has a five year maturity period with an annual fixed interest rate of 5% and three-month interest payment. The issuance of the Corporate Bond Loan was implemented through a public offering in Greece and the issued bonds will be listed in the Regulated Debt segment market of the Athens Stock Exchange. The fact that the minimum invested amount, namely € 1.000 per investor, made the bonds accessible to all investors, from individuals to big institutional investors, is highly important.

The basic data of the issue are as follows:

Corporate Bond Loan HOUSEMARKET S.A.	
Maturity	5 years
Coupon	5% per annum
Interest payment	Three-months
Minimum denomination	€1.000/investor
Bond underlying price	100% of nominal value (€1)
Issuer Credit Rating	BB by ICAP (02.09.2016)
Offer Period & Methodology of Public Offering	From 28 to 30 September 2016 via Electronic Book Building (E.B.B.) of ATHEX
Trading Unit on ATHEX	One (1) Bond
Issue Advisor	EUROXX SECURITIES S.A.
Underwriters	NATIONAL BANK OF GREECE S.A., INVESTING BANK OF GREECE S.A., EUROXX SECURITIES S.A. and PANTELAKIS SECURITIES S.A.

On 4/10/2016, the Company announced that, upon completion of the Public Offering on 30th September 2016 and according to the aggregated information regarding the distribution through the usage of the Electronic Book Building (E.B.B.) of ATHEX, there was submission of total offers amounted at € 50.174.290. The oversubscription of the Public Offering resulted to the issue of totally 40.000.000 bonds, with underlying price € 1,00 each, namely € 40.000.000, which was distributed as follows:

(1) 13.000.677 bonds (approximately 32,50% of the total issued bonds) were distributed to Individual Investors, over the total number of bids for 13.364.290 bonds (namely approximately 97,28% of the interest shown was satisfied at this specific investors category) and

(2) 26.999.323 bonds (approximately 67,50% of the total issued bonds) were distributed to Qualified Investors, over the total number of bids for 36.810.000 bonds (namely approximately 73,35% of the interest shown was satisfied at this specific investors category).

On 6/10/2016 the trading of all 40.000.000 issued bonds of the Company commenced in the fixed income securities category of the regulated market of Athens Stock Exchange. The trading code of the bonds is ΧΑΟΥΣΜΟ1 in Greek font and HOUSEMB1 in Latin font. The starting trading price is € 1 per bond, equal to the underlying price of the bonds.

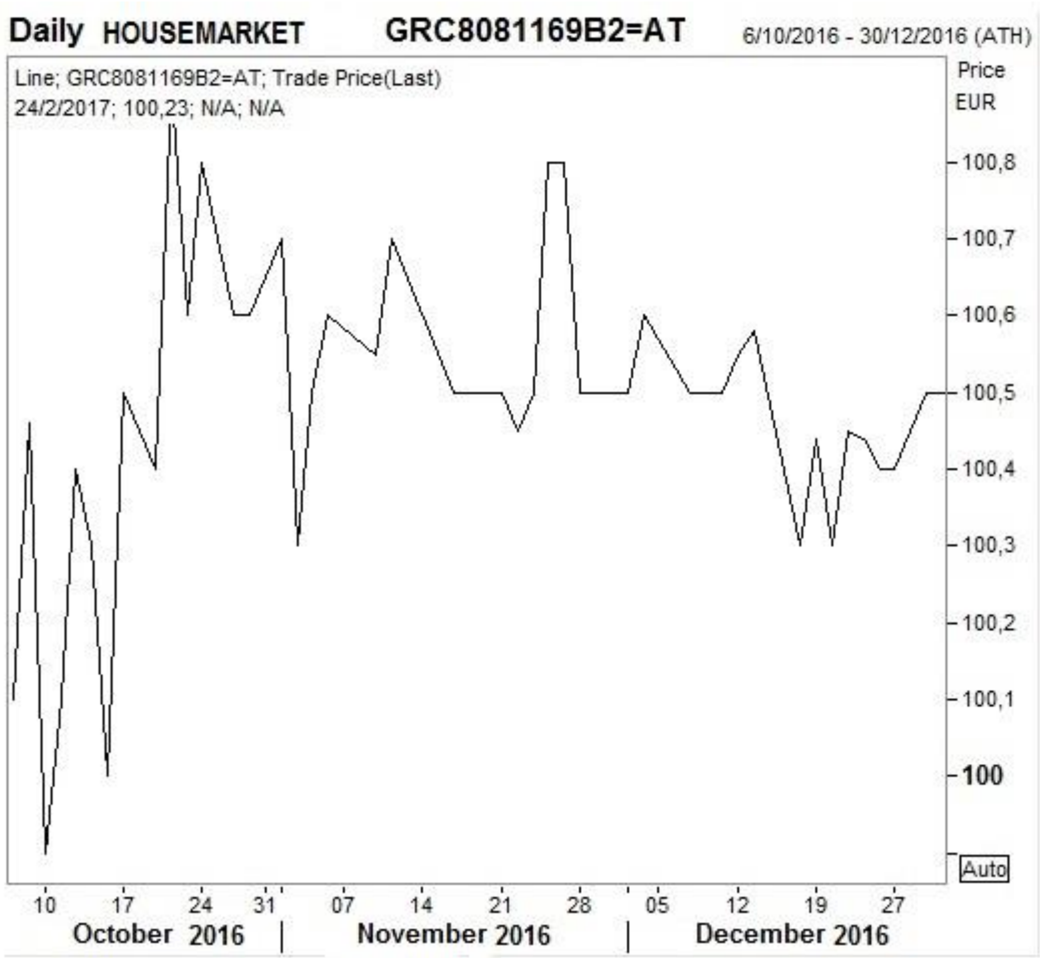
The parent company HOUSEMARKET SA has the following branches:

- Thessaloniki IKEA store (89 Georgikis Scholis str., Pylaia) operating since October 2001.
- Athens IKEA store – Airport («Eleftherios Venizelos» Athens International Airport, Spata) operating since April 2004.
- Athens IKEA store – Egaleo (96-98 Kifissos Av., Egaleo) operating since March 2008.
- Larissa IKEA store (8^{th} km of Larissa - Athens Old National Road) operating since October 2009.
- Ioannina IKEA store (12^{th} km of Ioannina – Athens National Road) operating since December 2010.
- IKEA products Pick up Point in Rhodes (5^{th} km of Rhodes – Lindos Av.) operating since November 2012.
- IKEA products Pick up Point in Patras (250 Patras –Klaus Av.) operating since August 2013.
- IKEA products Pick up Point in Chania (404 Konstantinou Karamanli Av.) operating since September 2013.
- IKEA products Pick up Point in Heraklion (1 Velisariou str. & Ikarou Av., S. Alikarnassos) operating since October 2013.
- IKEA products Pick up Point in Komotini (3th km Komotinis – Alexandroupolis, Roditis) operating since April 2014.
- E-commerce store operating since August 2014.

Through its subsidiary company HOUSEMARKET (CYPRUS) LTD, an IKEA store and an e-commerce store operate in Nicosia, Cyprus since September 2007. Moreover an IKEA store operates in Sofia, Bulgaria since September 2011 through its subsidiary HOUSEMARKET BULGARIA AD, an e-commerce store as well as two IKEA Pick up Points, one in Varna since July 2015 and one in Burgas since October 2016.

5. Development of the bond price

Here we present a Table which shows the development of the bond price of the parent Company HOUSEMARKET SA which is traded in the fixed income securities category of Athens Stock Exchange from 6/10/2016 to 31/12/2016.



6. Stock Option Plan

Members of the Management of the Company and its subsidiaries participate in a Stock Option Plan of the parent company FOURLIS HOLDINGS SA.

The Extraordinary General Assembly of the parent Company FOURLIS HOLDINGS SA on 27/9/2013, under the context of Stock Option Plan, approved the disposal of 1.507.678 stock options and authorized the Board of Directors to regulate the procedural issues and details. The program will be implemented in three waves, with a maturity period of three years per wave. Options must be exercised within five years since their maturity date. In case that there are undisposed options, after the allocation of options mentioned above, these options will be cancelled. The underlying share price of each wave is the closing market price of the share at the decision date of the Extraordinary General Assembly regarding the approval of the SOP.

On 25/11/2013, the BoD granted 502.550 stock options, which compose the first of the three waves. The underlying share price to which the granted stock options refer, is determined to the amount of euros 3,4 per share which is the closing market price of the share on the date of the Extraordinary General Assembly.

On 24/11/2014, the BoD granted 502.550 stock options, which compose the second of the three waves. The underlying share price to which the granted stock options refer, is determined to the amount of euros 3,4 per share which is the closing market price of the share on the date of the Extraordinary General Assembly.

On 23/11/2015, the BoD granted 502.578 stock options, which compose the third of the three waves. The underlying share price to which the granted stock options refer, is determined to the amount of euros 3,4 per share which is the closing market price of the share on the date of the Extraordinary General Assembly.

Within the year 2016, 338.088 stock options (hereinafter "the Options") were exercised which had been granted in accordance with the resolutions of the BoD of 25/11/2013, 24/11/2014 and 23/11/2015. Following the resolution of 22/12/2016 of the Board of Directors (relevant minutes of the BoD 379/22.12.2016), the exercise of the aforementioned options from their beneficiaries of the Program was certified by payment of the defined underlying price of the new shares which in compliance to the provisions of the Program of 27/9/2013, amounts to € 3,40 per share, namely the payment of the total amount € 1.149.499,20 and new common nominal shares of equal number (338.088) were issued and delivered, of nominal value € 1,07 per share. Four beneficiaries responded to the aforementioned invitation, among which members of the Management of the Company.

During period 1/1 – 31/12/2016, no beneficiaries waived their right to exercise options (2015: 5.870) which were granted by the BoD of the parent company FOURLIS HOLDINGS SA on 25/11/2013.

7. Information about Group's plan of development

According to the temporary data of the Hellenic Statistical Authority of 6/3/2017 the GDP in terms of volume, for the 4th quarter of 2016, decreased by 1,1% compared to the corresponding quarter of 2015. This fact leads to the estimation that the year 2016 will end up to a slightly negative sign for the Greek economy. The excess of the primary surplus goal (from 0,5% to 2,0%) at the fiscal front despite being a good progress, it is not itself sufficient to create a positive perspective and therefore ambitious expectations for the year 2017. Especially in Greece where the Group operates, the Retail Trading of Home Furniture and Household Goods segment has an intense declining trend. According to the latest available data of Hellenic Statistical Authority (February 2017), based on the year 2010 = 100, the Turnover Index of Retail of the segment "Home Furniture - Electrical equipment – Household Goods" was in 2016 at 52,6, recording a decline comparing to 2015 by 2,4% (52,6 against 53,9).

Despite the adverse economic situation in Greece for the segment as described above, the Group managed to widen its bonds with the consumers by gaining market shares, stabilize its income and create the preconditions for future positive efforts.

The Management of the Group, following its expectations that in the year 2017 in Greece the retail trading will remain under pressure due to the ongoing unemployment, high taxation of natural persons and legal entities but also the weakness of the banking system to dispose capitals for new investments as well as the fact that the risk of a new recession cycle han not yet been eliminated, aims to:

- maintain and increase its profitability through the expansion of its market shares in all countries where the Group operates,
- continue its strictly chosen investments in areas where there are investing opportunities and can be implemented by the current funding abilities,
- gain benefits from synergies and scale economies that have been achieved within the Group, especially following the absorption of the company FOURLIS TRADE SA from the company HOUSEMARKET SA.

In the year 2017, the Management of the Group, with the expectation that the outcome of the Greek assessment will be positive and the stability in the political and economical segment will be embedded, will proceed to the implementation of its business plan.

The Group already since 12/9/2016 by issuing the Prospectus for the Public Offer of issuance of a Bond Loan of the Company HOUSEMARKET SA, has committed for the disposal of the amount of € 40 million which were gathered, until the year 2020, as follows:

A) Amount of € 10,5 million, for the share capital increase of the Company TRADE LOGISTCS S.A.

B) Amount until € 8,0 million, for investments of assets and electromechanical equipment.

C) Amount until € 21,5 million, will be disposed for needs funding as working capital.

Education and training of human capital, the constant and fair evaluation in all levels as well as dedication to the values of the Group - "Integrity", "Respect" and "Efficiency" – continue to compose major comparative advantages through which the Group aims to achieve its goals.

8. Major Threats & Uncertainties for the Group

a) Financial Risk Management

The Group is exposed to financial risks such as foreign exchange risk, interest rate risk and liquidity risk. The management of risk is achieved by the central Treasury department of the parent company FOURLIS HOLDINGS SA. The Treasury department identifies, determines and hedges the financial risks in cooperation with the Groups' subsidiaries. The Board of Directors provides written instructions and directions for the general management of the risk, as well as specific instructions for the management of specific risks such as foreign exchange risk and interest rate risk.

Foreign Exchange Risk:

The Group is exposed to foreign exchange risk arising from transactions in foreign currencies (SEK) with suppliers which invoice the Group in currencies other than the local. The Group, in order to minimize the foreign exchange risk, according to the needs, in certain cases pre - purchases foreign currencies.

Interest rate risk/liquidity:

The Group is subject to cash flow risk which in the case of possible variable interest rates fluctuation, may affect positively or negatively the cash inflows or outflows related to the Group's assets or liabilities.

Cash flow risk is minimized via the availability of adequate credit lines and cash. Also, the Group has entered into Interest Rate Swap (IRS) contracts in order to face interest rate risk.

b) Legal Issues

There are no litigations or legal issues that might have a material impact on the Company and the Group's Consolidated Financial Statements for the period 1/1 - 31/12/2016.

9. Social Responsibility

a) Brief description of the Group's business model

Today, the HOUSEMARKET Group, headquartered at the parent company HOUSEMARKET SA Building 501 – Athens International Airport «Eleftherios Venizelos», operates in the retail trading of home furniture and household goods (IKEA Stores in Greece, Cyprus and Bulgaria). The trading activity of the Group is also completed by e-commerce stores, while warehouse and product delivery services are provided by TRADE LOGISTICS SA which is subsidiary company of the Group.
The parent Company HOUSEMARKET SA, is subsidiary of the company FOURLIS TRADE SA which has a shareholding of 100%.

b) Society: Principal risks and impacts related to social matters linked to the Group's and Company's operations

In the context of our approach to Corporate Responsibility, we identify and prioritize on a regular basis the social matters that are linked to our activities and may cause negative impacts to our stakeholders as well as to Sustainable Development.
Taking into consideration the above, we intensively monitor the impacts of our activities in relation to the issues of:

- engagement with the Society
- customer health & safety
- customer care & satisfaction
- product compliance and labeling, and
- responsible product marketing and promotion

The way we manage these risks is presented in the following sections.

c) Society: Corporate policies

Engagement with the society

At the Group HOUSEMARKET, we daily work together as well as individually, for the realization of our common commitment and vision: the establishment of the preconditions for a better life for everyone.

In this context, we seek to be in constant connection with the citizens and the wider society in the countries where we operate, in order to be informed about their needs and to be able to understand them.

Customer health and safety

The Group, while complying with the applicable legislation, implements a Health and Safety Management System that includes a wide range of relative procedures and initiatives. At the same time, we apply a Common Health and Safety Policy in all the Group's subsidiaries, aiming to cover the relative needs of our employees, visitors and business partners.

Customer care and satiasfaction

The policies implemented relate to, among others, customer care and customer satisfaction both during their visit in our stores and after the sale of our products, as well as to orders and complaints management.

Product compliance and labeling

The compliance of our products with the manufacturers' and suppliers' standards, as well as with the European or national legislation, is a standard practice. Indicatively, we mention that the provision of specific labeling and signs on the IKEA products, aiming to provide the most thorough information and advice to customers, is a priority for the IKEA stores network.

Responsible product marketing and promotion

For the advertising and promotion of the IKEA products, we follow the communication code applied by IKEA worldwide and we take into consideration all local needs. With regard to the promotion of our products, our policy is adapted to local consumer needs and specificities.

d) Society: Outcome of these policies and non-financial key performance indicators

Engagement with the society

The following are some of the major programs and actions which were implemented in 2016 to support the society:

- Full refurbishment from IKEA Stores of municipal nurseries and libraries in Greece, as well as of the Association for the Prevention and Handling of Domestic Violence in Cyprus.
- Meals donation to foundations and organizations from the IKEA stores' restaurants and donation of food and other essential supplies from the employees of the Group's companies under the context of common actions with the FOURLIS Group.
- Support to the actions of UNICEF for supporting children's rights and hosting UNICEF in the IKEA Stores as well as other charity organizations for the promotion of their aims.
- Tastes of our Country: Promotion and support of local production through the IKEA stores.
- Participation in voluntary Blood Donation held at the Group companies' premises.

Customer health and safety

Aiming to the safety of the customers and all other third parties, we mention some of the practices we implement at the HOUSEMARKET Group which are provided not only by the Law (compliance) but also voluntarily (internal procedures and policies) and they are the following:

- Cooperation with an external service on protection and prevention issues
- Written assessment of occupational risk according to an existing methodology and Measures taken for reducing "emergency pick" incidents in order to prevent accidents in the IKEA stores
- Request, from our suppliers, to present products' safety certificates
- Safe accommodation, transportation and access for people with special needs to IKEA Stores
- ISO 22000 certification for the safety of the food served at the IKEA stores' restaurants
- Training of all employees (First Aid Teams, Fire Safety and Firefighting Teams) so as to be able to handle emergency facts which affect the their own and the visitors' safety.
- Regular inspections by safety technicians for all the Group' s facilities.
- Infirmaries equipped with medical beds and automatic external defibrillators in all the IKEA stores

Evacuation exercises are regularly implemented in IKEA Stores. Without downgrading our interest for all facilities of the Group regarding health and safety of the customers and all counterparties, IKEA stores are assessing with greater emphasis – according to the assessment of the corresponding risks and the effort to face them (Fire, earthquake) due to the high number of visitors, the multitude, the extent and the diversity of the facilities.

In 2016, the application of our policies on Health and Safety issues had significant outcomes. We indicatively mention that:

- There was a significant reduction of lost days, due to workplace accidents, which reached 10% compared to 2015.
- No accident occurred in the playgrounds of the IKEA stores.
- No incidents of non-compliance with the legislation related to Health and Safety issues occurred during the reporting period.

Customer care and satisfaction

Policies and procedures for better customer service and satisfaction, besides constant training in customer service and use and operation of goods, also include ordinary meetings of all those included in customer service, constructive feedback, assessments of customers' complaints and periodic assessments of employees.

Aiming at the best possible evaluation of our customer service policies and seeking to maintain a constant engagement with our customers and their needs, we regularly carry out:

- Annual IKEA Customer Satisfaction Survey in its stores with the participation of about 1.000 customers also through the corporate website.
- IKEA Mystery Shopping Survey which evaluates the quality of customer service and is conducted by a partner company four times a year.

Product compliance and labeling

We provide information and labeling regarding potential problems or health impacts, hazardous substances, cases where a product must be used only by adults, dimensions, as well as product manufacturing information, etc. It is also worth mentioning that we provide a perennial product guarantee, which in some cases reaches 25 years, while we adhere to and apply a product withdrawal policy. If necessary, and depending on the importance of the incident, the withdrawal case is publicly disclosed. In cases of withdrawal of products, all the pertinent institutions are informed and a press release is issued.

Responsible product marketing and promotion

For assessing the brand image and the IKEA communication and marketing policies we use the Brand Capital Survey. This is an annual survey conducted in the areas where the stores are located and records the public's opinion on the quality and variety of products, prices, corporate image, in-store services and the IKEA catalogue.

e) Employee matters: Principal risks and impacts related to employee matters linked to Group's and Company's operations

In the context of our approach to Corporate Responsibility, we identify and prioritize on a regular basis the employee matters that are linked to our activities and may cause negative impacts to our stakeholders as well as to Sustainable Development in general at a national level. Taking into consideration the above, we intensively monitor the impacts of our activities in relation to the issues of: merit-based recruitment and development, training and education, health, safety and employee wellbeing at work and internal communication and we perform tactically researches regarding working environment.

The way we manage these risks is presented in the following sections.

f) Employee matters: Corporate policies

Merit-based recruitment and development

When any of our companies require new job positions, those are readily covered either by an internal transfer/promotion of employees (through the Open Resourcing Policy), or by a direct transfer/promotion of an employee (for Executives), or by a new recruit.

The main pillars of our Policy on employee recruitment and professional development of our Human Resources, are:

- The common recruitment evaluation criteria for all Group's companies to ensure equal opportunities and to avoid discrimination.
- The provision of equal development opportunities through internal transfer and promotion processes to all employees of the Group.
- Taking into consideration the balance between the two genders in the selection and development processes of our employees.

We have adopted a common annual Efficiency and Development Assessment System for all employees of our Group, in order to ensure that the assessment procedure remains clear.

Training and education

At the HOUSEMARKET Group we believe that the employees' need for training is continuous and increasing, as the competition and the current market requirements are constantly generating new vocational training and education needs. For this reason, the training of each Group's employee begins upon his/her recruitment. The first education program for every employee in our Group is an induction part, through which we ensure that new employees are informed about the Structure of the Group, the Principles, the Code of Conduct and the Internal Regulation of Operation of each company.

The HOUSEMARKET Group, as a Subgroup of FOURLIS Group, participated in the training of its executives in programs which were implemeted by the "FOURLIS Learning Academy". The year 2016, the "FOURLIS Learning Academy" created the program FOURLIS Retail MBA in which executives of the HOUSEMARKET Group take part. This program was designed and created in 2015, under the aegis of AUEB and HRBA, with its main target to offer high level knowledge from University Professors and high level executives of the Market and FOURLIS Group, regarding a variety of fields which mainly focuses in the Retail trading.

Health, safety and employee wellbeing at work

Knowing that the creation of a safe and healthy work environment is our obligation, at the FOURLIS Group we not only follow the relevant clauses of the Greek legislation on labor law, but we also attend to the assessment of possible risks that we may face in the following year and we take the necessary measures in order to prevent any possible accidents.

An important priority of ours is to safeguard compliance with the Health and Safety Policy by the conduction of intensive inspections by safety technicians, throughout the Group's company's facilities and by having the safety technician conduct an occupational risk assessment study. At the HOUSEMARKET Group, as a minimum prerequisite, we comply with the requirements of the Greek legislation and the "ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases". We also invest in the constant and regular training of all employees, so that they can respond to emergencies affecting both their and our clients' safety. Especially in the IKEA stores we have created internal Safety, Fire Protection and First Aid teams.

Internal communicaton

For the HOUSEMARKET Group, internal communication is a priority for our proper operation, with significant impacts on all of the Group's subsidiaries. For this reason, we make sure to inform and engage our People in the Group's initiatives, while at the same time, we provide them with the opportunity to communicate with each other, regardless their level of hierarchy.

g) Employee matters: Outcome of these policies and non-financial key performance indicators

Merit-based recruitment and development

On 31/12/2016, the HOUSEMARKET Group's total number of employees was 2.354 out of which 1.272 women (54%). Women possess 33% at manager/supervisor positions of the Group. It is worth mentioned that equal opportunities for development in administrative positions between men and women have been secured in the HOUSEMARKET Group.

Health, safety and employee wellbeing ar work

EF ZIN (WELL BEING) PROGRAM

The EF ZIN (WELL BEING) program was launched by the Social Responsibility Department in 2010 with the main objective to inform employees on health and well-being issues and to encourage them to adopt a healthier lifestyle. In the context of this program, some of the most important actions that took place in 2016 included an annual preventive medical examination for all the FOURLIS Group's employees at the Group companies' premises and sports tournaments.

Health and safety at work

As a result of our overall management approach, in the latest Employee Insight Survey conducted in 2016, the area with the highest satisfaction rate from our employees is Security.

Internal communication

The management of internal communication is realized through a number of activities and tools. Besides internal online communication and meetings, conventions, scheduled or not, we indicatively mention: a new communication tool called "Yammer" which connects facilities, operational segments, activities or interests teams among all companies of the HOUSEMARKET Group. In the internal communication apart from daily labor issues, the results of institutions regarding employees reward and support such as Year in Service Award, Scholarship program for our employees' children and Awarding honor students.

In the context of the ongoing improvement of our internal communication, we aim at periodically evaluating our efforts, through an Employee Insight Survey. Through the last survey's results

(February 2016), areas for action and further improvement for the Group were highlighted and since October of the same year respective actions were initiated and will be gradually implemented until 2018.

h) <u>Respect for human rights</u>: Principal risks / Impacts related to human rights matters linked to the Group's operations

In the context of our approach to corporate responsibility, we identify and prioritize on a regular basis the Human Rights matters that are linked to our activities and may cause negative impacts to our stakeholders as well as to Sustainable Development in general at a national level.

Taking into consideration the above, we intensively monitor the impacts of our activities in relation to the issues of: freedom of Association and Collective Bargaining, eradicating child and forced or compulsory labor, and discrimination in the workplace.

The way we manage these risks is presented in the following sections.

i) <u>Respect for human rights</u>: Corporate policies

Through our participation in the UN Global Compact, we commit to uphold the relevant Principles. More specifically, we advocate for the freedom of association, the abolishment of child and forced or compulsory labor and discrimination in the workplace. At the HOUSEMARKET Group, we approach the issues of respect and protection of Human Rights in a systematic way, through the policies we adopt and the initiatives we undertake.

The main pillars of this effort are:

- The Internal Employment Regulations
- The Code of Conduct
- The Health and Safety Policy
- Responsible product policies of our Group subsidiaries

j) <u>Respect for human rights:</u> Outcome of these policies and non-financial key performance indicators

Employee training on Health and Safety Issues includes the training of security personnel on Human Rights issues. At the same time, all Group employees have signed, depending on their position in the corporate hierarchy, the analytical or concise version of the Code of Conduct.

In our Group, the secret communication for contingent problems or complaints exists, through the Line of Code of Conduct of FOURLIS Group. The Code of Conduct Line of the Group is available 24 hours a day and anyone may call the Line in order to report any concerns related to Code of Conduct violations or non-compliance with the valid legislation. Access to the Line of Code of Conduct is achieved by calling from mobile or landline the number 210 6293010 but also through the email address codeofconduct@fourlis.gr. For the period 1/1-31/12/2016 three (3) cases from a

Group's company employees were recorded via the telephone line and email of the Code of Conduct. These reports were communicated to the Internal Audit Department and after being evaluated, they were sent to the appropriate Departments and to the Group's Human Resource Department in order for the appropriate measures to be taken, not only for dealing with these specific behaviors but also for preventing similar incidents in the future. None of these reports was related to incidents of Human Rights violations.

k) <u>Anti-corruption and bribery:</u> Principal risks / Impacts related to anti-corruption and bribery matters linked to the Group's operations

In HOUSEMARKET Group, in the context of our approach to corporate responsibility, we identify and prioritize on a regular basis the anti-corruption and bribery matters that are linked to our activities and may cause negative impacts to our stakeholders as well as to Sustainable Development in general at a national level.

Taking into consideration the above, we intensively monitor the impacts of our activities in relation to the issues of:

- obligation of adherence to business ethics and compliance with legislation
- communication of cases where non-ethical or non-lawful behavior
- conflict of Interest
- business gifts, payments and fair transactions
- confidentiality
- usage restriction of privileged information for transaction purposes

The way we manage these risks is presented in the following sections.

l) <u>Anti-corruption and bribery:</u> Corporate policies

Our approach involves the implementation and constitution of:

- The implementation of Code of Conduct, the analytical or brief edition of which is signed by all employees of the Group depending on their position in the corporate hierarchy.
- The operation of the Line of Code of Conduct of the FOURLIS Group. The access in the Line of Code of Conduct is achieved through calling from mobile or landline at the number 210 6293010. Also through the website: codeofconduct @fourlis.gr
- The implementation of Corporate Governance Code
- The implementation of Internal Regulation Charter
- The conduction and operation of Internal Audit Management
- The implementation of Internal Audit procedures
- The implementation of the procedure for information of the Senior Management and Internal Audit Management for every fraud or bribery incident.
- The conduction and operation of Audir Committee
- The conduction and operation of Nomination and Remuneration Committee

We note that the conduction and operation of the Audit Committee and Nomination and Remuneration Committee since June 2016, while the internal audit system was incorporated in the corresponding systems, procedures and practises applied by the FOURLIS Group including the implementation of Internal Audits.

m) <u>Anti-corruption and bribery:</u> Outcome of these policies and non-financial key performance indicators

In compliance to the implementation of the Procedure of information of the Senior Management and Internal Audit Management, in all Companies of the Group, for the period 1/1 – 31/12/2016 we had eight (8) reports of fraud incidents of minor extent committed by employees or with their participation. These cases were traced in time from the safety nets. None of the aforementioned reports was related to corruption or bribery.

n) <u>Environment:</u> Principal risks and Impacts related to environmental matters linked to the Group's operations

In HOUSEMARKET Group, in the context of our approach to corporate responsibility, we identify and prioritize on a regular basis the environmental matters that are linked to our activities and may cause negative impacts to our stakeholders as well as to Sustainable Development in general at a national level.

Taking into consideration the above, we intensively monitor the impacts of our activities in relation to the issues of energy management and greenhouse gas emissions, materials we use, products we sell, and water management.

The way we manage these risks is presented in the following sections.

o) <u>Environment:</u> Corporate policies

We regularly monitor the impacts of our operations and we implement a number of voluntary actions and interventions aiming to the reduction of our environmental footprint, to the saving of natural resources and to the raising of the awareness of employees and the public regarding the protection of the environment and the adaption of a responsible lifestyle. The annual results of the practices we implement are communicated in the FOURLIS Group's annual Social Responsibility Report, as well as in the FOURLIS Group's Communication on Progress Report, regarding the adherence to the ten Principles of the UN Global Compact.

IKEA ensures to widen annually the production and disposal of eco-friendly products, such as: The MÄSTERBY step stool, made by 100% recycled plastic, The MARIUS stool, made by 40% recycled steel, The BJÖRNÅN shower curtain, made by 100% recycled polyester, The IKEA mirrors which are 100% lead-free. Moreover The IKEA electrical appliances assessed as energy class A, A + or A ++ and LED lamps and lighting fixtures that include LED lamps which use 85% less energy.

p) <u>Environment</u>: Outcome of these policies and non-financial key performance indicators

Data in facilities that we are in position of monitoring regard:

- <u>ENERGY consumption:</u> Electricity (kWh), Heating Oil (lt), Natural Gas (m3)
- <u>Water consumption(lt)</u>

- Recording of CARBON FOOTPRINT: Since 2012, the Company of the Group TRADE LOGISTICS S.A. calculates carbon footprint for all its avtivities, aiming to the implementation of solutions for its decrease.
- Recycling (within FOURLIS Group): Paper (kg), Battery (kg), Cooking fat (lt), Lamps (kg), Aluminum (kg), Glass (kg), Plastic (kg), Metals (kg) and Lumber (kg).

Results of the metrics for the year 2016, will be available in the Annual Social Responsibility Report of FOURLIS Group which will be published in June 2017 and will be posted in the website www.fourlis.gr.

10. Related parties transactions

As Related parties of the Group are considered the parent Company FOURLIS HOLDINGS SA, its subsidiary companies, its associated companies, the Management and the first line managers and the connected natural persons and legal entities (IAS 24). The most important transactions, which are eliminated for consolidations reasons of the financial statements between the Companies of the Group, mainly regard warehouse – supply services and administrative support expenses.

Detailed information on the related parties' receivables/ payables for the Group and the Company for the period 31/12/2016 and 31/12/2015 is analysed as follows (all amounts in th. euros):

	The Group		The Company	
Receivables	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
FOURLIS HOLDINGS S.A.	1.019	125	926	125
TRADE LOGISTICS S.A.	0	2.169	155	2.169
INTERSPORT S.A.	212	284	116	264
HM HOUSEMARKET (CYPRUS) LTD	0	0	7	39
HOUSE MARKET BULGARIA AD	0	0	31	40
FOURLIS TRADE S.A.	0	7	0	7
INTERSPORT CYPRUS S.A.	5	5	0	0
GENCO BULGARIA E.O.O.D	9	15	0	0
Total	**1.245**	**2.606**	**1.236**	**2.644**

Payables				
FOURLIS HOLDINGS S.A.	8.639	41	8.500	0
TRADE LOGISTICS S.A.	0	8	0	0
FOURLIS TRADE S.A.	0	1	0	1
SPEEDEX S.A.	18	12	18	12
HM HOUSEMARKET (CYPRUS) LTD	0	0	0	364
SERVICE ONE S.A.	35	0	35	0
Total	**8.692**	**63**	**8.553**	**378**

Third Parties transactions for the period 1/1 to 31/12/2016 and for the period 1/1 to 31/12/2015 are analysed as follows:

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
Revenue	129	113	17	109
Other operating income	336	339	486	401
Total	**465**	**452**	**503**	**509**

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
Administrative expenses	5.700	5.692	5.681	5.668
Distribution expenses	1.101	736	596	329
Other operating expenses	18	7	18	7
Total	**6.819**	**6.434**	**6.295**	**6.003**

In the year 2016 and 2015 the following transactions between companies of the Group took place:

	GROUP		COMPANY	
	2016	2015	2016	2015
Revenue	33	487	9	105
Cost of Sales	33	487	9	105
Other Income	234	149	234	149
Administrative expenses	95	4	0	0
Distribution expenses	138	145	0	0
Dividends	3.000	0	3.000	0

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Trade receivables	200	444	193	79
Creditors	200	444	0	365

11. Human Recourses

The total number of employees of the Group as at 31, December 2016 and 31, December 2015 was 2.354 and 2.174 respectively. The total number of employees of the Company for the same reporting periods set above was at 1.553 and 1.530 respectively.

12. Management members' transactions and remuneration

During periods 1/1 – 31/12/2016 and 1/1 – 31/12/2015, transactions and fees with the management members were as follows:

	2016	2015
Transactions and fees of management members	**1.274**	**1.359**

13. Treasury shares

On 31/12/2016, the Company does not hold any treasury sahers.

14. Explanatory report – information according to article 4 par. 7 of Law 3556/2007

a. The Company's share capital

The Company's share capital amounts to euros 47.450.647,00 and consists of 47.450.647 nominal shares with a nominal value of euro 1,00 each (31/12/2015: 38.740.000).

All the shares are common nominal shares. Each share entitles to one vote, with an exception of the number of own shares that do not have the right to vote.

The shareholders' responsibility is limited to the nominal value of the shares that they own.

b. Restrictions as to the transfer of the Company's shares

The Company's shares, without prejudice to the conditions below, are transferrable by the shareholder and its successors.

In case that any shareholder decides to transfer, in any way and for any cause, part or the whole number of his shares issued by the Company, to any natural person or legal entity, then the rest of the shareholders will be preferred, by their shareholding at the current share capital of the Company, against all prospective buyers, as long as the offered (by the rest of the shareholders) amount of money for the acquisition of the shares equals or exceeds the offered amount by the other candidates. To this end, the shareholder who will transfer the shares will disclose to the rest of the shareholders and to the Board of Directors of the Company, in writing, all offers of the candidate future shareholders regarding their amount and their mode and time of payment and the rest of the shareholders, within five (5) days from the date that they are officially advised about the offers made, they will respond if they wish to acquire the shares and in case of a positive response, they will disclose in writing the amount offered for their acquisition.

In case of a negative response or expiration of the deadline (of five days) on behalf of the rest of the shareholders, the shareholder who wishes to transfer his shares may freely proceed to the transfer of these shares to anyone he desires. Within five (5) days from the positive response of the rest of the shareholders to the shareholder who wishes to sell and provided that the offer amount of money equals or exceeds the amount offered by the rest of the candidate future shareholders and under the same conditions regarding the time and mode of payment, then, the shareholder who wishes to transfer his shares, is obliged to transfer them to the rest of the shareholders, proportionally and depending on the shareholding of each one at the current share capital of the Company. Aforementioned shareholders are obliged to accept this transfer.

Any transfer which takes place in violation of the aforementioned conditions is invalid and has no effect towards the Company.

c. Significant direct or indirect shareholdings as prescribed by articles 9 - 11 of Law 3556/2007

On 31/12/2016, all shares and voting rights of the Company belonged to FOURLIS HOLDINGS SA.

d. Preference shares

The Company does not have any preference shares.

e. Restrictions to voting rights

There are no restrictions to voting rights arising from the Company's Articles of Incorporation.

f. Shareholder agreements resulting in restrictions transfer of shares or to their voting rights

The Company is not aware of any Shareholder agreements resulting in restrictions to transfer of shares or to their voting rights as it is prescribed by the Company's Articles of Incorporation.

g. Rules for the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Incorporation which differ to those prescribed by Codified Law 2190/1920.

The rules for the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Incorporation of the Company do not differ to those prescribed by Codified Law 2190/1920.

h. The Board of Directors' or of several of its members, roles for the issue of new shares or the shares buy back in accordance with article 16 of Codified Law 2190/1920

The Articles of Incorporation of the Company is not different from the provisions of L. 2190/ 1920 regarding the jurisdiction of the Board of Directors to issue new shares or to purchase treasury shares. There is no jurisdiction of some members of the Board of Directors for the issuance of new shares or the purchase of treasury shares.

i. Significant agreements that the issuer has entered into, which come into force, are amended or terminate in the event that there are changes in control due to public offering and the results of these agreements

There are no significant agreements of the Company, which come into force, are amended or terminate in the event that there are changes in control due to public offering of the Company.

j. Agreements that the issuer has entered into with members of the Board of Directors or its employees, which provide for indemnity in the event of termination or redundancy without cause due to the public offering.

There are no agreements of the Company with members of the Board of Directors or its employees, which provide for indemnity in the event of termination or redundancy without cause.

15. Corporate Governance Statement for the period 1/1 – 31/12/2016

According to Law 3873/2010 article 2, paragraph 2, the Board of Directors of the Company declares the following:

a) Reference on the Corporate Governance Code which the Company is coming under or has voluntarily decided to comply with and the website that can be found.

The Company has decided (Board of Directors decision on 22/6/2016) to voluntarily comply with the Greek Code of Corporate Governance that was drafted at the initiative of SEV and was later modified for the first time by the Greek Council of Corporate Governance (GCCG) on 28/06/2013. GCCG was founded in 2012 and is the outcome of the collaboration between Greek Exchanges and SEV. Its purpose is to monitor the implementation of the Greek Code of Corporate Governance from greek companies and generally to operate as a specialized body for the expansion of the principles of the corporate governance and the incessant growth of Greek market's credibility among international and domestic investors.

The GCCG is a member of the European Corporate Codes Network and expert contributor of World Bank for the exhibition Doing Business for the indicator Protecting Investors (www.doingbusiness.org). The composition of the 15-member Board, as well as of the Committees and Working Groups of GCCG follows the principle of diversity. Specialists from Greece and abroad participate from different segments such as: audit, investment, business, supervision, legal, consulting, banking and stock market.

In the composition of the 15-member of the GCCG the Chairman of the BoD of the Company participates while executives of the Group participate in the Committees and Working Groups of the GCCG. The Greek Code of Corporate Governance is posted on the websites of the Greek Council of Corporate Government at: http://www.esed.org.gr.

The purpose of Greek Code of Corporate Governance is the constant improvement of the greek institutional framework and general business environment, as well as the increase of investors' confidence not only towards the sum of listed companies but also each one of them and the broadening of attraction horizons of investment capitals.

The Corporate Governance Greek Code contains two types of provisions: "general principles", which are addressed to all companies, listed or not and "special practices" which only refer to listed companies. The purpose of General principles is to provide a general framework within which principles can be addressed and more issues of corporate governance can be resolved, either of a listed company or not. Each principle is followed by one or more specific practices that further develop the general principles and guide their implementation within the regulatory and ownership structure of listed companies. The Code follows the approach of compliance or explanation and has the following demands of the listed companies which chose to implement it: the disclosure of their intention and either their compliance with all the specific practices of the Code or their explanation of the reasons leading them not to comply with these specific practices.

Despite the flexibility provided by the approach "compliance or explanation", some practices are difficult to be applied from smaller listed companies. Therefore, the Code includes a catalogue of exceptions for smaller listed companies. The excluded practices are not "provisions" for smaller non-listed companies and therefore compliance or explanation of non compliance to them is not required. The Company is not included in index FTSE/ATHEX Large Cap and FTSE/ATHEX Mid Cap for the year 2016 to which the Corporate Governance Statement refers. Therefore the exceptions for smaller listed companies are in force.

The general principles of the Code cover the following topics:

- Role and responsibilities of the Board
- Size and composition of the Board
- Role and profile of the chairman of the Board
- Duties and conduct of Board members
- Nomination of Board members
- Functioning of the Board
- Board evaluation
- Internal audit system
- Level and structure of remuneration
- Communication with shareholders
- The General Assembly of shareholders

b) <u>Reference to the corporate governance practices implemented by the Company beyond the requirements of the Law and the website that can be found</u>

Whenever Corporate Governance Code refers to existing, mandatory legal rules present tense is used to distinguish these requirements from the voluntary practices of the code.

Indicative, the following Corporate Governance practices applied by the company in addition to the provisions of the Law (Law 3016/2002, Law 3693/2008 ar. 37, Law 4403/2016 ar. 2, Law 4449/2017 ar. 44 and Common Law 2190/1920):

- The Board of Directors consists of seven (7) to fifteen (15) Board Members. At least one third (1/3) of the Board Members consists of independent non - executive members, who are free of material conflict of interest with the company and do not have any close ties with the management, controlling shareholders or the Company.
- The Board of Directors is assisted by a competent, suitably qualified and experienced company Secretary who shall attend all its meetings. All Board Members have access to the services of the company Secretary, whose role is to provide practical support to the Chairman and other Board members, both as a group and individually, and ensure that the Board complies with internal rules and relevant laws and regulations.
- The Board of Directors has established a Nomination and Remuneration Committee which meets sufficiently regularly and ensures an efficient and transparent process for both the nomination of Board members and the formulation of policy and principles of the company regarding the remuneration of executive Board members and key executives.
- The responsibilities of the Chairman are clearly established by the Board of Directors, clearly distinguished from those of the Chief Executive Officer and are reflected in the Internal Regulation of the company.
- The Board of Directors has defined an independent Vice Chairman from its independent members given that the Chairman of the BoD has executive responsibilities.
- The Board of Directors, supported by its Audit Committee, sets appropriate policies on internal control and ensures that the system is functioning effectively. The Board of Directors also defines the process to be adopted for the monitoring of the effectiveness of internal control. This encompasses both the scope and frequency of the reports it receives from the internal audit services and reviews during the year, as well as the process for the annual assessment of internal audit.
- The Chairman of the Board of Directors should be available to meet shareholders of the company to discuss eventual governance concerns. The Chairman of the Board of Directors should ensure that the views of the shareholders are communicated to the whole Board.
- The Audit Committee ensures the functioning of the internal control service according to international professional standards

c) Description of the main characteristics of internal control and risk management of the company in relation to the process of preparation of financial statements

The company has developed and implements a process for issuing the financial statements (consolidated and separate) and the Financial Report. The Group companies record their transactions in their information systems and through automated procedures the consolidation application is updated. Crosschecking of data is performed and is reviewed (intra - group transactions, receivables and payables, etc.). Elimination and consolidation entries are recorded and the financial statements with the associate notes are developed. After the completion of audit procedures, the Financial Report that includes the financial statements is submitted to the Board of Directors for approval.

The main characteristics of the internal control and risk management systems employed by the Company in connection with the process of preparation of the financial statements and the Financial Report are the following:

- Adequate knowledge, skills and availability of personnel involved with clearly separated roles and areas of responsibility.
- Existence of recorded and updated procedures related to the issuance of financial results.
- Regular review of accounting principles and policies.
- Existence of control activities relevant to information systems used.
- Regular communication between the external auditors, Executive Management and the Audit Committee.
- Regular meetings for validation and registration of the significant estimations affecting the financial statements.
- Existence of risk management methodology and documentation for its implementation. Presentation of the results of risk management to the Board of Directors.
- Existence of unique Chart of Accounts for all Group companies and centralized management.
- On the recommendation of the Audit Committee, annual evaluation by the Board of Directors of the internal control and risk management systems applied for the issuance of financial statements.

d) Additional Information pursuant to sections c), d), f) g) and h) of Article 10 par.1 of the 2004/25/EK Directive of the 21st of April 2004, regarding the Takeover Bid, since the Company is subject to the Directive

During the year no Takeover Bids or Business Combination took place.

e) Information about the General Shareholders Assembly, mode of operation, description of the rights of the shareholders and how these can be exercised

The convocation of General Assembly of Shareholders of the Company is in accordance with the Law 2190/ 1920, as in force.

Regarding the operating method of the General Assembly, the Company follows the practices mentioned below:

- The Shareholders of the Company are informed in advance and up to schedule, for the convocation of the General Assembly, in accordance with the Law.
- The Company publicizes on its website the Invitation of the General Assembly, the representation mode of the Shareholders, the deadlines and the mode of exercise of their rights as well as the voting results for each topic of the agenda.
- The Company publicizes on time on its website Explanatory Note regarding the agenda, the

relevant proposals by Board of Directors, the required quorum and majority for the approval of the proposals. The Explanatory Note is also available in hard copy in Company's Head Office and is distributed to the Shareholders entering in the General Assembly.

- Ensuring that each shareholder is able to participate at the General Assembly either by wording their views or by submitting their questions.

The Company takes all measures for the consistent process and to ensure the Shareholders rights.

The responsibilities of the General Assembly are mentioned in the Extract of the Article of Incorporation of the Company which is posted on its website: http://www.housemarket.gr

f) Composition and functioning of the Board and any other administrative, management or supervisory bodies or committees of the company

The Board, its independent members and all members of Audit Committee, are elected by the Annual General Assembly of shareholders held on 21/6/2016. The term of Board members in accordance with the articles of Incorporation and of members of Audit Committee, ends during the first half of 2021, when the Ordinary General Assembly of Shareholders will elect new Board.

After the aforementioned replacement the new BoD was constituted as follows:

Chairman, Executive Member, Member of Nomination and Remuneration Committee	Dafni A. Fourlis
Vice – Chairman, Executive Member, Member of Nomination and Remuneration Committee	Vassilis S. Fourlis
Independent Vice – Chairman, Independent Non – Executive Member, Member of Audit Committee, Member of Nomination and Remuneration Committee	Eftichios Th. Vassilakis
CEO, Executive Member	Panagiotis D. Katiforis
Director, Non – Executive Member, Audit Committee Head	Apostolos D. Petalas
Director, Executive Member	Christos G. Tsamitropoulos
Director, Independent Non – Executive Member, Member of Nomination and Remuneration Committee, Member of Audit Committee	Ioannis A. Kostopoulos

Short CV's of the members of the Board of Directors as well as of the Company's Secretary Mr Ioannis Zakopoulos are presented on the Company's website: (http://www.housemarket.gr)

The Articles of Incorporation provide for the Board of Directors to be composed of 7 members. The Company has elected its Board with the maximum permitted number of Directors to ensure the diversity of gender, age, knowledge, qualification and experience serving the objectives of the Company as well as the balance between executive and non-executive members.

The main responsibilities of the Board of Directors include:

* Approving the overall long - term strategy and operational goals of the Company.
* Approving annual budgets and business plans and deciding on major capital expenditures, acquisitions and divestitures.
* Selecting and replacing, if necessary, the executive leadership of the company and overseeing succession planning.
* Monitoring the performance of senior management, and aligning executive remuneration with the longer term interests of the company and its shareholders.
* Ensuring the existence of risk management and internal audit system and annually examining the main potential risks facing the Company in addition to the consideration of internal audit system following the recommendation of the Audit Committee.
* Ensuring the integrity of the company's accounts, financial reporting systems and public disclosures, as well as the effectiveness of the systems of internal control and risk management.
* Vigilance regarding existing and potential conflicts of interest between both the Company and its senior management, board members or major shareholders (including shareholders with direct or indirect authority to form or influence the composition and behavior of the Board) and appropriate management of such conflicts. For this purpose, the Board adopts supervisory process of transactions with the interests of transparency and protection of corporate interests.
* Ensuring that there is a satisfactory process for monitoring the company's compliance with relevant laws and regulations.
* Deciding on and monitoring the effectiveness of the company's governance processes including its system of decision - making and delegation of authorities and duties to other key executives.
* Formulating, disseminating and implementing key values and principles of conduct governing the company's relations with its shareholders.
* Approving Internal Regulation Charter, Corporate Governance Code, Code of Conduct and their revisions.
* Approving equal opportunities and diversity policy, including gender balance between board members.

Company's policy of equal opportunities and diversity is posted on its website (http://www.housemarket.gr) and briefly includes the following:

The Company is committed to provide equal opportunities for all employees and qualified applicants for employment, at all levels of hierarchy, regardless of race, color, religion, national origin, gender, sexual orientation, age, disability, marital status, or any other characteristic protected by law. FOURLIS Group expressly prohibits any discrimination or harassment based on these factors.

Affirmative action will be taken to ensure that all employment decisions, including but not limited to those involving recruitment, hiring, promotion, training, compensation, benefits, transfer, discipline, and discharge, are free from unlawful discrimination.

The Company as a member of the FOURLIS Group encourages a safe and healthy work environment, free from discrimination, harassment and retaliation. All employment-related decisions are based on an individual qualification, performance and behavior, or other legitimate business considerations.

The Company as a member of the FOURLIS Group will provide reasonable accommodation to otherwise qualified employees with a disability consistent with the law. What constitutes a reasonable accommodation depends on the circumstances and thus will be addressed by the Group on a case-by-case basis.

With a view to achieving a sustainable and balanced development, the Group sees increasing diversity at the Board & Executive Officers level as an essential element in supporting attainment of its strategic objectives and its sustainable development.

Certain minimum qualifications for Board members & Executive Officers candidates should possess, including strong values and discipline, high ethical standards, a commitment to full participation to the Board and its committees. Candidates should possess individual skills, experience and demonstrated abilities that will support the short-term planning and strategy of the Group.

Board & Executive Officers' diversity is based on a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

All Board & Executive Officers appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Below, data on the proportion of each gender and age of Board members and Senior Executives are presented:

Board of Directors	**HC Total**	**%**
Male	6	86%
Female	1	14%
Grand Total	7	100%

The age range of the members of the BoD varies from 51 to 63 years old.

Executive Officers	**HC Total**	**%**
Male	12	86%
Female	2	14%
Grand Total	14	100%

The age range of the Executive Officers varies from 38 to 55 years old.

The policy of conducting transactions between subsidiaries of the Company and related parties aims at the timely information of the desired transaction and approval obtaining before its implementation. The policy applies to all new transactions exceeding the amount of € 20.000 per type of transaction annually. In case of existing transactions, approval is required for substantial modification of contract terms in force (new customer, new transaction, expansion of the duration, credit terms amendment, pricing conditions amendment etc).

The Board shall meet with the necessary frequency so as to effectively perform its duties. At the beginning of each calendar year, the Board adopts a meeting agenda and a 12-plan action plan, which may be revised depending on the needs of the Company.

The evaluation of the Board and its Committees takes place annually through questionnaires completed by the members of the Board, which are then processed by the Company's Secretary and presented to the Board.

The policy and principles of the Company regarding the form of executive board members' remuneration as well as the method of calculation of board members' variable remuneration, including quantitative and qualitative criteria taken into consideration, are summarized as follows:

Group Compensation & Benefits Policy

Compensation is a fundamental component of employment and one of the most critical HR management policies. With the term "Compensation" we intend: base salary, bonus or incentive plans (if the position is eligible to such incentives) and benefits.

The Company as a member of the FOURLIS Group has established and communicates transparent and clear principles by which Executive BoD members are paid with the aim to ensure fairness and equity. The Compensation Policy of FOURLIS Group is based on objectives and up-to-date job descriptions, effective job evaluation and performance management.

All compensation and benefits are shown in the offer letter and/ or the employment contract; there are no unlisted, "off-agreement" incentives or benefits allowed. Compensation includes base salary, management upon objectives, stock option plan and other incentives in kind. The Group does not tolerate any form of discrimination, as described in the Group Equal Opportunities and Diversity Policy. All employment-related decisions, including decisions on compensation, are based on an individual qualification, performance and behaviour, or other legitimate business considerations.

Salary Ranges

The Company as a member of the FOURLIS Group collaborates with well-known consultancy firms, with international experience, in order to get the appropriate market benchmarking on Compensation & Benefits trends and establish its own salary range. The market benchmarking is conducted once a year to ensure that the Group policy is in line with the employment market practices for each targeted position within that market, as well as to ensure internal equity.

Placement on Salary Range

The Company's compensation policy as a member of the FOURLIS Group, has established the criteria for new hires/ existing Executive BoD Members placement on the salary range. The criteria include the new hires/ existing Executive BoD Members experience and specific skill sets related to the position.

Criteria for Salary Increases

In order to ensure fair and equitable compensation practices, FOURLIS Group has clearly established, communicate and apply decision-making criteria for salary increases. Decisions on salary increases are based on cost of living and performance (merit).

As a guideline for management, the performance ratings should normally follow a typical distribution (gauss/bell curve), depending on the maturity of each FOURLIS Group Company. The Group HR Function provides the appropriate distribution to the Group Companies. The typical distribution guideline is recommended in order to fairly apply the performance system to all individuals and to maintain the approved company budget. Merit increase pay out may change from year to year and are determined by how successful the Group Companies have been as a profit making business.

Salary Review Timing

Salary reviews are conducted annually in conjunction with performance reviews.

Bonus and Incentive Pay

The Management by Objectives is an optional reward, decided annually and is awarded each time by the decision of the Group Management, which chooses its level, size and way of implementation.

Under this decision, the program "Management by Objectives" (MBO) is based on Group, Company and/ or Personal (departmental) Objectives, which will be accomplished during each year.

The MBO program is designed to strengthen the strategy of the Company as a member of the FOURLIS Group, support the view that we should reward contribution, and is targeted on:

- Participants motivation on Objectives' achievement
- Contribution on Group, Company & Personal/ departmental final results
- Teamwork spirit

Stock Option Plan

The General Assembly of the Shareholders of the parent company Fourlis Holdings S.A. targets through the SOP program, to attract, maintain and motivate the Executive BoD Members, since through this program, the participants derive direct interest as shareholders of the company and they will connect their performance with the future performance of the Company, as this is mirrored to the share price increase.

Other Incentives

The Company as a member of the FOURLIS Group following the market trends, in order to further motivate its Executives BoD Members has in place a benefit in kind policy which includes: health and life insurance plan, pension scheme, company car as well as some other minor benefits.

The remuneration of the Board of Directors is approved by the Annual General Assembly of shareholders.

The functioning of the Board of Directors is detailed in the Board Internal Regulation of the Company. The Board Internal Regulation contains the following sections:

- Election of the Board
- Board members
- Establishment of independence of candidates or current members of the Board
- Term of the Board
- Establishment of the Board as a body
- Responsibilities of the Board
- Duties and conduct of Board members
- Board committees
- Prohibitions
- Board Meetings
- Quorum of the Board and decision making
- Support of the Board
- Minutes of Board Meetings

The function of the Board is supported by two committees: the Audit Committee and the Nomination and Remuneration Committee.

The Audit Committee is appointed by the General Assembly of shareholders (Article 37 of Law 3693/2008). The main responsibilities of the Audit Committee are the following:

- Monitoring the financial reporting process and credibility of financial statements,
- Supervision of any formal announcement regarding the financial performance of the Company and examination of key points of financial statements which contain significant judgments and estimations in terms of management,
- Monitoring the effectiveness of internal control and risk management systems, and monitoring the proper working of the internal audit function,
- Ensuring the independence of internal audit and evaluation of the head of internal audit,
- Examining cases of interest conflicts during transactions of the Company and its subsidiaries with related parties and submitting such reports to the board,
- Monitoring the progress of statutory audit of separate and consolidated financial statements,

- Reviewing and monitoring issues related to the existence and maintenance of objectivity and independence of the external auditor, especially regarding the supply of non-auditing services by the statutory auditor or the audit firm. Objectivity and independence of external auditor in cases of providing non auditing services is secured by strict delimitation and extremely limited use of services provided by auditors not participating in the regular audit of the Group's companies.

The function of the Audit Committee is detailed in the Corporate Governance Code and the Audit Committee Charter approved by the Board of the Company and posted on the website of the Company (http://www.housemarket.gr). The Audit Committee within the year 2016 held 2 meetings. Each regular meeting of the year 2016 was attended by Executives of the Financial Department of the Company and by the external auditors of the company. The minutes of the Audit Committee are distributed and approved in the next meeting of the BoD.

The main responsibility of the Nomination and Remuneration Committee is to lead the procedure of submission of nominations for the election of Board and submits proposals to the Board of Directors their remuneration. The annual ordinary meeting of the Nomination and Remuneration Committee is before the configuration of budget of the next year. The minutes of the Nomination and Remuneration Committee are distributed and approved in the next meeting of the BoD.

The Nomination and Remuneration Committee is responsible for:

- Proposal submissions to the Board of Directors concerning the remuneration of each individual executive Board Member, including bonuses, incentive payments and share options.
- Reviewing and making proposals to the Board of Directors on the total annual package of variable (beyond salary) compensation in the Company.
- Reviewing and proposing to the Board of Directors (and, via the Board of Directors, the General Assembly of shareholders, when required) on the stock option and/ or share award programs.
- Proposing targets for performance – related compensation or targets related to stock-options or granting of shares.
- Reviewing regularly the salary of executive Board Members and other contractual terms, including severance payments and pension arrangements.
- Submitting proposals to the Board on any business policy related to remuneration.
- Reviewing the annual remuneration report.

The function of the Nomination and Remuneration Committee of the Board of Directors is detailed in the Charter of the Committee approved by the Board of Directors of the Company and posted on the web site of the Company (http://www.housemarket.gr). The Nomination and Remuneration Committee Charter contains the following sections:

- The purpose of the Committee
- Members and term of the Committee

- Duties and responsibilities of the Committee
- Functioning of the Committee
- Disclosure of the Committee Charter

g) If the company deviates from the Corporate Governance Code that applies, the Corporate Governance Statement includes a description of that deviation with reference to the relevant parts of the Corporate Governance Code and provides explanation for the deviation. If the company does not comply with certain provisions of the Corporate Governance Code, the Corporate Governance Statement includes a reference to the provision that is not applied and explains the reasons for that deviation.

The Company complies with the Greek Code of Corporate Governance with minor deviations that are presented and explained in the following table.

Greek Code of Corporate Governance (first modification June 2013)	**Explanation/ Justification of deviations from special practices of the Corporate Governance Greek Code with the exceptions for smaller listed companies**
Board of Directors must be composed to its majority by non-executive members (including independent non-executive members)	It will be proposed as a change by the termination of the term of the members of the current Board of Directors.
Board members must be elected by shareholders at a maximum term of four (4) years (specific practice 5.1 Nomination of Board Members)	An amendment on Articles of Incorporation is required, which is a decision of the General Assembly. It will be proposed as a change by the termination of the term of the members of the current Board of Directors.
The evaluation of the performance of the Board and its Committees should take place at least every 2 years in line with a clearly established procedure. The evaluation exercise should be led by the Chairman and its results discussed by the Board. The Chairman should act on the results of the performance evaluation by addressing the weaknesses of the Board. The non - executive Board members should convene periodically without the executive members in order to evaluate the latter performance and discuss their remuneration (specific practice 7.2, Board evaluation).	The responsibilities of the Board of Directors include the assessment of its Committees. For the evaluation of the effectiveness of the Board, the Company has ended to the use of questionnaires completed by the members of the Board, which will be processed by the company's Secretary and presented annually to the Board during the last meeting of the year.
If stock options are granted, they shouldn't mature in less than three (3) years from grant date (special practice 1.2, Level and structure of remuneration).	The stock option plan (SOP program) in force, in which executives of the Company and its subsidiaries participate, is issued by the parent company and provides maturity to stock options in less than three (3) years from grant date. In case of a new SOP program, there will be a revision of this specific special practice.
Executive Board members' contracts should provide that the Board may demand full or partial recovery	The existing contracts of the Company do not include this term, but a specific reference has

Greek Code of Corporate Governance (first modification June 2013)	Explanation/ Justification of deviations from special practices of the Corporate Governance Greek Code with the exceptions for smaller listed companies
of any bonuses awarded on the basis of restated financial statements of previous years or otherwise erroneous financial data used to calculate such bonuses (specific practice 1.3, Level and structure of remuneration).	been made to the last revision of the Code of Conduct distributed to all the employees of the Company.

16. Subsequent Events

This Report, the Annual Financial Statements of the year 2016, the Notes on the Annual Financial Statements along with the Auditors Report, they are published at the company's web site, address: http://www.housemarket.gr and http://www.ikea.gr.

Paiania, March 13th 2017

The Board of Directors

The annual Financial Statements (consolidated and separate) included in pages 43 to 106 are in accordance with the IFRS as applied in the European Union and approved by the Board of Directors of "Fourlis Holdings SA" on 13/3/2017 and are signed by the following:

Chairman of the Board of Directors	CEO
Dafni A. Fourlis ID No. S – 019071	Panagiotis D. Katiforis ID No. AK – 129648
Finance Manager Controlling & Planning	Chief Accountant
Emmanouil D. Manousakis ID No. T - 669252	Christos G. Vasilopoulos ID No. AI – 067556 Ch. Acct. Lic. No. 62815 A Class

ERNST & YOUNG (HELLAS)
Certified Auditors – Accountants S.A.
Chimaras 8b, 151 25 Maroussi

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THIS REPORT HAS BEEN TRANSLATED FROM THE ORIGINAL VERSION IN GREEK

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of HOUSEMARKET S.A.

Report on the Financial Statements

We have audited the accompanying separate and consolidated financial statements of Housemarket S.A., which comprise the separate and consolidated statement of financial position as of December 31, 2016, the separate and consolidated income statement, comprehensive income, the statement of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal controls as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards of Auditing that have been adopted by the Greek Law (GG/B'/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of Housemarket S.A. and its subsidiaries as at December 31, 2016, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Taking into consideration that Management is responsible for the preparation of the Board of Directors’ Report and Corporate Governance Statement that is included therein according to the provisions of paragraph 5 article 2 of Law 436/2015 (part B), we note the following:
a) The Board of Directors’ Report includes a Corporate Governance Statement that contains the information that is required by article 43bb of Codified Law 2190/1920.
b) In our opinion the Board of Directors’ Report has been prepared in accordance with the legal requirements of articles 43a and 107A and paragraph 1 (c and d) of article 43bb of the Codified Law 2190/1920 and the content of the Board of Directors’ report is consistent with the accompanying separate and consolidated financial statements for the year ended December 31, 2016.
c) Based on the knowledge we obtained from our audit of Housemarket S.A. and its environment, we have not identified any material misstatement to the Board of Directors’ report.

Athens, March 13, 2017

The Certified Auditor Accountant

ANDREAS HADJIDAMIANOU

S.O.E.L. R.N. 61391

ERNST &YOUNG (HELLAS) CERTIFIED AUDITORS ACCOUNTANTS S.A.

CHIMARRAS 8b, 151 25 MAROUSSI

SOEL REG. No. 107

EY
Building a better working world

Statement of Financial Position (Consolidated and Separate) as at December 31, 2016 and at December 31,2015

(In thousands of Euro, unless otherwise stated)

		Group		Company	
Assets	**Note**	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Non-current assets					
Property plant and equipment	6	188.831	168.511	93.158	94.470
Investment Property	7	27.330	21.424	12.239	5.200
Intangible Assets	8	6.492	6.467	5.017	5.160
Investments in affiliates and associates	9	23.503	23.455	73.912	53.232
Long Term receivables		3.405	3.564	5.895	6.064
Deferred Taxes	22	4.305	417	3.394	0
Total non-current assets		**253.867**	**223.838**	**193.615**	**164.126**
Current assets					
Inventory	10	33.840	35.042	22.770	24.285
Income tax receivable		347	577	347	577
Trade receivables	11	2.020	240	1.674	219
Other receivables	12	13.533	11.897	11.054	9.719
Cash & cash equivalent	13	24.971	16.260	22.109	14.197
Investments/Financial data available for sale	14	1.254	3.336	1.254	3.336
Non current assets classified as held for sale		40	0	40	0
Total current assets		**76.005**	**67.352**	**59.247**	**52.333**
Total Assets		**329.872**	**291.190**	**252.862**	**216.459**
SHAREHOLDERS EQUITY & LIABILITIES					
Shareholders Equity					
Share Capital	15	47.451	38.740	47.451	38.740
Share premium reserve		(456)	(331)	(217)	(208)
Reserves	16	17.437	6.998	17.683	7.125
Retained earnings		76.542	83.370	81.741	84.292
Total shareholders equity (a)		**140.974**	**128.776**	**146.657**	**129.949**
Non controlling interest (b)		0	0	0	0
Total Equity (c)=(a)+(b)		**140.974**	**128.776**	**146.657**	**129.949**
Liabilities					
Non current Liabilities					
Loans and borrowings	20	82.877	56.403	39.361	6.400
Employee retirement benefits	18	2.828	2.049	2.560	1.971
Deferred Taxes	22	0	1.677	0	1.677
Other non-current liabilities		5.198	324	65	31
Total non current Liabilities		**90.903**	**60.452**	**41.985**	**10.079**
Current Liabilities					
Short term loans for working capital	20	4.400	19.514	3.000	12.342
Current portion of non-current loans and borrowings	20	20.346	13.596	(171)	3.200
Short-term portion of non-current Lease	20	472	2.304	472	2.304
Income Tax Payable	22	1.827	1.644	1.796	1.609
Accounts payable and other current liabilities	21	70.950	64.904	59.122	56.977
Total current Liabilities		**97.995**	**101.962**	**64.220**	**76.432**
Total Liabilities (d)		**188.898**	**162.414**	**106.205**	**86.510**
Total Equity & Liabilities (c) + (d)		**329.872**	**291.190**	**252.862**	**216.459**

The accompanying notes on pages 49 to 106 are an integral part of the Consolidaetd Financial Statements.

Income Statement (Consolidated and Separate) for the period 1/1 to 31/12/2016 and 1/1 to 31/12/2015

(In thousands of Euro, unless otherwise stated)

	Note	Group 1/1-31/12/2016	Group 1/1-31/12/2015	Company 1/1-31/12/2016	Company 1/1-31/12/2015
Revenue		291.328	279.552	200.312	196.372
Cost of Goods Sold	10	(172.459)	(169.191)	(117.635)	(118.137)
Gross Profit		**118.869**	**110.361**	**82.677**	**78.235**
Other operating income	5	3.138	2.456	2.680	2.064
Distribution expenses	5	(89.406)	(83.647)	(65.969)	(62.599)
Administrative expenses	5	(14.350)	(13.045)	(12.792)	(12.511)
Other operating expenses	5	(228)	(522)	(317)	(255)
Operating Profit/ (Loss)		**18.022**	**15.603**	**6.278**	**4.934**
Total finance cost	5	(9.624)	(9.039)	(6.186)	(4.477)
Total finance income	5	169	245	145	227
Contribution associate companies Losses	9	(1.777)	(2.391)	0	0
Dividends income		0	0	3.000	0
Profit/ (Loss) before Tax		**6.790**	**4.418**	**3.238**	**684**
Income tax	22	2.116	(1.005)	3.322	(329)
Net Income/Loss (A)		**8.906**	**3.412**	**6.560**	**356**
Attributable to:					
Equity holders of the parent		8.906	3.412	6.560	356
Net Income/Loss (A)		**8.906**	**3.412**	**6.560**	**356**
Basic (Losses)/Earnings per Share (in Euro)	23	0,2286	0,0881	0,1684	0,0092
Diluted (Losses)/Earnings per Share (in Euro)	23	0,2286	0,0881	0,1684	0,0092

The accompanying notes on pages 49 to 106 are an integral part of the Consolidated Financial Statements.

Statement of Comprehensive Income (Consolidated ans Separate) for the period 1/1 to 31/12/2016 and 1/1 to 31/12/2015

(In thousands of Euro, unless otherwise stated)

	Group		Company	
	1/1-31/12/2016	1/1-31/12/2015	1/1-31/12/2016	1/1-31/12/2015
Net Income Loss (A)	**8.906**	**3.412**	**6.560**	**356**
Other comprehensive income (expenses)				
Other comprehensive income tranferred to the income statement				
Valuation of financial assets available for sale	468	(264)	468	(264)
Effective portion of changes in fair value of cash flow hedges	(178)	29	0	0
Total Other comprehensive income tranferred to the income statement	291	(235)	468	(264)
Other comprehensive income not tranferred to the income statement				
Actuarial gain/losses on defined benefit pension plans	(230)	92	(227)	109
Total Other comprehensive income not tranferred to the income statement	**(230)**	**92**	**(227)**	**109**
Comprehensive Income/Losses after Tax (B)	**61**	**(143)**	**242**	**(155)**
Total Comprehensive Income/(Losses) after Tax (A)+(B)	**8.968**	**3.269**	**6.801**	**201**
Attributable to:				
Equity holders of the parent	8.968	3.269	6.801	201
Total Comprehensive Income/(Losses) after Tax (A)+(B)	**8.968**	**3.269**	**6.801**	**201**

The accompanying notes on pages 49 to 106 are an integral part of the Consolidated Financial Statements.

Statement of Changes in Equity (Consolidated)

for the period 1/1 to 31/12/2016 and 1/1 to 31/12/2015

(In thousands of Euro, unless otherwise stated)

Group

	Share Capital	Share premium reserve	Revaluation Reserves	Foreign currency translation from foreign operations	Reserves	Retained earnings / (Accumulated losses)	Total Equity
Balance at 1.1. 2015	38.740	(310)	0	5	6.990	79.865	125.291
Total comprehensive income/(loss) for the period							
Profit or loss	0	0	0	0	0	3.412	3.412
Valuation of financial assets available for sale	0	0	0	0	(264)	0	(264)
Actuarial gains (losses) on defined benefit pension plan	0	0		0	0	92	92
Effective portion of changes in fair value of cash flow hedges	0	0	0	0	29	0	29
Total other comprehensive income/loss	**0**	**0**	**0**	**0**	**(235)**	**3.504**	**3.269**
Total comprehensive income/loss for the period after taxes	**0**	**0**	**0**	**0**	**(235)**	**3.504**	**3.269**
Transactions with shareholders, recorded directly in equity							
SOP Reserve	0	0	0	0	237	0	237
Share Capital Increase	0	(21)	0	0	0		(21)
Total transactions with shareholders	**0**	**(21)**	**0**	**0**	**237**	**0**	**216**
Balance at 31.12. 2015	**38.740**	**(331)**	**0**	**5**	**6.993**	**83.370**	**128.776**
Balance at 1.1. 2015	38.740	(331)	0	5	6.993	83.370	128.776
Total comprehensive income/(loss) for the period							
Profit or loss	0	0	0	0	0	8.906	8.906
Valuation of financial assets available for sale	0	0	0	0	468	0	468
Actuarial gains (losses) on defined benefit pension plan	0	0	0	0	0	(230)	(230)
Effective portion of changes in fair value of cash flow hedges	0	0	0	0	(178)	0	(178)
Total other comprehensive income/loss	**0**	**0**	**0**	**0**	**291**	**8.677**	**8.968**
Total comprehensive income/loss for the period after taxes	**0**	**0**	**0**	**0**	**291**	**8.677**	**8.968**
Transactions with shareholders, recorded directly in equity							
SOP Reserve	0	0	0	0	144	0	144
Share Capital Increase	0	(46)	0	0	0	0	(46)
Dividend to shareholders	0	0	0	0	0	(8.500)	(8.500)
Net Income directly booked in the statement movement in Equity	8.711	(79)	722	0	9.283	(7.004)	11.632
Total transactions with shareholders	**8.711**	**(125)**	**722**	**0**	**9.426**	**(15.504)**	**3.230**
Balance at 31.12. 2016	**47.451**	**(456)**	**722**	**5**	**16.710**	**76.542**	**140.974**

The accompanying notes on pages 49 to 106 are an integral part of Consolidated Financial Statements.

Statement of Changes in Equity (Separate)
for the period 1/1 to 31/12/2016 and 1/1 to 31/12/2015

(In thousands of Euro, unless otherwise stated)

Company

	Share Capital	Share premium reserve	Revaluation Reserves	Reserves	Retained earnings / (Accumulated losses)	Total Equity
Balance at 1.1. 2015	38.740	(208)	0	7.171	83.827	129.530
Total comprehensive income/(loss) for the period						
Profit or loss	0	0	0	0	356	356
Valuation of financial assets available for sale	0	0	0	(264)	0	(264)
Actuarial gains (losses) on defined benefit pension plan	0	0	0	0	109	109
Total other comprehensive income/loss	**0**	**0**	**0**	**(264)**	**465**	**201**
Συγκεντρωτικά συνολικά εισοδήματα/(ζημιές) μετά από φόρους	**0**	**0**	**0**	**(264)**	**465**	**201**
Total comprehensive income/loss for the period after taxes						
SOP Reserve	0	0	0	218	0	218
Total transactions with shareholders	**0**	**0**	**0**	**218**	**0**	**218**
Balance at 31.12. 2015	**38.740**	**(208)**	**0**	**7.125**	**84.292**	**129.949**
Balance at 1.1. 2016	38.740	(208)	0	7.125	84.292	129.949
Total comprehensive income/(loss) for the period						
Profit or loss	0	0	0	0	6.560	6.560
Valuation of financial assets available for sale	0	0	0	468	0	468
Actuarial gains (losses) on defined benefit pension plan	0	0	0	0	(227)	(227)
Total other comprehensive income/loss	**0**	**0**	**0**	**468**	**6.333**	**6.801**
Total comprehensive income/loss for the period after taxes	**0**	**0**	**0**	**468**	**6.333**	**6.801**
Transactions with shareholders, recorded directly in equity						
SOP Reserve	0	0	0	132	0	132
Share Capital Increase	0	(9)	0	0	0	(9)
Dividend to shareholders	0	0	0	0	(8.500)	(8.500)
Net Income directly booked in the statement of movement in Equity resulting from merge	8.711	0	722	9.234	(384)	18.283
Total transactions with shareholders	**8.711**	**(9)**	**722**	**9.367**	**(8.884)**	**9.907**
Balance at 31.12. 2016	**47.451**	**(217)**	**722**	**16.961**	**81.741**	**146.657**

The accompanying notes on pages 49 to 106 are an integral part of the Consolidated Financial Statements.

Statement of Cash Flows (Consolidated and Separate)
for the period 1/1 to 31/12/2016 and 1/1 to 31/12/2015

(In thousands of Euro, unless otherwise stated)

		Group		Company	
	Note	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Operating Activities					
(Loss)/Profit before taxes		**6.790**	**4.418**	**3.238**	**684**
Adjustments for:					
Depreciation / Amortization	5	9.519	8.030	5.035	5.151
Provisions		354	429	316	394
Foreign exchange differences		5	28	(18)	2
Results (Income, expenses, profit and loss) from investment activity	5	1.287	(164)	(1.704)	(155)
Interest Expense	5	8.167	8.931	4.761	4.399
Plus/less adj for changes in working capital related to the operating activities:					
Decrease / (increase) in inventory		1.202	5.948	1.514	5.684
Decrease / (increase) in trade and other receivables		(532)	498	(263)	870
(Decrease) / increase in liabilities (excluding banks)		(6.630)	130	(6.846)	(2.390)
Less:					
Interest paid		(8.172)	(8.959)	(4.744)	(4.400)
Income taxes paid		(908)	(1.574)	(3)	(930)
Net cash generated from operations (a)		**11.081**	**17.715**	**1.287**	**9.308**
Investing Activities					
Purchase or Share capital increase of subsidiaries and related companies	9	(1.825)	(7.005)	(12.660)	(7.260)
Purchase of tangible and intangible fixed assets	6,8	(5.121)	(4.262)	(3.582)	(1.966)
Proceeds from disposal of tangible and intangible assets		8	14	8	13
Interest Received		113	46	99	31
Dividends Received		0	0	3.000	0
Addition of other investments	7	(207)	(206)	(165)	(206)
Proceeds from the sale of other investments	14	1.238	2.789	1.238	2.759
Total inflow / (outflow) from investing activities (b)		**(5.794)**	**(8.624)**	**(12.062)**	**(6.629)**
Financing Activities					
Proceeds from issued loans	20	70.110	9.556	59.010	9.556
Outflow from share capital increase		(46)	0	(9)	0
Repayment of loans	20	(65.198)	(23.651)	(38.761)	(15.069)
Repayment of leasing liabilities	20	(1.832)	(2.216)	(1.832)	(2.216)
Total inflow / (outflow) from financing activities (c)		**3.033**	**(16.312)**	**18.407**	**(7.729)**
Net increase/(decrease) in cash and cash equivalents for the period (a)+(b)+(c)		**8.321**	**(7.221)**	**7.632**	**(5.050)**
Cash and cash equivalents at the beginning of the period		16.260	23.481	14.197	19.247
Effect of exchange rate fluctuations on cash held		390	0	279	0
Closing balance, cash and cash equivalents		**24.971**	**16.260**	**22.109**	**14.197**

The accompanying notes on pages 49 to 106 are an integral part of the Consolidated Financial Statements.

Notes to the annual financial statements (consolidated and separate) as of Dec 31, 2016 and for the year then ended

1. Corporate information

1.1 General Information

HOUSEMARKET S.A. is located in Greece has its headquarters located at Internation Airport of Athens "Eleftherios Venizelos", Building 501. It is registered in the Companies Registry of the Ministry of Development with registration number 46208/04/B/00/37(04). It is subsidiary of the company FOURLIS HOLDINGS S.A. with a shareholding of 100%.

The Company's term, in accordance with its Articles of Incorporation, is set for 50 years and expires at 24th April 2050.

The current Board of Directors of the parent company is as follows:

1. Dafni A. Fourlis, Chairman, executive member
2. Vassilis St. Fourlis, Vice Chairman, executive member
3. Eftihios Th. Vassilakis, Independent Vice Chairman, independent non executive member
4. Panagiotis D. Katiforis, CEO, executive member
5. Apostolos D. Petalas, Director, executive member
6. Christos G. Tsamitropoulos, Director
7. Ioannis Ath. Kostopoulos, Director, independent non executive member

The total number of employees of the Company and its subsidiaries (hereinafter the "Group") as at the end of current and previous year was at 2.354 and 2.174 respectively while the total number of employees of the Company on 31/12/2016 was 1.545 and on 31/12/2015 was 1.525.

1.2 Activities

The Group's Companies activities are the retail trading of home furniture and household goods and real estate.

The Financial Statements include the direct and indirect subsidiaries of the Group as presented below:

Name	Location	% Holding	Consolidation Method
RENTIS SA*	Athens, Greece	100,00	Full
HOUSE MARKET BULGARIA AD	Sofia, Bulgaria	100,00	Full
HM HOUSEMARKET (CYPRUS) LTD	Nicosia, Cyprus	100,00	Full
TRADE LOGISTICS SA	Athens, Greece	100,00	Full

WYLDES LIMITED LTD	Nicosia, Cyprus	100,00	Full
VYNER LTD*	Nicosia, Cyprus	50,00	Net Equity
SW SOFIA MALL ENTERPISES LTD*	Cyprus	50,00	Net Equity

** Companies with indirect shareholding*

The shareholding percentages to the subsidiary companies have changed comparing to the prior year due to the merge through absorption of FOURLIS TRADE SA subsidiary of which by 100% (except one share) was TRADE LOGISTICS SA from HOUSEMARKET S.A. The relevant announcement was registered at the GECR with registration code number 868451 on 23/12/2016 and balancesheet transformation date of the absorbed company 30/6/2016. FOURLIS TRADE SA was until the merge date, was subsidiary of the parent company HOUSEMARKET S.A.

During the period 1/1 – 31/12/2016 the following share capital changes were realised:

- HOUSEMARKET S.A.: Following the resolution of 9/12/2016 of the General Assembly of the shareholders of the Company (relevant minutes of the G.A. with number 39/9.12.2016) as well as the corresponding resolution of the General Assembly of the shareholders of the company FOURLIS TRADE S.A. of 9/12/2016, the merger agreement with number 6140/16.12.2016 of the Notary of Athens Aleksandra Oikonomou – Konduleniou and the amending act with number 6144/22.12.2016 of the same Notary were signed, for the merge of the aforementioned companies, which was implemented through the absorption of FOURLIS TRADE S.A. from HOUSEMARKET S.A., in compliance with the provisions of articles 68 – 77a L.2190/1920 and the provisions of article 54 of L. 4172/2013 and the merge was completed with its registration in General Electronic Commercial Registry (GECR) on 23/12/2016 with Code Registration Number 868530 related to the absorbing HOUSEMARKET SA (relevant announcement issued with protocol number 732347/23.12.2016 of GECR service of the Athens Chamber of Commerce and Industry) as well as with a Code Registration Number 868451 related to the absorbed FOURLIS TRADE SA (relevant announcement issued with protocol number 734356/23.12.2016 of GECR service of the Athens Chamber of Commerce and Industry). Consequently, the share capital of the Company increased by the contributed net equity of the absorbed company FOURLIS TRADE SA, namely € 8.710.646,47 plus the amount of € 0,53 for rounding reasons (which was covered by cash by the sole shareholder "FOURLIS HOLDINGS SA"), namely the amount of € 8.710.647,00, with a subsequent issue of 8.710.647 new nominal shares of the Company, of nominal value € 1,00 per share, which were undertaken to their total by the company "FOURLIS HOLDINGS SA", the only shareholder of both merged companies. After the aforementioned increase, the share capital of the Company amounts to € 47.450.647,00, divided into 47.450.647 shares of nominal value € 1,00 per share, totally paid.

- TRADE LOGISTICS S.A.: Following the resolution of 27/12/2016 of the General Assembly of the shareholders of the Company (relevant minutes of the G.A. with number 20/27.12.2016), the share capital of the company increased by the amount € 10.500.000,00 by issue of 10.500.000 new common nominal vote shares of nominal value € 1,00 per share. This share capital increase was totally covered by tha shareholder HOUSEMARKET S.A. After the aforementioned increase, the share capital of the company amounts to € 18.470.000,00, divided into 18.470.000 shares of nominal value € 1,00 per share, totally paid.

- RENTIS S.A.: Following the resolution of the General Assembly of shareholders held on 22/3/2016 (relevant minute of the G.A. with number 35/22.3.2016), an increase in the share capital of the company was implemented by the total amount of euros 3.350.000,00 euros by issuing 3.350.000 new common nominal vote shares, of nominal value € 1,00 per share. This share capital increase was totally covered by the shareholder H.M. HOUSEMARKET (CYPRUS) LIMITED. After the aforementioned increase, the share capital of the company amounts to € 17.810.000,00 divided into 17.810.000 nominal shares of nominal value € 1,00 per share, totally paid.

- WYLDES LTD: Under ordinary resolution of 19/12/2016 of the Board of Directors of the Company, the share capital increased by the total amount of € 216,00 by issuing 216 shares, of nominal value €1,00 and underlying price € 10.000,00 per share. It must be noted that, following the total payment, from the only shareholder HOUSEMARKET S.A., of the underlying amount of the new shares and total amount of € 2.159.784,00 resulted to the increase of the share premium reserve. Therefore the share capital of the company on 31/12/2016 amounts to € 6.876,00 divided into 6.876 ordinary shares of nominal value €1,00 per share, totally paid.

- VYNER LTD: Following the ordinary resolution of 19/12/2016 of the Board of Directors of the Company, the share capital increased by the amount of € 390,00 by issuing 390 shares, of nominal value €1,00 per share. The subsidiary company WYLDES LTD participated in the aforementioned share capital increase by the amount of € 195,00 (plus € 1.814.805,00 as share premim value). Therefore the share capital of the company on 31/12/2016 amounts to € 9.992,00 divided into 9.992 ordinary shares of nominal value € 1,00 per share, totally paid, while the shareholding of WYLDES LTD in the Company was formed at 49,99% of the paid share capital.

The subsidiary of the Company HOUSE MARKET BULGARIA LTD within the year 2016 operated one new Pick up point in Burgas Bulgaria (20/10/2016).

1.3 Merge through absorption of the company FOURLIS TRADE S.A.

The company HOUSEMARKET S.A. following the resolution of 9/12/2016 of the General Assembly of the shareholders of the Company (relevant minutes of the G.A. with number 39/9.12.2016) as well as the corresponding resolution of the General Assembly of the shareholders of the company FOURLIS TRADE S.A. of 9/12/2016, the merger agreement with number 6140/16.12.2016 of the Notary of Athens Aleksandra Oikonomou – Konduleniou and the amending act with number 6144/22.12.2016 of the same Notary were signed, for the merge of the aforementioned companies, which was implemented through the absorption of FOURLIS TRADE S.A. from HOUSEMARKET S.A., in compliance with the provisions of articles 68 – 77a L.2190/1920 and the provisions of article 54 of L. 4172/2013 and the merge was completed with its registration in General Electronic Commercial Registry (GECR) on 23/12/2016 with Code Registration Number 868530 related to the absorbing HOUSEMARKET SA (relevant announcement issued with protocol number 732347/23.12.2016 of GECR service of the Athens Chamber of Commerce and Industry) as well as with a Code Registration Number 868451 related to the absorbed FOURLIS TRADE SA (relevant announcement issued with protocol number 734356/23.12.2016 of GECR service of the Athens Chamber of Commerce and Industry). Consequently, the share capital of the Company increased by the contributed net equity of the absorbed company FOURLIS TRADE SA, namely € 8.710.646,47 plus the amount of € 0,53 for rounding reasons (which was covered by cash by the sole shareholder "FOURLIS HOLDINGS SA"), namely the amount of € 8.710.647,00, with a subsequent issue of 8.710.647 new nominal shares of the Company, of nominal value € 1,00 per share, which were undertaken to their total by the company "FOURLIS HOLDINGS SA", the only shareholder of both merged companies. After the aforementioned increase, the share capital of the Company amounts to € 47.450.647,00, divided into 47.450.647 shares of nominal value € 1,00 per share, totally paid.

The change in figures of HOUSEMARKET SA due to the absorption of FOURLIS TRADE SA is presented in the following table (amounts in thousand euros):

ASSETS	**FOURLIS TRADE Value incorporated at the absorption**
Non current assets	
Property, plant and equipment	5
Investment Property	6.874
Investments	8.020
Long term receivables	10
Deferrd taxes	1.740
Total Non current assets	**16.649**
Current assets	
Income tax receivable	331
Trade receivables	1.555
Other receivables	254
Cash & cash equivalents	279
Non current aseets classified as held for sale	40
Total Current assets	**2.460**
TOTAL ASSETS	**19.108**
SHAREHOLDERS EQUITY &LIABILITIES	
Non current liabilities	
Employee retirement benefits	103
Other non current liabilities	34

Total Non current liabilities	**138**
Current liabilities	
Income tax payable	187
Accounts payables and other current liabilities	501
Total Current liabilities	**688**
Toatl liabilities	**825**
Shareholders equity	
Reserves	9.957
Retained earnings	(384)
Total Shareholders equity	**9.573**
TOTAL SHAREHOLDERS EQUITY &LIABILITIES	**10.398**
Net Equity for capitalization	**8.711**

Following the absorption of FOURLIS TRADE SA, as described above, which held shares of TRADE LOGISTICS SA, HOUSEMARKET SA is now the only shareholder (except one share) of the total number of shares issued by TRADE LOGISTICS SA.

The change in figures of Group due to the first time consolidation of TRADE LOGISTICS SA is presented in the following table:

ASSETS	**TRADE LOGISTICS COMPANY INCORPORATED FIRST TIME IN CONSOLIDATION**
Non current assets	
Property, plant and equipment	23.595
Intangible assets	229
Long term receivables	11
Deferrd taxes	735
Total Non current assets	**24.570**
Current assets	
Trade receivables	325
Other receivables	33
Cash & cash equivalents	110
Total Current assets	**468**
TOTAL ASSETS	**25.038**
SHAREHOLDERS EQUITY &LIABILITIES	
Non current liabilities	
Employee retirement benefits	161
Other non current liabilities	4.659

Total Non current liabilities	**4.820**
Current liabilities	
Current portion of non-current loans	7.000
Accounts payables and other current liabilities	1.349
Total Current liabilities	**8.349**
Toatl liabilities	**13.169**
Shareholders equity	
Share capital	18.470
Share premium reserve	(79)
Reserves	48
Retained earnings	(6.570)
Total Shareholders equity	**11.869**
TOTAL SHAREHOLDERS EQUITY &LIABILITIES	**25.038**

2. Basis of presentation of the Financial Statements

2.1. Basis of preparation

The Consolidated Financial Statements (hereinafter Financial Statements) have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The Board of Directors of the Company approved the financial statements for the year ended on December 31 2016, on March 13, 2017. These financial statements are subject to the approval of the General Assembly of the Company's shareholders.

The financial statements have been prepared on the historical cost basis, except for certain data of Assets and Liabilities (investment properties, risk hedge financial instruments and investments/financial data available for sale) that have been measured at fair value, and assuming that the Company and its subsidiaries will continue as a going concern. All amounts are presented in thousands of Euro, unless otherwise stated and any differentiations in sums are due to rounding.

2.2. Significant accounting judgments and estimates

The preparation of financial statementsbased in IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates. Estimates are based on management's previous experience including expectations of future events under normal conditions. The aforementioned judgments, estimates and assumptions are periodically re - assessed in order to be in line with current available data and reflect current risks.

When applying the Group's accounting policies, management has made the following judgments, estimates and assumptions that may have a significant impact on the items reported in the financial statements:

Estimates:

- *Deferred Tax assets:* deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward unused tax losses can be utilised. The recognition of deferred tax assets requires significant judgments and estimates to be made in relation to the future activities and prospects of the Group companies and as to the level and timing of future taxable profits.
- *Fair Values of investment properties:* the Group carries its investment properties at fair values as determined by independent appraising firms. The fair values of investment properties are assessed on an annual basis. The determination of the fair values of properties requires management to make assumptions with respect to the market rental rates for similar properties, sales comparables, capitalization and yield rates, and expectations on future rental income.
- *Impairment test of investments in subsidiaries:* at each reporting date, the Parent Company examines whether there are impairment indicators in relation to its investments in subsidiaries. Such assessment requires management to make significant judgements with respect to the existence of internal or external factors and the extent to which they affect the recoverable amount of these investments. If impairment indicators exist, the Company determines the recoverable amount of these investments. The determination of the recoverable amount requires estimates to be made with respect to the expected future cash flows of the investment, the business plans of the subsidiaries, and the determination of the applicable discount and growth rates. Further details are provided in Note 10.
- *Useful lives of property plant and equipment:* Management makes estimates when determining the useful lives of depreciable assets. Such estimates are periodically reviewed. The useful lives estimated and applied are discussed in Note 3.4.
- *Post - retirement benefits to personnel:* post - retirement obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of a discount rate, future salary increases, mortality rates and turnover rates. Due to the complexity of the valuation and the underlying assumptions included therein, a defined benefit obligation is highly sensitive to changes in these assumptions. Actuarial gains and losses that result from the difference among the actuarial assumptions are recognized directly in Equity. Such actuarial assumptions are periodically reviewed by management. Further details are provided in Note 18.
- *Share-based Payments:* Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right,

volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 18 of the Financial Statements.

Judgments:

- *Provisions for impaired receivables:* In the subsidiaries of the Segment of Wholesale Trading of Electrical Equipment the provision of impaired receivables is based on the historical data of receivables. Further details are provided in Note 11.
- *Provisions for slow moving goods:* Inventory turnover ratio is tested regularly and provisions are made for the slow moving goods. Further details are provided in Note 10.

3. Summary of significant accounting policies

The Financial Statements have been prepared in accordance with the following accounting principles:

3.1. Basis of Consolidation

The consolidated financial statements comprise of the financial statements of the parent Company and all subsidiaries controlled by the Company directly or indirectly. Control exists when the parent company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The subsidiaries' financial statements are prepared as of the same reporting date and using the same accounting policies as the parent company. Intra - group transactions (including investments in related companies), balances and unrealized gains are eliminated. Subsidiaries are fully consolidated from the date that control commences and cease to be consolidated from the date that control is transferred out of the Group. Losses within a subsidiary are attributed to the non - controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The financial results of subsidiaries, that are acquired or sold within the year, are included in the consolidated statement of comprehensive income from or up to the date of acquisition or sale, respectively.

3.2 Investments in subsidiaries

In the separate financial statements of the Parent Company, investments in subsidiaries are accounted for at cost, less any impairment in value. Impairment tests are carried out when there are clear indicators of impairment, in accordance with IAS 36 "Impairment of Assets".

3.3 Merge through absorption between associated companies

As mentioned in note 1.3, the company HOUSEMARKET S.A. which is 100% subsidiary of the Company FOURLIS HOLDINGS SA (Parent), proceeded to the merge through absorption of the 100% also subsidiary Company FOURLIS TRADE S.A. The absorbing company HOUSEMARKET S.A. and the absorbed company FOURLIS TRADE S.A. are under joint control (both joint controlled by FOURLIS

HOLDINS S.A.) and this control is not impermanent. For the aforementioned reasons, this transaction was considered to lack commercial substance and does not compose business combination which falls into the context of IFRS 3 for accounting presentation reasons.

The Company at the beginning recognition valuated the assets and liabilities of the absorbed company at book value (as presented in its financial statements but also the consolidated financial statements of the parent) right before the acquisition date. Moreover, the Statement of Comprehensive Income of the Company reflects the results of the combined Companies from the merge date (23/12/2016), while the comparative data were not reclassified. The Company accounted this transaction on 23/12/2016 which is the date of the approval of its registration in the GECR with a Code Registration Number 868530 in relation to the absorbing HOUSEMARKET SA (relevant isued announcement with protocol number 732347/23.12.2016 of the GECR service of the Athens Chamber of Commerce and Industry). From this transaction (implemented by companies under joint control) ther is no goodwill, while the amount arising from the book value of net assets merged is presented respectively in Equity of the Company.

3.4 Investments in associates

Associates are those entities, in which the Group has significant influence but which are neither a subsidiary nor a joint venture of the Group. A percentage holding from 20% to 50% implies significant influence. Such percentage holding indicates that company is an associate.

Investments in associates are accounted for using the equity method based on which the investment is carried at cost plus post-acquisition changes in the Group's share of net assets of the associate, less provisions for any impairment in value. Goodwill arising upon the acquisition of associates is included in the value of investment, while any negative goodwill is recorded in the income statement upon acquisition.

The Group's share in the gains or losses of associates after acquisition is recognized in the statement of comprehensive income, while post - acquisition movements in reserves are recognized directly in reserves.

In applying the equity method of accounting, the Group appropriately adjusts the financial statements of those associates who are not applying IFRS so as to comply with IFRS and be uniform with the accounting policies of the Group. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated, unless the transaction provides evidence of impairment of the transferred asset.

When the Group's participation to the associate's losses equals or exceeds its interest in an associate, including any other bad debts, the Group does not recognize further losses, unless it has any liabilities or made payments on behalf of the associate and generally those arising from the ownership status. In the separate financial statements of the Parent Company, investments in associates are accounted for at cost less any accumulated impairment losses.

3.5 Segment information

The Board of Directors of the Company is the chief operating decision maker and monitors internal financial reporting information in order to evaluate the performance of the Company and the Group and to take decisions about resource allocation.

Management has defined its segments based on these internal reports according to IFRS 8. The operating segments are defined as those business segments where the Group is active and on which the internal information system of the Group is based.

For the categorization by business segment, the following has been taken into account:

- the nature of products and services,
- quantitative limitations, required by IFRS 8.

According to the aforementioned, the Group presents information by operating segment as follows:

- Retail Trading of Home Furniture and Household Goods (IKEA stores).

3.6 Foreign currency translation

(a) Functional currency and reporting currency

The companies of the Group maintain their books in the currency of the financial environment in which each company operates (functional currency). The consolidated financial statements are presented in Euro's which is the functional currency of the parent company.

(b) Transactions and balances

Transactions in foreign currencies are converted to the functional currency according to the foreign exchange rates ruling at the date of the transaction. Foreign exchange differences arising on translation of monetary assets and liabilities denominated in foreign currencies at the reporting date are recognized in the statement of comprehensive income. Foreign exchange differences on non-monetary items carried at fair value are considered as part of the fair value of those items and are recorded together with the fair value adjustments.

(c) Foreign Group Companies

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency. The translation of the financial statements of the Group's companies which use a different functional currency from the parent company is performed as follows:

- Assets and liabilities are translated to Euro at the foreign exchange rate ruling at the date of the Statement of Financial Position.

- Equity is translated at historic rates.
- Income and expenses are translated using the average foreign exchange rate of the period and on an annual base according to the average foreign exchange rate of the last twelve (12) months.
- The resulting foreign exchange differences (gains/losses) are recognized in other comprehensive income and in Foreign Exchange differences from Statement of Financial Position translation Reserve. When subsidiaries operating in foreign countries are sold, accumulated foreign exchange differences existing in the Foreign Exchange differences from Statement of Financial Position translation Reserve are recognized to the statement of income as gains or losses from investments sales.

Goodwill and adjustments to fair values upon an acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate of the date of the Statement of Financial Position.

3.7 Property, plant and equipment

Property, plant and equipment are measured, by category, as follows:

- All categories of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.
- Cost includes all directly attributable costs for the acquisition of the items of property, plant and equipment. These costs include borrowing costs of loans drawn to finance the acquisition or construction of assets which are capitalized until the date when the assets are ready for their intended use.

Significant additions and improvements are recognised as part of the cost of the asset when the recognition criteria are met. All other costs (repairs and maintenance) are recognised in the statement of comprehensive income as an expense as incurred.

Upon disposal of an item of property, plant and equipment, the difference between the consideration received and the carrying value is recorded as gain or loss in the Income Statement.

Depreciation is calculated on a straight - line basis over the estimated useful economic life of the assets. Useful lives are reviewed on an annual basis.

The estimated useful lives of the Group's property plant and equipment, except of the land that is not depreciated, are as follows:

Category	Useful life
Buildings - Building installations (owned premises)	10 - 40 years
Buildings on third party land	10 – 36 years
Machinery and equipment	9 - 10 years

Category	Useful life
Motor vehicles	6 - 9 years
Miscellaneous equipment	4 - 10 years

Owner - occupied buildings or buildings whose use has not yet been determined and which are under construction are recorded at cost less any impairment losses. This cost includes professional compensations and borrowing costs. The depreciation of that owner - occupied buildings begins from the time the buildings are ready for use.

3.8 Investment property

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which is evaluated annually. The carrying value of investment property reflects the market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property fair value are recognized in the Income Statement of the period they occur.

3.9 Intangible assets

The intangible assets of the Group (excluding goodwill) are depreciated over their useful life.

- **Royalties**

Trademarks and licenses are valued at cost less amortization. Amortization is charged to the statement of comprehensive income on a straight - line basis over the estimated useful lives, which have been determined from 5 to 20 years.

- **Software - Other intangible assets**

Software licenses are valued at cost less amortization. Amortization is charged on a straight - line basis over the estimated useful lives and the depreciation rate is 15%.

Expenditure on development and maintenance of software is expensed as incurred. Expenditure of development activities for the production of new or substantially improved software (in - house developments), is recognised as intangible assets when the following criteria are met: a) when a specific asset is created, b) when it can be demonstrated that the intangible asset will generate probable future economic benefits and c) when the expenditures of development can be measured reliably. Such expenditures include also labour costs and an appropriate proportion of overheads. In case of software replacement, while the old one is no longer in use, intangible asset is permanently deleted from the Books and the net book value burdens the income statement.

Costs incurred for performing software upgrades, are capitalised and the new gross value forms the depreciable amount.

3.10 Impairment of non - financial assets except Goodwill

The carrying amounts of the Group's assets are reviewed for possible impairment when there is indication that the book value can not be recovered i.e. when the book value is higher than the recoverable amount from their use or sale.

The recoverable value is the greater of the fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre - tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable value is less than the carrying value, then the net book value is reduced to the recoverable value.

Impairment losses are expensed as incurred in the Statement of Income, except if the asset has been revalued, then the impairment loss reduces the related revaluation reserve. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exists of have decreased. If such indication exists, the Group estimates the asset's recoverable amount. When in a subsequent period, the impairment loss should be reversed; the carrying value of the asset is increased to the level of the revised estimation of recoverable amount. The new net book value should not exceed the net book value that would have been determined if the impairment losses had not been accounted in previous periods.

3.11 Financial instruments

A financial instrument consists of every agreement that creates a financial asset in a business and a financial liability or equity instrument in another business.

The Group's financial instruments are classified at initial recognition in the following categories based on the substance of the agreement and the purpose for which they were acquired:

i) Financial assets at fair value through profit and loss

Such financial assets, represent assets, which satisfy any of the following conditions:

- Financial assets held for trading (including derivatives that are not designated as hedging instruments in hedging relationships, those that are acquired or created in order to be sold or re - acquired and those which form part of a portfolio of recognized financial means).
- Financial assets designated as at fair value through other comprehensive income on initial recognition.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in the Statement of Comprehensive Income.

ii) Loans and receivables

Loans and receivables are non - derivative financial instruments with fixed or determinable payments that are not quoted in active market. This category does not include:

- Receivables from advances for the purchase of goods or services,

- Receivables resulting from tax transactions imposed by law,
- Any item not dealt with by an agreement giving the right to an entity to collect cash or other financial assets.

Loans and receivables are included in current liabilities/ assets, except of those whose maturity extends beyond twelve (12) months after the reporting date and which are classified as non - current liabilities/ assets. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

iii) Held - to - maturity Investments

Non - derivative financial items with fixed or determinable payments and fixed maturities are classified as held - to - maturity when the Group has the intent and ability to hold to term to maturity. After initial measurement, held - to - maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

iv) Available - for - sale financial assets

Available for sale financial assets which are classified under this category or which cannot be classified under any of the three preceding categories. Financial assets available for sales are valued at fair value and the unrealised gains or losses are recognised as other comprehensive income in a reserve under equity until the item is sold or impaired. At the date of sale or impairment, the gains or losses are transferred to the statement of comprehensive income. Impairment losses on equity investments are not reversed through the income statement.

Purchases and sales of investments are recognized on trade date, which is the date that the Group commits to purchase or sell the item. Investments are initially recorded at fair value plus, in the case of investments not at fair value through profit and loss, directly attributable transactions costs. Investments are derecognised when the right to the cash flows of the investment expire or are transferred and the Group has substantially transferred all the risks and rewards related to the ownership of the investment.

The fair values of financial assets, which are traded on active markets, are determined by reference to quoted prices. The fair value of financial assets not traded on active markets is determined by using valuation techniques such as use of recent arms length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

3.12 Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

The amount of the loss is recognized in profit or loss. The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the income statement, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Available for sale financial assets

For equity instruments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below cost. Where there is evidence of impairment, the cumulative loss - measured at the difference between the acquisition cost and the current fair value - is removed from other comprehensive income and recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement. In the case of debt instruments classified as available for sale, impairment losses are reversed through the income statements if an increase in the fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognized in the income statement.

3.13 Inventory

Inventory is valued at the lower of cost or net realizable value. Cost is determined by using the weighted average method. The cost of completed products and incomplete inventory includes the cost of direct raw materials, the direct labor cost and the general industrial expenses. The net realizable value is the estimated sales price less any costs to sell. The cost of inventory does not include any financial expenses.

3.14 Trade receivables

Trade receivables are recognised initially at fair value and they are subsequently valuated at the amortised cost by using the effective interest rate method, less provision for impairment.

When there is evidence of impairment of receivables, the carrying value is reduced to its recoverable amount, which is the present value of expected future cash flows discounted at the initial effective interest rate. Then, the interest is calculated at the same rate on the impaired (new book) value.

3.15 Cash

Cash and cash equivalents include cash at banks and on hand, as well as short term (up to 3 months) investments of high liquidation and low risk.

3.16 Non-current assets held for sale and discontinued operation

Non-current assets held for sale and discontinued operation are valued at the lower price between carrying amount and fair value less costs to sell. Any possible fair value increase in a subsequent valuation is registered in Profit and loss but for amounts not bigger than the initially registered impairment loss. Since the date on which an asset is classified as held for sale, this asset is no longer depreciated or amortized. Non-current assets held for sale are classified as such, provided that their carrying value will be recovered through sale rather than through continuing use. This condition is considered valid only when the sale is highly probable and the asset is available for immediate sale at its current condition. Management requires commitment to the sale which is expected to be completed either based on stipulated by contractual time commitment or within a year from classification date.
A discontinued operation is an integral part of a financial entity that either has been sold or has been classified as held for sale and:

a) represents a separate major part of business operations or a geographical area of operations,
b) is part of a single, coordinated divestment program of a great part of operations or a geographical area of operations or
c) is a subsidiary acquired exclusively with the prospect to be resold.

3.17 Share Capital

Direct costs incurred for increases in share capital are recorded, net of related income taxes against the share premium reserve. The cost of treasury shares net of any related income tax is recorded as a reduction of equity, until these shares are sold or cancelled. Any gain or loss on sale of treasury shares, net of direct transaction costs and any related income tax is recorded as a reserve account under equity.

3.18 Loans

Loans are initially recorded at their fair value less any direct costs related to the transaction. After initial recognition, they are subsequently measured at amortized cost using the effective interest rate method.

Interest and related expenses on loans taken for purchase or construction of fixed assets are capitalized. Capitalisation of borrowing costs ceases when the asset is ready for its intended use. In case of borrowing specifically for the purpose of constructing or acquiring an asset, the borrowing costs related to the loan agreement are directly capitalised. Otherwise, in order to determine the part of the loan related with that fixed asset, a method is implemented to determine the proportion of the capitalized interest and the proportion of the interest which will be recorded to the statement of comprehensive income as an expense. Revenues, occurred as a result of investing part of a loan taken for construction of a fixed asset, reduce the amount of borrowing costs capitalized.

3.19 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to mitigate the risk arising from fluctuations in interest rates. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the income statement.

The effective part of hedges that qualify for hedge accounting is recognized directly to equity if it is related to cash flow hedges while the ineffective part is charged to the consolidated income statement, while the non - effective part is recognized in the statement of comprehensive income. If the hedge is related to effective fair value hedges, the gain or loss from remeasuring the derivative hedging instrument at fair value is recognized in profit or loss and the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognized in profit or loss.

Under cash flow hedge accounting, when the hedged firm commitment results in the recognition of non - financial asset or a non - financial liability, then, at the time the asset or liability is recognized the associated gains or losses that had previously been recognized in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability. For all other cash flow hedges, the gains or losses that are recognized in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the statement of comprehensive income.

3.20 Current and Deferred Tax

Taxes recorded in the statement of comprehensive income include both current and deferred taxes.

Current income tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case it is recognised, in a similar way, directly in equity. Current income taxes include the current liabilities and/ or assets, to or from the tax authorities, relating to the taxes payable on the taxable income of the period. Current taxes are increased by any income taxes related to provisions for tax differences or additional taxes which are imposed by the tax authorities upon audit of the unaudited tax years.

Deferred tax assets and liabilities are measured at the tax rates which are expected to apply in the year where the asset or liability will be settled, taking into account the tax rates (and tax laws) that have been enacted or are virtually applicable at the reporting date.

Deferred taxes arise on temporary differences between the recognition of assets and liabilities for tax purposes and those for the purposes of preparation of the financial statements. Deferred tax is calculated using the liability method on all taxable temporary differences at the reporting date, between the tax basis and book value of assets and liabilities.

The expected tax effects of temporary tax differences are recognized either as deferred tax liabilities or as deferred tax assets. In case of an inability to accurately measure temporary tax differences, the initial recognition is made based on estimation of the reversal time and such estimation is reviewed each year.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses, to the extent that it is probable that sufficient future taxable income will be available against which the unused tax losses and tax credits can be used or sufficient taxable deductible temporary differences that incur in the same company and will be recovered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is unlikely that sufficient taxable income will be generated in order to recover the deferred tax asset.

The Group sets off deferred tax assets and deferred tax liabilities only if:

- it has a legal right to set off current tax receivables against current tax payables and
- deferred tax assets and deferred tax liabilities relate to income tax imposed by the same tax authority.

If the deferred income tax arises from initial recognition of an asset or liability in a transaction other than business combination, then it does not affect the neither the accounting nor the taxable profit or loss and therefore it is not taken into account.

The tax rates in the countries that the Group is operating presented below:

Country	% Income Tax/ Deferred Tax
Greece	29,0%
Cyprus	12,5%
Bulgaria	10,0%

3.21 Employee Benefits

Employee benefits are:

a) Short term benefits

Short term benefits to employees in money or in kind are recorded as an expense as they accrue.

b) Post - retirement benefits

According to the regulations of Law 2112/ 1920 amended by the article 74 paragraph 2 of the Law 3863/2010 and completed be the Law 3899/17-12-10 article 17 paragraph 5a and the Law 4093/12, the Greek subsidiaries of the Group pay retirement compensation to their employees. Such compensation varies in relation to the employees' years of service and salary payable at the time of retirement and is accounted for as a defined benefit plan. Post - retirement obligations are calculated at the present value of future employee benefits accrued as at the end of the reporting period, based on the benefits to be earned over their expected labor life. The above mentioned obligations are calculated based on actuarial valuation methods and are determined using the Projected Unit Method. Net costs of the period are included in the attached statement of comprehensive income and consist of the present value of the employee benefits that were accrued during the current year, the interest derived from the employee benefit obligation and the actuarial gains and losses which are recognised in full in the period in which they occur in the comprehensive income and they are not transferred in income statement in next periods. Full yield curve method is used for the definition of the discount interest rate in the calculation of the present value of the employee benefits.

c) State insurance programs

The employees of the Greek subsidiaries of the Group are covered, in terms of insurance programs, mainly through the Social Insurance Institution (IKA) the largest Social Security Organization of the private sector, which supplies pension and medical coverage. Every employee is obliged to participate partially, through his salary, in the costs of the insurance program, while the remaining cost is covered by the Group. Upon retirement, the pension fund is responsible to cover the obligation of pensions and retirement benefits to the employees. As a consequence the Group does not have any other legal or future obligation to cover future employee benefits according to this pension program. This program is considered and accounted for as a defined contribution plan whereby the accrued social security contributions are recorded as an expense in the financial period in which they are incurred.

d) Private insurance programs

Every full time employee of the Group belonging to the management team, according to the internal company policy, is covered by a private insurance pension and other benefits program. The Group covers, the contract defined fees, while the financial management of the program is performed by the insurance company. This program is considered and accounted for as a defined contribution plan whereby the accrued cost of the insurance fees is recorded as expense in the period in which they are incurred.

e) Stock option plan

The Company intends to attract, retain and incentivise the executives of the Company and the executives of its subsidiaries and affiliated companies, as through the Stock Options plan, the participants have a direct equity interest in the Company which link their performance to the Company's future performance and the increase of shareholder value. This program regards equity shares transactions.

The Company makes decisions regarding the implementation of the Stock Option Plan – to executives of the Company and its subsidiaries and affiliates in compliance with par.5 of Art.42e of Law 2190/1920.

A basic condition for participation in the Stock Options plan is the salaried working relationship of executives with the Company or its subsidiaries and affiliates.The cost of equity settled transactions is measured by reference to the fair values at the date in which they are granted and is recognized as an expense over the period from grant date to maturity date of the options with a concurrent increase in equity.

The program takes into account the following variables: Exercise price, Share price at grant date, Grant Date, Maturity date(s) of rights, Expected Stock Volatility (Volatility), Dividend Yield, Risk Free Rate.

3.22 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognized as deferred income and amortized over the expected useful life of the related asset. Such amortization is presented in other income statement.

3.23 Contingent liabilities and Provisions

Provisions are recognized when the Group has a present legal, contractual or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the present value of the expense expected to be required to settle the liability.

Contingent liabilities and assets are not recognised in the financial statements but are disclosed unless there is a probability of financial outflow or inflow.

3.24 Revenue and expense recognition

Revenue is measured at the fair value of sales of goods and provision of services, net of Value Added Tax, discounts and returns. Inter - company revenues are eliminated.

The recognition of revenue is accounted for as follows:

* *Sales of goods:* Sales of goods are recognized when the Group invoices and delivers the goods to the customers and the goods are accepted by them. Retail sales are through cash payments or through credit cards. In these cases the income recorded is the amount received by the customer. In the case of guarantees for returned retail sales value the returns are recorded as incurred.
* *Provision of services:* The income from provision of services is recorded in the period in which the services are provided, based on the stage of completion of the provided service.
* *Interest income:* Interest income is recognized proportionally in time and by using the effective interest rate.
* *Dividends:* Dividends are recorded as income when the right to collect vests which is upon the decision of the General Assembly of Shareholders (ordinary or extraordinary). Expenses are recognized in the statement of comprehensive income as accrued.
* *Advertising costs:* Advertising costs are expensed as incurred and are included in distribution expenses.
* *Borrowing costs:* Underwriters costs, legal and other direct costs incurred during the issue of long term loans are deducted from the loan balances and are recorded to the statement of comprehensive income based on the effective interest rate method over the duration of the loan. Borrowing cost is recognized as an expense during the issue period, except of the case that Group capitalizes borrowing costs according to IAS 23.

3.25 Leases

Leases in which all the risks and benefits of the property remain with the lessor are recorded as finance leases. All the other leasing contracts are recorded as operating leases.

* *Group as a Lessor:* Income from operating leasing is recognised as income on a straight - line basis over the lease term.
* *Group as a Lessee:* Operating lease payments are recognised as an expense on a straight - line basis over the lease term.

Leases which transfer to the Group substantially all of the risks and rewards of ownership of the leased item regardless of whether there is a transfer of the ownership title or not at the end of the lease, are classified as finance leases. The property held under finance leases is capitalized at the inception of the lease at the lower of its fair value and the present value of the minimum lease payments. Lease payments are apportioned between the reduction in the lease liability and the financial expenses in order to achieve a constant interest rate on the residual financial liability.

The related lease liabilities net of financial expenses are classified as liabilities and the related financial expenses are recognized in the statement of comprehensive income over the duration of the lease. Property, plant and equipment acquired through a finance lease are depreciated at the lower of the assets' useful lives and the lease term.

The Group as a Lessor only has operational leasing while as a Lessee has both operational and financial leasing.

3.26 Offsetting of financial assets and liabilities

Financial assets and liabilities are not offset in the financial statements unless there is a legal right of set - off and intention for settlement of the net amount or settlement of the asset and liability simultaneously.

3.27 Derecognition of financial assets and liabilities

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired,
- the Group or the Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay under a "pass - through" arrangement and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group or the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Groups´ continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

3.28 Earnings/Losses per share

The basic and diluted earnings per share are calculated by dividing net profits after taxes with the weighted average number of shares of each period/ year.

The weighted average number of shares arises by summing the outstanding shares into which the share capital is divided and the rights that can be contingently exercised and are owned by the company and subtracting the shares buy back.

3.29 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group and the Company as of 1 January 2016:

- **IAS 1: Disclosure Initiative (Amendment)**
  The amendments to IAS 1 Presentation of Financial Statements further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. The narrow-focus amendments to IAS clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted Investments. The Management of the Company and the Group has not used this amendment.

- **IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization**
  The amendment is effective for annual periods beginning on or after 1 January 2016. The amendment provides additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. This amendment clarifies the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The Management of the Company and the Group has not used this assessment.
- **IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations**
  The amendment is effective for annual periods beginning on or after 1 January 2016. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The Company and the Group has no transactions that fall within the scope of this amendment.

- **IAS 19 Defined Benefit Plans (Amended): Employee Contributions**

The amendment is effective for annual periods beginning on or after 1 February 2015. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Company does not have any plans that fall within the scope of this amendment.

- **IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments)**

  The amendments address three issues arising in practice in the application of the investment entities consolidation exception. The amendments are effective for annual periods beginning on or after 1 January 2016. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Also, the amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Finally, the amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The Management of the Company and the Group does not expect that this specific amendment will affect the financial statements.

The **IASB has issued the Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 February 2015. None of these had an effect on the Group's and Company's financial statements

- ***IFRS 2 Share-based Payment:*** This improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').
- ***IFRS 3 Business combinations:*** This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.
- ***IFRS 8 Operating Segments:*** This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
- ***IFRS 13 Fair Value Measurement:*** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the

ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

- ***IAS 16 Property Plant & Equipment:*** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- ***IAS 24 Related Party Disclosures:*** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
- ***IAS 38 Intangible Assets:*** The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

- The **IASB has issued the Annual Improvements to IFRSs 2012 – 2014 Cycle,** which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016. None of these had an effect on the Group's and Company's financial statements.

  - ***IFRS 5 Non-current Assets Held for Sale and Discontinued Operations***: The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
  - ***IFRS 7 Financial Instruments***: ***Disclosures***: The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.
  - ***IAS 19 Employee Benefits***: The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
  - ***IAS 34 Interim Financial Reporting:*** The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users

do not have access to the other information in this manner, then the interim financial report is incomplete.

Standards issued but not yet effective and not early adopted by the Group or the Company

- **IFRS 9 Financial Instruments: Classification and Measurement**

  The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Company and Group Management estimates that this standard will not have an impact on the financial statements.

- **IFRS 15 Revenue from Contracts with Customers**

  The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The Management assesses the impact of the amendment on the companies of the Group.

- **IFRS 15: Revenue from Contracts with Customers (Clarifications)**

  The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 *Revenue from Contracts with Customers*, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. These Clarifications have not yet been endorsed by the EU. The Management assesses the impact of the amendment on the companies of the Group.

- **IFRS 16: Leases**

  The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The standard has not been yet endorsed by the EU. The Management assesses the impact of the amendment on the companies of the Group.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The Management assesses the impact of the amendment on the companies of the Group.

- **IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)**

  The Amendments become effective for annual periods beginning on or after 1 January 2017 with earlier application permitted. The objective of the Amendments is to clarify the requirements of deferred tax assets for unrealized losses in order to address diversity in practice in the application of IAS 12 Income Taxes. The specific issues where diversity in practice existed relate to the existence of a deductible temporary difference upon a decrease in fair value, to recovering an asset for more than its carrying amount, to probable future taxable profit and to combined versus separate assessment. These amendments have not yet been endorsed by the EU. The Management assesses the impact of the amendment on the companies of the Group.

- **IAS 7: Cash Flow Disclosure Initiative (Amendments)**

  The Amendments are effective for annual periods beginning on or after 1 January 2017 with earlier application permitted. The objective of the Amendments is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Amendments specify that one way to fulfil the disclosure requirement is by providing a tabular reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes. These Amendments have not yet been endorsed by the EU. The Management assesses the impact of the amendment on the companies of the Group.

- **IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. These Amendments have not yet been endorsed by the EU. The Management assesses the impact of the amendment on the companies of the Group.

- **IAS 40: Transfers to Investment Property (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These Amendments have not yet been endorsed by the EU. The Management assesses the impact of the amendment on the companies of the Group.

- **IFRIC INTERPETATION 22: Foreign Currency Transactions and Advance Consideration**
  The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation has not yet been endorsed by the EU. The Management assesses the impact of the amendment on the companies of the Group.

- The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2017 for IFRS 12 Disclosure of Interests in Other Entities and on or after 1 January 2018 for IFRS 1 First-time Adoption of International Financial Reporting Standards and for IAS 28 Investments in Associates and Joint Ventures. Earlier application is permitted for IAS 28

Investments in Associates and Joint Ventures. These annual improvements have not yet been endorsed by the EU. The Management assesses the impact of the amendment on the financial statements of the Group and Company.

- ***IFRS 1 First-time Adoption of International Financial Reporting Standards:*** This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, applicable for first time adopters.
- ***IAS 28 Investments in Associates and Joint Ventures:*** The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.
- ***IFRS 12 Disclosure of Interests in Other Entities:*** The amendments clarify that the disclosure requirements in IFRS 12, other than those of summarized financial information for subsidiaries, joint ventures and associates, apply to an entity's interest in a subsidiary, a joint venture or an associate that is classified as held for sale, as held for distribution, or as discontinued operations in accordance with IFRS 5.

4. Financial Risk Management

a) Financial Risk Management

The Group is exposed to financial risks such as foreign exchange risk, credit risk, interest rate risk and liquidity risk. The management of risk is achieved by the central Treasury department, which operates using specific guidelines set by the Board of Directors. The Treasury department identifies, determines and hedges the financial risks in cooperation with the Groups' subsidiaries that face these risks. The Board of Directors provides written instructions and directions for the general management of the risk, as well as specific instructions for the management of specific risks such as foreign exchange risk and interest rate risk.

Foreign Exchange Risk:

The Group is exposed to foreign exchange risk arising from transactions in foreign currencies (SEK) with suppliers which invoice the Group in currencies other than the local. The Group, in order to minimize the foreign exchange risk, according to the needs, in certain cases pre - purchases foreign currencies.

Interest rate risk/liquidity:

The Group is subject to cash flow risk which in the case of possible variable interest rates fluctuation, may affect positively or negatively the cash inflows or outflows related to the Group's assets or liabilities.

Cash flow risk is minimized via the availability of adequate credit lines and cash. Also, the Group has entered into Interest Rate Swap (IRS) contracts in order to face interest rate risk.

b) Legal Issues

There are no litigations or legal issues that might have a material impact on the Company and the Group's Consolidated Financial Statements for the period 1/1 - 31/12/2016.

5. Analysis of expenses and other operating income

(a) The expenses are presented in the financial statements as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
Distribution expenses	89.406	83.647	65.969	62.599
Administrative expenses	14.350	13.045	12.792	12.511
Other operating expenses	228	522	317	255
Total	**103.985**	**97.214**	**79.078**	**75.365**

The main categories of expenses are analysed below:

	Group		Company	
	2016	**2015**	**2016**	**2015**
Payroll exopenses	39.213	36.850	31.180	29.595
Third party expenses (Leasing/Energy-Utilities etc)	36.923	36.374	28.856	28.807
Taxes-duties	1.806	1.642	1.318	1.154
Depreciation/Amortisation	9.519	8.030	5.035	5.151
Provisions and impairments	17	0	17	0
Miscellaneous expenses (Advertising, Warehousing, Transportation etc)	16.506	14.318	12.672	10.657
Total	**103.985**	**97.214**	**79.078**	**75.365**

Payroll expenses are analyzed as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
Salaries and wages	30.464	28.861	23.782	22.819
Social security contributions	6.518	6.234	5.688	5.461
Miscellaneous grants	2.042	1.565	1.543	1.140
Benefits due to retirement	189	191	167	176
Total	**39.213**	**36.850**	**31.180**	**29.595**

(b) Other operating income is analysed as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
Management fees	0	0	137	145

Revenue from non-used provisions	435	316	422	259
Fixed Assets Gain	7	7	6	5
Other income	2.695	2.133	2.115	1.655
Total	**3.138**	**2.456**	**2.680**	**2.064**

Other income mainly includes income from orders delivery charges and rents receivable.

Moreover, other income of the Company for the year 2016 include income from travels invoice of amount € 354 th. (2015: € 195 th.), income from subleasing properties of amount € 528 th. (2015: 443 th.) and income from transportation expenses invoice of amount € 982 th. (2015: € 771 th.).

(c) Net Financial Results are analyzed as follows:

	Group		**Company**	
	2016	**2015**	**2016**	**2015**
Interest – expenses	(4.702)	(5.593)	(1.956)	(1.923)
Credit Cards fees	(3.074)	(2.949)	(2.506)	(2.207)
Foreign exchange differences (expense) –realized-	(61)	(59)	(28)	(29)
Other financial expenses	(1.787)	(437)	(1.695)	(318)
Total finance cost	**(9.624)**	**(9.039)**	**(6.186)**	**(4.477)**
Interest and related income	113	46	99	31
Foreign exchange differences (income) –realized-	56	30	46	27
Other financial income	0	169	0	169
Total finance income	**169**	**245**	**145**	**227**
Financial Result	**(9.455)**	**(8.794)**	**(6.040)**	**(4.249)**

Other financial expenses include the amount of € 562 th. regarding loss from equity investments and the amount of € 834 th. regarding loss from evaluation of equity investments for the year 2016.

6. Property, plant and equipment

Property, plant and equipment for the year 2016 are analyzed as follows:

GROUP	Land	Buildings and installations	Machinery-Installations-Miscellaneous equipment	Motor vehicles	Furniture and miscellaneous equipment	Construction in progress	Total Property plant and equipment
Acquisition cost at 31.12.2015	**48.533**	**150.537**	**4.325**	**2.022**	**26.575**	**3.084**	**235.075**
Accumulated Depreciation/Amortisation 31.12.2015	**0**	**(41.132)**	**(2.620)**	**(1.507)**	**(21.304)**	**0**	**(66.563)**
Net book value at 31.12.2015	**48.533**	**109.404**	**1.705**	**514**	**5.271**	**3.084**	**168.511**
1.1-31.12.2016							
Additions	0	2.136	239	99	2.125	0	**4.597**
Other changes in acquisition cost	0	4	(47)	(26)	(1)	(584)	**(654)**
Additions from fist time consolidatoin of subsidiary	3.732	23.390	246	3.022	4.738	451	**35.579**
Depreciation/amortisation	0	(5.076)	(430)	(157)	(1.950)	0	**(7.613)**
Other Depreciation changes	0	341	43	26	(15)	0	**395**
Depreciation from fist time consolidatoin of subsidiary	0	(5.091)	(74)	(2.313)	(4.505)	0	**(11.984)**
Acquisition cost at 31.12.2016	**52.265**	**176.066**	**4.762**	**5.116**	**33.436**	**2.951**	**274.595**
Accumulated Depreciation/Amortisation 31.12.2016	**0**	**(50.958)**	**(3.082)**	**(3.952)**	**(27.774)**	**0**	**(85.765)**
Net book value at 31.12.2016	**52.265**	**125.108**	**1.681**	**1.164**	**5.662**	**2.951**	**188.831**

COMPANY	Land	Buildings and installations	Machinery-Installations-Miscellaneous equipment	Motor vehicles	Furniture and miscellaneous equipment	Construction in progress	Total Property plant and equipment
Acquisition cost at 31.12.2015	**31.316**	**88.292**	**3.019**	**1.483**	**19.514**	**0**	**143.624**
Accumulated Depreciation/Amortisation 31.12.2015	**0**	**(29.783)**	**(1.876)**	**(1.167)**	**(16.327)**	**0**	**(49.154)**
Net book value at 31.12.2015	**31.316**	**58.508**	**1.143**	**316**	**3.187**	**0**	**94.470**
1.1-31.12.2016							
Additions	0	1.300	205	99	1.504	0	**3.107**
Other changes in acquisition cost	0	(0)	(11)	(26)	(174)	0	**(212)**
Additions from fist time consolidatoin of subsidiary	0	4	0	0	206	0	**211**
Depreciation/amortisation	0	(2.853)	(293)	(110)	(1.161)	0	**(4.417)**
Other Depreciation changes	0	0	11	26	167	0	**204**
Depreciation from fist time consolidatoin of subsidiary	0	(1)	0	0	(205)	0	**(205)**
Acquisition cost at 31.12.2016	**31.316**	**89.595**	**3.213**	**1.556**	**21.050**	**0**	**146.730**
Accumulated Depreciation/Amortisation 31.12.2016	**0**	**(32.637)**	**(2.159)**	**(1.251)**	**(17.525)**	**0**	**(53.572)**
Net book value at 31.12.2016	**31.316**	**56.958**	**1.054**	**305**	**3.525**	**0**	**93.158**

Changes in Property, Plant and Equipment for the period refer to additions due to merge which are presented distinctly and the purchase of retail stores (new and existing) equipment and formation expenses (Note 1.3).

On 20/10/2016 the IKEA Pick up Point in Burgas of Bulgaria began its operation.

Property, plant and equipment of the Group, includes leased property, plant and equipment through financial leasing which amount to € 27.583 th. (2015: € 27.775 th.)

The average interest rate of the financial leasing for the year 2016 is 5,00% (2015: 5,02%).

Depreciation/ Amortization of property, plant and equipment and intangible assets of the Group of total amount € 8.353 thousand (Note 5), was registered in Distribution expenses by the amount of € 7.861 thousand and in Administrative expenses by the amount of € 492 thousand and respectively for the company depreciation/ amortization of total amount € 5.035 thousand (Note 5), was registered in Distribution expenses by the amount of € 4.543 thousand and in Administrative expenses by the amount of € 492 thousand.

7. Investment property

Investment property for the year 2016 is analyzed as follows:

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Opening	21.424	20.650	5.200	4.396
Additions	207	774	165	804
Additions from merge	6.874	0	6.874	0
Impairment	1.174	0	0	0
Closing balance	**27.330**	**21.424**	**12.239**	**5.200**

The amount of € 27,3 million (2015: € 21,4 million) includes:

- Property for exploitation valuated due to merge, of amount € 6,9 million (2015: € 5,7 million. The assessment of fair value was effectuated for the year 2016 by certified appraisers of the company Savills Hellas in accordance with the Valuation Standard V.S. 1.5&1.6 of RICS Valuation Standard prescribed by the Royal Institution of Chartered Surveyors. For the calculation of the fair value the Investment Method was used, according to which the investment property value is calculated by capitalizing the real and future leases that it may create. The valuation of fair value method was ranked at level 3 of the hierarchy. The significant assumptions used for the property were: Sale price/m^2 from € 180-300, capitalization rate at the end of the leasing period 11%.
- Property of a subsidiary, operating in real estate segment, of amount € 15,1 million (2015: € 16,2 million). The assumptions of the assessments effectuated by independent appraisors within the year 2014 were confirmed by the Management. More specifically, the assessments of fair value were performed by Savills Hellas in accordance with the Valuation Standard V.S. 1.5&1.6 of RICS Valuation Standard prescribed by the Royal Institution of Chartered Surveyors. For the calculation of the fair value the Investment Method was used, according to which the investment property value is calculated by capitalizing the real and future leasing that it may create. The valuation of fair value method was ranked at level 3 of the hierarchy. The significant assumptions used for the retail stores that the subsidiary, operating in real estate, leases were: Rent price/month €12/sqm, capitalization rate at the end of the leasing period 8% and annual rent increase 2%.
- Property of value € 5,3 million of the parent company which is leased for trading use (2015: € 5,3 million).

8. Intangible assets

Intangible assets are analyzed as follows:

	GROUP			COMPANY		
	Royalties	Software	Total	Royalties	Software	Total
Cost 31.12.2015	**8.872**	**5.357**	**14.229**	**7.210**	**4.608**	**11.818**
Accumulated Depreciation/Amortisation 31.12.2015	(3.964)	(3.798)	**(7.762)**	(3.293)	(3.365)	(6.658)
Net book value 31.12.2015	**4.907**	**1.560**	**6.467**	**3.917**	**1.244**	**5.160**
1.1 - 31.12.2016						
Additions	0	536	**536**	0	475	**475**
Other changes in acquisition cost	0	(3)	**(3)**	0	(3)	**(3)**
Additions from first consolidation of subsidiary		636	**636**	0	0	**0**
Depreciation/amortisation	(278)	(462)	**(740)**	(250)	(368)	**(618)**
Write-offs	0	3	3	0	3	3
Depreciation from first consolidation of subsidiary	0	(407)	(407)	0	0	0
Cost 31.12.2016	**8.872**	**6.527**	**15.398**	**7.210**	**5.081**	**12.291**
Accumulated Depreciation/Amortisation 31.12.2016	(4.242)	(4.664)	(8.906)	(3.543)	(3.730)	(7.273)
Net book value 31.12.2016	**4.630**	**1.862**	**6.492**	**3.667**	**1.351**	**5.017**

Royalties include the use of brand names (IKEA).

9. Investments in affiliates and associates

Investments are as analyzed as follows:

	COUNTRY	**COMPANY**			
		% SHAREHOLDING 2016	**31/12/2016**	**% SHAREHOLDING 2015**	**31/12/2015**
SUBSIDIARIES					
HM HOUSEMARKET (CYPRUS) LTD	Cyprus	100%	11.041	100%	11.041
HM HOUSEMARKET BULGARUA AD	Bulgaria	100%	9.999	100%	9.999
TRADE LOGISTICS SA*	Greece	100%	18.520		
WYLDES LTD	Cyprus	100%	34.352	100%	32.192
ASSOCIATE					
VYNER LTD	Cyprus	50,00%	-	50,00%	-
SW SOFIA MALL ENTERPRISES LTD	Cyprus	50,00%	-	50,00%	-
TOTAL			**73.912**		**53.232**

Operation of each company is analysed in the Annual Report of the Board of Directors.

On 31/12/2016 there were no indications for the conduction of impairment test of the subsidiaries.

Associated companies VYNER LTD and SW SOFIA MALL ENTERPISES LTD have been included in the consolidated financial statements. After applying the equity method, a loss of € 1.777 th. (2015: €

2.391 th.) was recognised in the consolidated income statement under "Contribution to associate companies losses" with a corresponding decrease in the carrying value of the investments in associates. Further differentiation of the investment value is due to the increase of the share capital of the associate SW SOFIA MALL ENTERPISES LTD of amount € 10 thousand and VYNER LTD of amount € 1.815 th.

The Summary financial information of VYNER LTD is as follows:

Company	Country of establishment	Total Assets	Total Liabilities	Income	Losses	Shareholding
2016	Cyprus	143.849	98.535	9.897	(2.581)	50,00%
2015	Cyprus	136.512	95.430	9.148	(6.496)	50,00%

The consolidated financial information of SW SOFIA MALL ENTERPISES LTD is as follows:

Company	Country of establishment	Total Assets	Total Liabilities	Income	Losses	Shareholding
2015	Cyprus	2.129	225	153	(973)	50,00%
2015	Cyprus	4.137	208	134	(6)	50,00%

10. Inventory

Inventory is analyzed as follows:

	GROUP		COMPANY	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Inventory	30.159	32.200	20.822	22.468
Advances for purchases of merchandise	3.682	2.842	1.948	1.817
Total	**33.840**	**35.042**	**22.770**	**24.285**

The inventory cost of the Group which was recorded as an expense under cost of goods sold amounts to € 172.459 thousand (2015: € 169.191 thousand).

The inventory value written off within the financial year was € 1.028 thousand (2015: € 1.694 thousand). Within the current year provisions for potential sales were made at the net realizable value lower of the acquisition cost of amount € 830 th. (2015: € 1.189 th.)

The Group has a mortgage contract on inventory until the amount of € 25.000 thousand for the improvement of the credit terms.

11. Trade receivables

Trade receivables are analyzed as follows:

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Trade receivables	9.129	222	8.783	201
Cheques receivables	31	18	31	18
Bad debt Provisions	(7.147)	0	(7.147)	0
Notes receivables	6	0	6	0
Total	**2.020**	**240**	**1.674**	**219**

Increase in trade receivables is due to the amounts transferred due to absorption of FOURLIS TRADE SA (Note 1.3).

As at December 31, 2015 and 2014 the ageing of trade receivables is analyzed as follows:

	GROUP			COMPANY		
	Total	Not due and not impaired trade receivables	Overdue but not impairmed trade receivables	Total	Not due and not impaired trade receivables	Overdue but not impairmed trade receivables
2016	2.020	578	1.442	1.674	231	1.442
2015	240	240	0	219	219	0

12. Other receivables

Other receivables are analyzed as follows:

	GROUP		Η Εταιρεία	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Debited VAT	653	672	0	0
Suppliers advances	802	2.331	938	2.331
Credit cards receivable	3.688	1.582	3.393	1.247
Accruals	2.501	1.871	1.883	1.255
Other debtors	5.889	5.440	4.840	4.886
Total	**13.533**	**11.897**	**11.054**	**9.719**

On 31/12/2016, other debtors include an amount of € 2.598 thousand (2015: € 2.856 thousand) as receivables for the submission of administrative appeal of a subsidiary and total payment of the main tax amount less the corresponding additional taxes and surcharges (Note 22).

13. Cash and cash equivalent

Cash represents the Group's and the Company's cash in hand as well as bank deposits available on demand and is analyzed as follows:

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Cash in hand	1.408	1.787	971	1.304
Bank deposits	23.562	14.473	21.138	12.893
Total	**24.971**	**16.260**	**22.109**	**14.197**

The temporary unallocated cash amounts of the Group's companies are placed in short-term deposits in euros. The average weighted deposit interest rate for the year 2016 is 0,85%.

14. Investments / Financial data available for sale

The Company participated in the recapitalization of the Greek Banks which took place within the year and on 31/12/2016 the shares held in its portfolio were valuated at the amount of € 1.254 thousand (2015: € 3.336 th.). The valuation gain that was recognized on 31/12/2016 in net equity was of amount € 288 thousand (2015: € 264 th.). The valuation method of Investments/ Financial data available for sale was ranked at level 1 of the hierarchy.

15. Share capital

On 31/12/2016 the share capital of the Company amounted to € 47.450.647 (2015: € 38.740.000) divided into 47.450.647 (2015: 38.740.000) nominal shares of nominal value € 1,00 per share. Notes 1.2 and 1.3 include details for the share capital increase.

16. Reserves

The movement of the reserves is analyzed as follows:

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Statutory Reserve	8.268	6.880	8.268	6.880
Reserves from valuation of financial data available for sale	288	(264)	288	(264)
Tax-free Reserves	7.639	0	7.639	0
Revaluation Reserves	722	0	722	0
Extraordinary Reserves	3	3	3	3
SOP Reserve	862	546	763	506
IRS Reserve	(350)	(172)		
Foreign exchange diff. from Statement of Financial Position transl. reserves	5	5	0	0
Σύνολο	**17.437**	**6.998**	**17.683**	**7.125**

The increase in reserves is due to amounts transferred due to absorption of FOURLIS TRADE SA (Note 1.3).

Statutory Reserve: In accordance with the provisions of Greek company law, the creation of a statutory reserve, through the transfer of the 5% of the annual after tax profits, is mandatory up until the reserve reaches 1/3 of the share capital. The statutory reserve is only distributable upon dissolution of the Company, it may however be used to set - off accumulated losses.

Exchange Differences from foreign companies financial statements conversion: This reserve is comprised from the foreign exchange differences arising from the retranslation of the financial statements of the Group's companies which have a different functional currency from the parent company.

Cash Flow Hedging reserve: The hedging reserve comprises of the effective portion of the cumulative net change in the fair value of cash flow hedging instruments (IRS) – Note 20.

17. Dividends

The Ordinary Shareholders General Assembly dated on 16/6/2016 did not propose a dividend distribution for the year 1/1 – 31/12/2015 taking into consideration the financial results of this period.

The parent company registered in its income a dividend from subsidiary of amount € 3,0 million at the year 2016. The Extraordinary General Assembly of the shareholders of the Company on 30/12/2016 approved the distribution of dividend of amount € 8,5 million from prior year profits.

18. Employee retirement benefits

18.1 Liabilities due to termination of service

The obligation of employee compensation due to termination of service (Law 2112/20, 4093/12 for Greek Companies, Bulgarian Labor Law for Bulgarian Companies) appears in the Financial Statements in compliance with IAS 19 and is based on an actuarial study elaborated by AON Hewitt on December 31st,2016.

Basic assumptions of the actuarial study for Greece are the following:

Greek Companies	2016	2015
Average annual payroll increase	1,00%	1,00%
Discount interest rate	1,65% - 1,90%	1,86% - 2,74%
Inflation	1,00%	1,00%
Plan duration (years)	15-24	10-24

In case of an average annual payroll increase by 0,50% (namely 1,50%), the amount of liabilities due to termination of service of Greek companies would increase from 7,74% to 12,13%. In case of a discount rate increase by 0,50%, the amount of liabilities due to termination of service of Greek companies would decrease from 7,04% to 10,58%.

Bulgarian Companies	2016	2015
Average annual payroll increase	3,50%	3,50%
Discount interest rate	2,15%	2,36%
Inflation	2,00%	2,00%
Plan duration (years)	24-29	24-31

In case of an average annual payroll increase by 0,50% (namely 4,00%), the amount of liabilities due to termination of service of Bulgarian companies would increase from 12,27% to 14,96%. In case of a discount rate increase by 0,50% (namely 2,65%), the amount of liabilities due to termination of service of Bulgarian companies would decrease from 10,90% to 13,10%.

The expense derived from the compensation to employees due to retirement, that was recorded in the Income Statement of the financial year 2016 is analysed as follows:

	GROUP		COMPANY	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Service Cost	197	202	177	188
Interest Cost	52	42	51	41
Cost reduction/settlement/termination service	193	110	193	110
Total amount allocated in Income statement	**443**	**354**	**421**	**338**
Balance of liability at the beginning	**2.049**	**1.995**	**1.971**	**1.948**
Compensation due to retirement	443	354	421	338
Paid amounts	(255)	(166)	(255)	(162)
Actuarial gains/losses	326	(34)	319	(153)
Remaining liability from merge	103	0	103	0
Remaining liability from first time consolidation of subsidiary	161	0	0	0
Balance of liability in the end	**2.828**	**2.049**	**2.560**	**1.971**

Note 1.3

18.2 Share based payments

Members of the Management of the Company and its subsidiaries take part in a SOP program of the parent company FOURLIS HOLDINGS SA.

Under the SOP context, the Extraordinary General Assembly of the Company of September 27, 2013, in the context of Stock Option Plan, approved the disposal of 1.507.678 stock options. The program will be implemented in three waves, with a maturity period of three years per wave. Options should be exercised within five years since their maturity date. In case that, after the grant some of the options remain undisposed, those options will be cancelled. The option grant price of each wave is the market closing price on the day of Extraordinary General Assembly's resolution regarding the approval of the program. On 25/11/2013 the board of Directors granted 502.550 stock options, which are the first of the three waves. The underlying share price, to which conferred options reflect, is determined at the amount of 3,4 € per share which is the closing stock price of the share on the date of the Extraordinary General Assembly.

On 24/11/2014 the board of Directors granted 502.550 stock options, which are the second of the three waves. The underlying share price, to which conferred options reflect, is determined at the amount of 3,4 € per share which is the closing stock price of the share on the date of the Extraordinary General Assembly.

On 23/11/2015 the Board of Directors granted 502.578 stock options, which are the third of the three waves. The underlying share price, to which conferred options reflect, is determined at the amount of 3,4 € per share which is the closing stock price of the share on the date of the Extraordinary General

Assembly.

Within the year 2016, 338.088 options were exercised which were granted by resolutions of the BoD of 25/11/2013, 24/11/2014 and 23/11/2015. Following the resolution of 22/12/2016 of the BoD (relevant minutes 379/22.12.2016 of the BoD), the exercise of the aforementioned Options by their corresponding beneficiaries was certified by payment of the defined underlying value of the new shares, which according to the terms of the SOP of 27/9/2016, amounts to € 3,40 per share, namely payment of total amount of € 1.149.499,20 and equal number of new common nominal shares of the Company were issued and delivered to the beneficiaries of the SOP, namely 338.088 new common nominal shares, of amount € 1,07 per share. Four beneficiaries responded to this invitation among which memebers of the Management of the Company.

During the period 1/1 – 31/12/2016, no beneficiaries waived their right to exercise their options (2015: 5.870) which had been granted by the BoD of the parent company FOURLIS HOLDINGS SA on 25/11/2013.

During the period 1/1 – 31/12/2016, an amount of € 144 (2015: € 237) was recorded in the Consolidated Income Statement as an expense.

18.3 Benefit contributions under the private insurance program

During the year ended on December 31, 2016 the amount of defined benefit contributions under the private insurance program that was recorded as an expense by the parent Company totalled to € 161 thousand (2015: € 146 thousand) while the respective amount recorded as an expense by the Group amounted to € 177 thousand (2015: € 163 thousand).

19. Financial Instruments and Risk Management Policies

19.1 Credit Risk

Exposure to Credit Risk

The Group has significantly reduced its exposure to credit risk due to the disinvestment of the Wholesale Trading of Electrical Equipment segment and the focus in the retail segments where the payment of goods is mainly made by cash or credit cards discounts. The maximum exposure at 31/12/2016, without taking into consideration any hedging or insurance strategies, was as follows:

	Book Value	
	2016	2015
€000s		
Trade & other receivables	2.020	240
Cash & cash equivalent	24.971	16.260

The maximum exposure to credit risk on trade receivables of the Group without taking into consideration any hedging or insurance strategies at the date of the Statement of Financial Position, per geographic segment was as follows:

€000s	Book Value 2016	2015
Greece	1.989	180
Southeastern Europe Countries	31	60

The maximum exposure at the date of the Statement of Financial Position, per customer type was:

€000s	Book Value 2016	2015
Wholesale trade customers	1.605	148
Retail trade customers	415	92

19.2 Liquidity Risk

Liquidity risk is retained at low levels by maintaining adequate bank credit lines and significant cash and cash equivalents which on 31/12/2016 amounted to € 25,0 million for the Group vs € 16,3 million on 31/12/2015. During year 2016, the Group managed to maintain the improved credit terms from its main suppliers.

The contractual loan dues including interest payments, excluding the net - off agreements, are as per paragraph Borrowings, while for Accounts Payable and Other Liabilities are less than 12 months.

GROUP

	Immediate termination	3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31/12/2016						
Credit lines	0	0	1.400	0	0	1.400
Short-term loans	3.000	0	0	0	0	3.000
Long-term loans	(14)	785	19.575	82.877	0	103.223
Leasing	0	112	360	0	0	472
Total	**2.986**	**897**	**21.335**	**82.877**	**0**	**108.095**
31/12/2015						
Credit lines	3.522	0	3.650	0	0	7.172
Short-term loans	0	0	12.342	0	0	12.342
Long-term loans	0	1.404	12.192	56.403	0	69.998
Leasing	0	546	1.758	0	0	2.304
Total	**3.522**	**1.950**	**29.941**	**56.403**	**0**	**91.816**

COMPANY

	Immediate termination	3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31/12/2016						

Credit lines	0	0	0	0	0	0
Short-term loans	3.000	0	0	0	0	3.000
Long-term loans	(14)	(28)	(128)	39.361	0	39.190
Leasing	0	112	360	0	0	472
Total	**2.986**	**84**	**232**	**39.361**	**0**	**42.662**
31/12/2015						
Credit lines	0	0	0	0	0	0
Short-term loans	0	0	12.342	0	0	12.342
Long-term loans	0	800	2.400	6.400	0	9.600
Leasing	0	546	1.758	0	0	2.304
Total	**0**	**1.346**	**16.500**	**6.400**	**0**	**24.246**

19.3 Foreign Exchange Risk

Foreign exchange risk exposure

The Group is exposed to foreign exchange risk arising for its transactions in foreign currencies (SEK). The percentage of the balance of suppliers in currency other than the publication currency (euro) is 5,58% of the total. The Group, in order to minimize the foreign exchange risk, in certain cases pre - purchases foreign currencies.

Translation risk of such kind is due to the activity in Bulgaria BGN. In Bulgaria the local currency is pegged to the Euro (EUR/ BGN = 1.95583) a fact which can not guarantee that economic problems and consequences of global crisis on Bulgaria will not affect the stability of the currency.

In thousand euros

	31/12/2016 Foreign currency in thousand euros		
	SEK	**BGN**	**EUR**
Trade creditors and other liabilities	411	2	3.545
	31/12/2015 Foreign currency in thousand euros		
	SEK	**BGN**	**EUR**
Trade creditors and other liabilities	455	0	2.462

Sensitivity Analysis

A Euro revaluation of 10% at December 31, vs the below currencies would increase (decrease) the Net Equity and the Operating Results as per the amounts indicated at the below summary. It is assumed that all other variables (Interest Rates) would remain constant.The analysis was performed in a similar manner for 2016.

Impact in €000s	Net Equity	Operating Result
Dec 31 , 2016		
SEK	41	41
BGN	0,2	0,2
Dec 31 , 2015		
SEK	46	46

A Euro devaluation of 10% at December 31, vs the aforementioned currencies would have an equal but opposite impact in comparison to the ones presented above, based on the assumption that all the other variables would remain constant.

The exchange rates of foreign currencies used for the conduction of the financial statements of the year 2016, are presented at the table below:

BGN

Balance Sheet 31/12/2016: 1,95583 Profit & Loss Statement 1/1/2016-31/12/2016: 1,95583

Balance Sheet 31/12/2015: 1,95583 Profit & Loss Statement 1/1/2015-31/12/2015: 1,95583

19.4 Interest Rate Fluctuation Exposure

Profile

The Group is subject to cash flow risk which in the case of possible variable interest rates fluctuation, may affect positively or negatively the cash inflows or outflows related to the Group's assets or liabilities. Despite of the fact that we believe that in an environment of prolonged global slowdown, the risk of rising interest rates remains low, the group has entered into Interest Rate Swap (IRS) contracts effectively converting part of the loans from floating to fixed interest rate for a period of 3 to 5 years.

The profile of Group's loan liabilities at the date of the Statement of Financial Position is analysed in paragraph Borrowings.

Sensitivity Analysis of fair value for financial instruments with a variable interest rate

A 1% fluctuation of the Group's borrowing rate at December 31, would increase (decrease) the Net Equity and the Operating Results by € 1.080 thousand for the year 2016 and € 918 thousand for the year 2015.

Sensitivity Analysis of fair value for financial instruments with a fixed interest rate

The Company has no such Instruments (Assets/Liabilities) valued at fair value through income statement.

19.5 Fair value of financial instruments

The carrying amounts of the financial instruments of assets and liabilities (i.e. trade and other receivables, cash and cash equivalents, trade and other payables, derivative financial instruments, borrowings and finance leases) approximate their fair value. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between two market participants at the measurement date. The fair values of the financial instruments as of 31 December 2016 represent management's best estimate. In situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Group's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Group based on the best information available in the circumstances.

The three levels of the fair value hierarchy are as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities;
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data;
- Level 3: Assets or liabilities prices that are not corroborated by market data.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Cash and cash equivalents, trade and other receivables, trade and other payables accounts: the carrying amounts approximate their fair value either due to the short maturity of these instruments or because there is no foreign currency risk exposure.
- Borrowings: The carrying amount approximates their fair value mainly due to the fact that they bear interest at floating rates and are denominated in local currency.
- Derivative financial instruments: The valuation method was determined by taking into consideration all factors in order to determine precisely fair value, such as the current and the prospective interest rates trend and the duration and falls into level 2 of the fair value hierarchy.

Within the year, there were neither moving between levels 1 and 2 nor moving inside and outside level 3 during the measurement of fair value. Moreover, within the same year, there was no change in the purpose of any financial asset which would lead to a different classification of this asset.

19.6 Capital Management

The primary objective of the Group's capital management is to ensure and maintain strong credit ratings and healthy capital ratios in order to support the investment projects and maximizing the return of invested capital for the shareholders.

The Group monitors its capital management through the use of a gearing ratio - net debt divided by equity plus net debt - where net debt includes interest bearing loans and borrowings minus cash. The Group's strategic objective is to maintain the above ratio between 30% and 45%. On 31/12/2016 the ratio stood at 37% (2015: 36%).

20. Borrowings

Borrowings for the year 2016 and 2015 are analyzed as follows:

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Bond Loan	**40.000**	**0**	**40.000**	0
Bond Loan issual expenses	(810)	0	(810)	0
Other non-current loans	64.033	69.999	0	9.600
Total non-current loans	**103.223**	**69.999**	**39.190**	**9.600**
Current portion of Bond Loan expenses depreciated next year	(171)	0	(171)	0
Current portion of other non-current loans and borrowings	20.517	13.596	0	3.200
Total Current portion of non-current loans and borrowings	**20.346**	**13.596**	**(171)**	**3.200**
Financial Lease	**472**	**2.304**	**472**	**2.304**
Current portion of Financial Lease	472	2.304	472	2.304
Short-term loans for working capital	**4.400**	**19.514**	**3.000**	**12.342**
Total loans and borrowings	**108.095**	**91.816**	**42.662**	**24.246**

The maturity table of the Finance Lease Liability is as follows:

	31/12/2016			
	Up to 1 year	2 - 5 years	More than 5 years	Total
Future Lease Payments	485	0	0	485
Less Interest	(14)	0	0	(14)
Present value of Future Lease Payments	**472**	**0**	**0**	**472**

	31/12/2015			
	Up to 1 year	2 - 5 years	More than 5 years	Total
Future Lease Payments	2.375	0	0	2.375
Less Interest	(71)	0	0	(71)
Present value of Future Lease Payments	**2.304**	**0**	**0**	**2.304**

The average interest rate of the financial lease for the year 2016 is formed at 5,00% (2015: 5,02%). The repayment period of non - current loans varies between 1 to 9 years and the average effective interest rate of the Group was 3,95% during the year 2016 (2015: 4,58%). Repayments and proceeds of loans of the current period amounted to € 67.030 thousand and € 70.110 thousand respectively.

Non - current loans, including their part which is payable within 12 months, cover mainly the Group's growth needs and are analyzed in bond, syndicated and other non - current loans as follows:

31/12/2016		Amount	Issuing Date	Duration
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	1.169	17/8/2011	7 years from the issuing date (€804 payable forthcoming period)
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	2.900	17/3/2016	5 years from the issuing date
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	1.636	17/3/2016	2 years from the issuing date (€1.110 payable forthcoming period)
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	2.150	30/3/2016	3,5 years from the issuing date (€800 payable forthcoming period)
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	2.600	30/3/2016	6 years from the issuing date (€600 payable forthcoming period)
		10.455		
HOUSE MARKET BULGARIA AD	Syndicated	39.579	11/7/2016	9 years from the issuing date (€3.247 payable forthcoming period)
		39.579		
HOUSEMARKET SA	Bond	39.190	4/10/2016	5 years from the issuing date
		39.190		
TRADE LOGISTICS SA	Bond	7.000	4/11/2009	8 years from the issuing date (€7.000 payable forthcoming period)
		7.000		
RENTIS SA	Bond	4.700	2/3/2013	2 years from the issuing date (an extension was agreed until 20/1/2017) (€4.700 payable forthcoming period)
	Bond	2.300	20/1/2010	7 years from the issuing date (€2.300 payable forthcoming period)
		7.000		
	Total	**103.223**		

31/12/2015		Amount	Issuing Date	Duration
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	1.988	17/8/2011	7 years from the issuing date (€816 payable forthcoming period)
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	2.600	23/12/2013	6 years from the issuing date (€800 payable forthcoming period)
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	2.600	23/12/2013	6 years from the issuing date (€800 payable forthcoming period)
		7.188		
RENTIS SA	Bond	8.000	2/3/2013	2 years from the issuing date (an extension was agreed until 20/1/2017)
	Bond	2.300	20/1/2010	7 years from the issuing date
		10.300		
HOUSE MARKET BULGARIA AD	Syndicated	42.910	22/12/2011	7 years from the issuing date (€7.980 payable forthcoming period)
		42.910		
HOUSEMARKET SA	Bond	9.600	21/2/2011	6 years from the issuing date (€3.200 payable forthcoming period)
		9.600		
	Total	**69.998**		

Non –current loans include:

a) The bond loan issued by the company HOUSEMARKET S.A. of five-year maturity. The Bond Loan, was disposed through a public offering between 28 and 30 September in Greece by cash payment and the available 40.000.000 bearer bonds were issued on 6/10/2016 for trading in the fixed income securities category of the regulated market of Athens Stock Exchange. Direct issual expenses of the bond loan amounted to € 853 th., € 43 th. of which are allocated in the year 2016, € 171 th. will be allocated in the next year and € 639 th. will be allocated within the following years.

b) The remaining finance lease liability of amount € 472 th. of the company HOUSEMARKET S.A. through which the Company financed the purchase of land and building on 27 December 2000 as well as the improvements made on the building and the purchase of equipment for the first IKEA store in Greece in Pylea Thessaloniki. The finance lease for the land and the building improvements expires on December 2017.

Total short term loans of the Group include current loans and overdraft bank accounts which are used for the Group's working capital needs. The amounts drawn are used mainly to cover current obligations to suppliers. The weighted average interest rate of short term loans for the period 1/1/2016 to 31/12/2016 was approximately 4,82% (2015: 5,12%). During the current period, Interest Rate Swaps or IRSs continue to exist, in order to mitigate the risk of subsidiaries of a sudden increase in interest rates in the interbank market.

The terms of the swap agreements are as follows:

- 5year financial product (IRS) that hedges interest rate risk through the exchange of fixed/ floating rate for nominal amount of 5 million euros, with a negative fair value for HOUSE MARKET BULGARIA AD on 31/12/2016 of € 45 thousand (31/12/2015: € 191 thousand). The outcome of the valuation has been registered in the Statement of Comprehensive Income.
- 7year financial product (IRS) that hedges interest rate risk through the exchange of fixed/ floating rate for nominal amount of 25,1 million euros, with a negative fair value for HOUSE MARKET BULGARIA AD on 31/12/2016 of € 344 thousand (31/12/2015: € 0 thousand). The outcome of the valuation has been registered in the Statement of Comprehensive Income.

Some of Group's loans include loan covenants. On 31/12/2016 the Group either complied with the terms of the loans or had the approval to wave the right to calculate them.

The Group, having centralized its capital management, has the ability to directly identify, quantify, manage and hedge, if necessary, its financial risks created by its operational activities so as to be consistent to the changes in the economic environment. The Group continuously observes and budgets its cash flow and acts appropriately in order to ensure open credit lines for covering current capital needs. The Group has adequate open credit lines with domestic and foreign financial institutions in order to cover the needs of the companies in working capital.

On 16/9/2016, the Company announced that it will issue an Ordinary Corporate Non-Convertible Unsecured Bond Loan (hereafter the "Corporate Bond Loan"), with an issue amount of minimum € 15.000.000 and maximum € 40.000.000. The loan is subject to the Greek Law and will have a five year maturity period with an annual fixed interest rate of 5% and three-month interest payment. The issuance of the Corporate Bond Loan will be implemented through a public offering to in Greece and the issued bonds will be listed in the Regulated Debt segment market of the Athens Stock Exchange. The fact that the minimum invested amount, namely € 1.000 per investor, made the bonds accessible to all investors, from individuals to big institutional investors, is highly important.

The basic data of the issue are as follows:

Corporate Bond Loan HOUSEMARKET S.A.	
Maturity	5 years
Coupon	5% per annum
Interest payment	Three-months
Minimum denomination	€1.000/investor
Bond underlying price	100% of nominal value (€1)
Issuer Credit Rating	BB by ICAP (02.09.2016)
Offer Period & Methodology of Public Offering	From 28 to 30 September 2016 via Electronic Book Building (E.B.B.) of ATHEX
Trading Unit on ATHEX	One (1) Bond
Issue Advisor	EUROXX SECURITIES S.A.
Underwriters	NATIONAL BANK OF GREECE S.A., INVESTING BANK OF GREECE S.A., EUROXX SECURITIES S.A., and PANTELAKIS SECURITIES S.A.

On 4/10/2016, the Company announced that, upon completion of the Public Offering on 30th September 2016 and according to the aggregated information regarding the distribution through the usage of the Electronic Book Building (E.B.B.) of ATHEX, there were submission of total offers amounted at € 50.174.290. The oversubscription of the Public Offering resulted to the issue of totally 40.000.000 bonds, with underlying price € 1,00 each, namely € 40.000.000, which was distributed as follows:

1) 13.000.677 bonds (approximately 32,50% of the total issued bonds) were distributed to Individual Investors, over the total number of bids for 13.364.290 bonds (namely approximately 97,28% of the interest shown was satisfied at this specific investors category) and

2) 26.999.323 bonds (approximately 67,50% of the total issued bonds) were distributed to Qualified Investors, over the total number of bids for 36.810.000 bonds (namely approximately 73,35% of the interest shown was satisfied at this specific investors category).

The current bond issue of the Company is an innovative move, as it is the first public offering and induction of common bonds in the regulated market of Athens Stock Exchange, via using the Electronic Book Building of ATHEX.

On 6/10/2016 the trading of all 40.000.000 issued bonds of the Company commenced in the fixed income securities category of the regulated market of Athens Stock Exchange.

The trading code of the bonds is ΧΑΟΥΣΜΟ1 in Greek font and HOUSEMB1 in Latin font. The starting trading price is € 1 per bond, equal to the underlying price of the bonds.

21. Trade and other payables

Trade and other payables are analyzed as follows:

	GROUP		COMPANY	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Trade payables	48.760	53.266	40.615	48.560
Accrued expenses	5.949	4.339	4.550	3.194
Dividens payable	8.500	0	8.500	0
Other payables	794	741	518	465
Taxes liability	4.281	4.476	2.832	3.007
Customers advances	822	541	620	368
Insurnace Organizations	1.844	1.541	1.487	1.383
Total	**70.950**	**64.904**	**59.122**	**56.977**

Decrease in trade payables is mainly due to a defferent timetable of purchases compared to prior year. Increase in accrued expenses is due to provision of payment of bond loan interests and expense provision due to targets achievement.

22. Income taxes

The nominal tax rates in the countries that the Group is operating vary between 10% and 29% for the year, as follows:

Country	**Income Tax Rates (31/12/2015)**
Greece	29,0%
Bulgaria	10,0%
Cyprus	12,5%

The parent company and its subsidiaries have not been audited by the tax authorities for the years noted below:

COMPANY	**YEARS**
HOUSEMARKET SA	2011 – 2016 (*)
HM HOUSEMARKET (CYPRUS) LTD	2012 – 2016
HOUSE MARKET BULGARIA AD	2008 – 2016
TRADE LOGISTICS SA	2010 – 2016 (*)
RENTIS SA	2010 – 2016 (*)
WYLDES LTD	2009 – 2016

Assosiate companies have not been audited by the tax authorities for the years noted below:

COMPANY	YEARS
VYNER LTD	2009 – 2016
SW SOFIA MALL ENTERPRISES LTD	2015 – 2016

(*) For the fiscal years 2011, 2012 and 2013 all companies of the Group located in Greece, have been subjected to tax audit by Certified Audit Accountants in compliance with the provisions of Article 82 par. 5 of Law 2238/1994 and for the fiscal years 2014, 2015 and 2016 in compliance with the provisions of Article 65 a of Law 4174/2013 and received a Tax Compliance Certificate for fiscal years 2011, 2012, 2013, 2014 and 2015, while tax audit for the fiscal year 2016 is in progress. Upon completion of the audit, the Management of the Company does not expect any significant liabilities to occur, other than those recorded in the financial statements. In order for the years 2011, 2012 and 2013 to be considered integrated, provisions specified in par. 1a of Article 6 POL 1159/2011 should apply. The integration of the years 2014 and 2015 is implemented based on POL 1124/2015.

In September 2014 the tax audit for the financial years 2007-2010 for the subsidiary HOUSEMARKET S.A. was completed and taxes of amount € 1.841 thousand, as well as fines and surcharges of amount € 2.022 thousand were assessed. On 24/10/2014 an administrative appeal was submitted, according to art. 63 of the Law 4174/2013, seeking for the review of the assessment acts of the Tax Authorities, and half of the amount disputed, i.e. € 1.937 thousand was paid. On 24/2/2015 the company was informed of the decision of the Authority for the Settlement of Disputes, concerning the aforementioned administrative appeal, which reduced the taxes assessed to € 1.632 thousand and the fines and surcharges to € 1.761 thousand. On 3/4/2015 two (2) appeals (concerning VAT and income tax) were submitted to the Administrative Courts, against the decision of the Authority for the Settlement of Disputes. On 29/4/2015, based on the L. 4321/2015, the full payment of the amount of the main tax was made with a decrease of additional taxes and surcharges attributable. 22/9/2015 was the date set for the discussion of the appeal of the subsidiary HOUSEMARKET SA in the Administrative Court of Appeals, which was postponed for 1/12/2015. On 1/12/2015 the case was discussed at the Administrative Court of Appeals and the resolution 1406/2016 was issued regarding the appeal versus assesments of income tax and the resolution 1405/2016 regarding the appeal versus assesments of VAT. Based on the resolution 1406/2016, the relative Appeal conducted versus assesments of income tax of the fiscal year 2007 was, at a highly significant extent, accepted and the trial of the rest years (2008, 2009 and 2010) was postponed until December 2016 (6/12/2016). The trial of the fiscal years (2008, 2009 and 2010) took place on 6/12/2016 and the relevant resolutions are expected to be announced within the year 2017. Based on the resolution 1405/2016, the Judicial Appeal of VAT was rejected. The resolutions 1406/2016 and 1405/2016 were served on 25/7/2016. Against the 1406/2016 resolution of the Administrative Court of Appeals, the appeal of 14/11/2016 was lodged on behalf of the State, the trial date of which has not yet been determined. The Management estimates that any contigent liability may arise for the Company, as a result of this case, will not have a significant impact on the Income Statement, the cash flows or the total financial condition of the Group.

The accumulated tax provision for the unaudited tax years of the parent company HOUSEMARKET SA on 31/12/2016 amounts to € 1.796 th. (31/12/2015: 1.609 th.)

On 18/3/2016, the temporary audit for withholding tax for the period 1/1 – 28/2/2013 of HOUSEMARKET SA was completed without any findings and tax differences.

On 2/6/2016, the temporary audit for income tax for the year 2014 of HOUSEMARKET SA was completed without any findings and tax differences.

On 31/8/2016, the audit of EUROELECTRONICS SA for the year 2008, which was absorbed by PRIME TELECOM SA on 30/12/2010 and was later absorbed by FOURLIS TRADE SA on 27/2/2012, was completed. The parent company had a direct shareholding of 100% until 23/12/2016 at FOURLIS TRADE SA, until its absorption by HOUSEMARKET SA in which the parent company has a direct shareholding of 100%. A tax and surcharges amount of € 132 thousand occurred from the audit of EUROELECTRONICS SA for which a provision already existed.

On 31/12/2016, the companies that are in audit process are FOURLIS TRADE SA for the year 2009 (ordinary audit) which was absorbed by HOUSEMARKET SA on 23/12/2016, HOUSEMARKET SA for the year 2012 (temporary audit) and HOUSEMARKET BULGARIA LTD (ordinary audit) for the years 2010-2012. Moreover, the audit of HM HOUSEMARKET (CYPRUS) LTD for the years 2006-2011 was completed and the resolution of the tax authority is expected. The Management estimates that any contigent liability may arise, as a result of these tax audits, will not have a significant impact on the Income Statement, the cash flows or the total financial condition of the Group.

The income tax expense for the year 2016 and the relative year 2015 is as follows:

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
Income tax	**900**	**686**	**0**	**28**
Tax audit differences	**41**	**11**	**0**	**11**
Deferred Taxes:				
Differences of fixed assets	389	204	312	222
Provisions for employee benefits	(70)	(84)	(70)	(51)
Effect of changes on tax rates	0	155	0	155
Provisions	119	(179)	(69)	(292)
Deferred income tax on transferred tax losses	(3.495)	212	(3.495)	256
Tota Deferred taxes	**(3.057)**	**308**	**(3.322)**	**290**
Income tax expense	**(2.116)**	**1.005**	**(3.322)**	**329**

The reconciliation between the nominal tax rate and the effective tax rate is analyzed as follows:

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
Profit before taxes	**6.790**	**4.418**	**3.238**	**684**
Income tax based on nominal tax rate	2.062	926	939	198
Tax on tax free income	(870)	0	(870)	0
Tax on non deductible expenses	163	63	110	63
Tax on tax losses	(3.621)	171	(3.621)	0
Miscellaneous timing differences	150	(154)	121	67
Tax in Statement of Comprehensive Income	**(2.116)**	**1.005**	**(3.322)**	**329**

Deferred taxes on 31/12/2016, which appear in the Consolidated Statement of Comprehensive Income and compose income due to valuation of cash flow hedging at the fair value, amount to € 20 th. (€ 3 th. on 31/12/2015) and income due to defined benefits plans, amount to € 96 th. (€ 43 th. on 31/12/2015).

An amount of € 1.740 th. as a tax asset arising from merge directly to deferred tax as well as an amount of € 735 th. from first time consolidation of a subsidiary directly to deferred tax at the year 2016.

Deferred taxes as at 31 December 2016 and 31 December 2015 which appear in accompanying Financial Statements are analysed as follows:

	GROUP		COMPANY	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Liabilities:				
Depreciation Difference	0	3.145	0	3.145
Employee retirement benefits (IAS19)	0	(572)	0	(572)
Deferred income tax on transferred tax losses	0	(581)	0	(581)
Expenses provision	0	58	0	58
Impairment on reserves	0	(345)	0	(345)
Provision Other Expenses	0	(28)	0	(28)
Total	**0**	**1.677**	**0**	**1.677**
Assets:				
Depreciation calc. difference	(3.168)	147	(2.852)	0
Employee retirement benefits (IAS19)	789	0	742	0
Impairment on reserves	415	0	415	0
Provision Other Expenses	87	242	(22)	0
Provision of doubtful debts	1.087	0	1.087	0
Deferred income tax on transferred tax losses	5.148	28	4.076	0
Income provision	(53)	0	(53)	0
Total	**4.305**	**417**	**3.394**	**0**

Deferred income taxes result from temporary differences between assets and liabilities tax recognition and financial statements composition.

On 31/12/2016, the Group had accumulated carried forward tax losses in its subsidiaries on part of which a provision was made for deferred tax asset of amount € 5.148 thousand (2015: € 609 th.) as the Management considered that the recognition criteria were met. For the part of tax losses on which a deferred tax asset has been recognized, the Management estimates that they will be covered against taxable profits before their expiration date.

Given that some of the Group companies have not been audited by the tax authorities for a few years, as mentioned above, it is considered by the Group that adequate provisions for current and future tax audit differences have been made. On 31/12/2016, the cumulative Group's provision for unaudited tax years amounts to € 1.796 thousand (€ 1.609 th. on 31/12/2015) and to € 1.796 thousand for the Company as at 31/12/2016 (€ 1.609 th. on 31/12/2015) which is displayed in Income Tax Payable.

23. Earnings/Losses per share

The basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of shares during the period. The weighted average number of shares as at 31 December 2016 is 38.954.196.

	Group		Company	
	31/12/2016	31/12/2015	31/12/2015	31/12/2015
Profits after tax (thousand euros)	8.906	3.412	6.560	356
Number of issued shares	47.450.647	38.740.000	45.450.647	38.740.000
Weighted average number of shares	38.954.196	38.740.000	38.954.196	38.740.000
Weighted average number of shares (diluted)	38.954.196	38.740.000	38.954.196	38.740.000
Basic (Losses)/Earnings per share (in Euros)	0,2286	0,0881	0,1684	0,0092
Diluted (Losses)/Earnings per share (in Euros)	0,2286	0,0881	0,1684	0,0092

24. Commitments and Contingencies

24.1 Commitments

The Group's contingent liabilities for the period 1/1 - 31/12/2016 are analyzed as follows:

- Letters of guarantee from the Company, amounting to € 2.146 thousand for the proper execution of the contract beween the Company and Athens International Airport, € 8.000 thousand for the proper execution of the contract between the Company and BIOHALCO and € 2.320 thousand for the timely and accurate payment of compensation and utilities expenditure between the Company and BHTA TETARTI, whereas furthermore other letters of guarantee of amount € 20 thousand have been given. Other guarantees of the Company for its subsidiaries H.M. HOUSEMARKET

(CYPRUS) LIMITED amounting to € 10.455 thousand, RENTIS SA (subsidiary of H.M. HOUSEMARKET (CYPRUS) LIMITED) amounting to € 7.000 thousand.

- The Company has contractual liability for inventory of minimum amount € 25.000 thousand.
- The Company mortgage its property to secure liabilities of amount € 15.000 th.
- A subsidiary company of the Group mortgage its property to secure a bond loan amounting to € 45.375 th.
- A subsidiary company of the Group mortgage its property to secure a bond loan amounting to € 14.400 th.
- A subsidiary company of the Group mortgage its property to secure a bond loan amounting to € 25.200 th.
- A subsidiary company has provided fluctuating guarantee on assets until the amount of € 6.800 th. to secure bilateral loans.
- Bank deposits of subsidiary of the Group includes minimum deposit limit of amount € 104 th.

24.2 Operating Lease

Group as Lessee: The Group has leasing contracts for plant and equipment in order to cover its operating needs. This is accomplished through finance and operating leasing contracts. Concerning the finance leasing contracts see above in paragraph.

Concerning operating leasing contracts, the total future dues for rents as below:

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
Up to 1 year	11.027	9.143	9.301	8.242
Between 1-5 years	43.791	41.742	37.670	37.473
More than 5 years	110.821	118.758	108.902	118.359
Total	**165.638**	**169.643**	**155.873**	**164.074**

The expense for operating leasing of financial year 2016, that was recorded in the income statement amounted to € 8.892 thousand (€ 8.804 thousand for the year 2015).

Group as Lessor: The future leasing contracts of the Group as a lessor amounts to € 1.343 thousand until 1 year, € 4.080 thousand for 2 - 5 years, and 6.688 thousand for 5 years and up (2015: € 1.339 thousand until 1 year, € 6.271 thousand for 2 - 5 years, and € 7.267 thousand for 5 years and up).

24.3 Litigation

There are no litigation or arbitration proceedings as well as resolutions of judicial institutions that might have a material impact on the assets of the Group’s companies.

25. Related parties

Related parties of the Group include the Company, subsidiary and associated companies, the management and the first line managers.

The analysis of the related party receivables and payables as at 31 December 2016 and 2015 are as follows:

	The Group		The Company	
Receivables	**2016**	**2015**	**2015**	**2015**
FOURLIS HOLDINGS S.A.	1.019	125	926	125
TRADE LOGISTICS S.A.	0	2.169	155	2.169
INTERSPORT S.A.	212	284	116	264
HM HOUSEMARKET (CYPRUS) LTD	0	0	7	39
HOUSE MARKET BULGARIA AD	0	0	31	40
FOURLIS TRADE S.A.	0	7	0	7
INTERSPORT CYPRUS S.A.	5	5	0	0
GENCO BULGARIA E.O.O.D	9	15	0	0
Total	**1.245**	**2.606**	**1.236**	**2.644**

Payables				
FOURLIS HOLDINGS S.A.	8.639	41	8.500	0
TRADE LOGISTICS S.A.	0	8	0	0
FOURLIS TRADE S.A.	0	1	0	1
SPEEDEX S.A.	18	12	18	12
HM HOUSEMARKET (CYPRUS) LTD	0	0	0	364
SERVICE ONE S.A.	35	0	35	0
Total	**8.692**	**63**	**8.553**	**378**

Related party transactions as at 31 December 2016 and 2015 are as follows:

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
Revenue	129	113	17	109
Other operating income	336	339	486	401
Total	**465**	**452**	**503**	**509**

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
Administrative expenses	5.700	5.692	5.681	5.668
Distribution expenses	1.101	736	596	329
Other operating expenses	18	7	18	7
Total	**6.819**	**6.434**	**6.295**	**6.003**

During 2016 and 2015, transactions and fees of management members were as follows:

	2016	2015
Transactions and fees of management members	1.274	1.359

There are no other transactions between the Group or the Company with the management. The transactions with related parties are arm's length.

26. Transactions with Subsidiaries

During financial years 2016 and 2015, between the parent company and its subsidiaries the following transactions occurred:

	GROUP		COMPANY	
	2016	2015	2016	2015
Revenue	33	487	9	105
Cost of Sales	33	487	9	105
Other Income	234	149	234	149
Administrative expenses	95	4	0	0
Distribution expenses	138	145	0	0
Dividends	3.000	0	3.000	0

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Trade receivables	200	444	193	79
Creditors	200	444	0	365

27. Significant Additions in Consolidated Data

The most significant changes recorded in the Consolidated and Separate Statement of Financial Position as of 31/12/2016 in comparison with the corresponding data as at 31/12/2015 are the following:

- Decrease in the amount of "Inventory" despite the opening of the new IKEA Pick up Point and the development of e-commerce stores, is mainly due to the implementation of more rational inventory management methods.
- Increase in the amount of "Trade Receivables", "Investment Property" and "Reserves" is due to the absorption of FOURLIS TRADE SA from HOUSEMARKET SA.
- Non-current assets assets classified as held for sale are are related to agreed transfer within the next year of the remaining shareholding of company of the Group which was sold within

the prior year and incorporated in the financial statements through absorption from HOUSEMARKET SA of FOURLIS TRADE SA.

- Decrease in the amount of "Investments/Financial data available for sale" is due to the sale and evaluation of shares held.

28. Subsequent events

There are no other significant events following the date of 31/12/2016 that may affect the financial position of the Group.

Information pursuant to article 10 of Law 3401/ 2005

Protocol number	Date - Time	Subject
2016/EXAE/H/10437	19/10/2016 16:38	Trade Aknowledgement
2016/EXAE/H/10439	19/10/2016 17:19	Trade Aknowledgement
2016/EXAE/H/10443	19/10/2016 17:22	Trade Aknowledgement
2016/EXAE/H/10446	19/10/2016 17:55	Trade Aknowledgement
2016/EXAE/H/10447	19/10/2016 17:55	Trade Aknowledgement
2016/EXAE/H/10448	19/10/2016 17:57	Trade Aknowledgement
2016/EXAE/H/10450	19/10/2016 18:00	Trade Aknowledgement
2016/EXAE/H/10554	24/10/2016 12:21	HOUSEMARKET A.E. - Use of Funds (available only in Greek)
2016/EXAE/H/10653	26/10/2016 12:43	HOUSEMARKET A.E. - Distribution of Bonds among Underwriters (available only in Greek)
2016/EXAE/H/11315	18/11/2016 10:17	Summary of the draft of the merger through absorption of FOURLIS TRADE from HOUSEMARKET S.A. (available only in Greek)
2016/EXAE/H/12421	23/12/2016 10:36	Announcement for first interest period
2016/EXAE/H/12510	28/12/2016 13:21	Announcement for the approval of merger and for amendement of the articles of association (available only in Greek)

Report on Use of Funds Raised from the issuance of Non-Convertible Bond Loan through payment in cash from the period from 04.10.2016 until 31.12.2016

In accordance with the provisions of paragraph 4.1.2 of the Athens Exchange Stock Market Regulation, the decision no. 25/17.07.2008 of the Board of Directors of Athens Stock Exchange and the decision no. 8/754/14.04.2016 of the Board of Directors of Hellenic Capital Markets Commission, it is hereby announced that from the issuance of the Non-Convertible Corporate Bond Loan of forty million euros (€40.000.000) with the issuance of the forty million bearer bonds with offer price of €1 each, that was implemented according to the decision of the Extraordinary General Assembly of the shareholders of HOUSEMARKET SOCIETE ANONYME FOR TRADING HOUSEHOLD ITEMS, FURNITURE AND CATERING ITEMS (hereafter the "Company") dated 21.06.2016 and the approval of the content of the Prospectus from the Hellenic Capital Market Commission dated 12.09.2016, a total net amount of forty million euros (€40.000.000) was raised. The cost of the issuance amounted at €852.568,27 and it was covered in total from own other funds of the Company.

The issuance of the Non-Convertible Bond Loan was covered in full and the Board of Directors of the Company certified the deposit of the funds raised from the issuance at its meeting held on 04.10.2016.

Furthermore, the forty million bearer bonds commenced trading in the fixed income securities category of the regulated market of Athens Stock Exchange on 06.10.2016.

The table below presents the specific use of the raised funds per category of use/investment, the timetable of the utilization of the funds raised as well as the use of raised funds until 31.12.2016:

Table for the Use of Raised Funds from the Issuance of Non-Convertible Corporate Loan of €40.000.000

Amounts in thousand of euros

<table>
<tr><th colspan="2" rowspan="2">Purpose of Use of Raised Funds</th><th colspan="5">Timetable and Distribution of Raised Funds</th><th rowspan="2">Amount of Raised Funds that utilized during the second Semester of 2016</th><th rowspan="2">Remaining balance to be utilized</th></tr>
<tr><th>Second Semester 2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th></tr>
<tr><td colspan="2">Participation in the Share Capital Increase of TRADE LOGISTICS S.A.* for partial repayment of loans</td><td>-</td><td>10.500</td><td>-</td><td>-</td><td>-</td><td>10.500</td><td>0</td></tr>
<tr><td rowspan="3">Investments in Fixed Assets and Electromechanical equipment</td><td>Installation of Information Systems related to the management of retail sales</td><td>900</td><td>-</td><td>-</td><td>-</td><td>-</td><td>900</td><td>0</td></tr>
<tr><td>Upgrade of electromechanical equipment of existing stores</td><td>-</td><td colspan="2">2.100</td><td>-</td><td>-</td><td>0</td><td>2.100</td></tr>
<tr><td>Refurbishment of IKEA stores</td><td colspan="5">5.000</td><td>75,40</td><td>4.924,60</td></tr>
<tr><td colspan="2">Working Capital Facilities</td><td colspan="5">21.500</td><td>21.500</td><td>0</td></tr>
<tr><td colspan="2">Total</td><td colspan="5">40.000</td><td>32.975,40</td><td>7.024,60</td></tr>
</table>

** TRADE LOGISTICS S.A. is a subsidiary company of HOUSEMARKET S.A., participating in its share capital by 100% (minus one share).*

Paiania, March 13 2017

Chairman of the BoD	Vice Chairman of the BoD	Managing Director
Dafni Fourli	Vassileios Fourlis	Panagiotis Katiforis

Building a better working world

Report on factual findings in connection with the "Report on Use of Funds Raised" as resulted from the Agreed Upon Procedures processes

(Translation from the original in Greek)

To the Board of Directors of Housemarket SA

According to the engagement letter dated 19 December 2016 , we were assigned by the Board of Directors of Housemarket SA (hereafter the "Company") to perform the agreed upon procedures enumerated below, within the context of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council on 16 April 2014 about market abuse (Market Abuse Regulation) (hereafter the "Resolutions") with respect to the "Report of Use of Funds Raised" from the issuance of Non- Convertible Bond Loan amounting to € 40.000.000" (hereafter the "Report") issued in 2016. The Management is responsible for the preparation of the Report in compliance with the Regulation (EU) No. 596/2014 of the European Parliament and of the Council on 16 April 2014 about market abuse (Market Abuse Regulation) and Directive No. 2003/6 / EC of the European Parliament and the Council and Commission Directives No. 2003/124 / EC, 2003/125 / EC and 2004/72 / EC and in accordance with what is requested in the Prospectus dated 12 September 2016, in the field E2b of the Summary.

Our engagement was undertaken in accordance with the International Standard on Related Services 4400, applicable to agreed-upon-procedures engagements regarding Financial Information. Our responsibility is solely to perform the procedures described below and for reporting to you on our findings.

Procedures performed

Our procedures are summarized as follows:

1) We examined the content of the Report and its consistency with what is referred to in the Prospectus issued by the Company on 12 September 2016.
2) We have compared the amounts used from the bond loan, as reported in the Report, with the amounts recognized in the books and records of the Company, from the date the funds were raised up to 31 December 2016.
3) We examined whether the amounts used from the bond loan were allocated according to their intended uses, in accordance with what is requested in the Prospectus dated 12 September 2016, in the field E2b of the Summary, by examining on a sample basis documents that support the relevant accounting entries.

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Findings

We report our findings below:

1) We noted that the content of the Report is consistent with the provisions of the Prospectus mentioned above.

2) The amounts used from the bond loan, as reported in the attached «Report on Use of Funds raised from the issuance of Non- Convertible Bond Loan of € 40.000.000», are in accordance with the amounts recognized in the books and records of the Company as at 31 December 2016.

   By examining on a sample basis the relevant documents, we ensured that the amounts raised by the issue of the Non-Convertible bond loan were allocated according to their intended uses, in accordance with what is requested in the Prospectus dated 12 September 2016, in the field E2b of the Summary.

   Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance beyond what we have referred to above.

   Had we performed additional procedures or had we perform an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Use Limitation

This report is addressed exclusively to the Board of Directors, in compliance with its obligations to the current regulatory framework of the Athens Stock Exchange. This report is not to be used for any other purpose, since it is limited to what is referred above and does not extend to the financial statements prepared by the Company for the year ended 31 December 2016, for which we have issued a separate Audit Report, dated 13 March 2017.

Athens, 13 March 2017
The Certified Auditor

ANDREAS HADJIDAMIANOU
SOEL reg. no 61391
ERNST & YOUNG (HELLAS)
CERTIFIED AUDITORS ACCOUNTANTS S.A.
8b CHIMARRAS, MAROUSSI
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Web site for the publication of the Annual Financial Statements

The Annual Financial Report of the Group (Consolidated and Separate), The Independent Auditors Report and the Board of Directors Report for the year 2016 has been published by posting on the internet at the web address of the Company http://www.ikea.gr and www.housemarket.gr.