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

1/1/2017 to 31/12/2017

(TRANSLATED FROM THE GREEK ORIGINAL)

(In accordance with Law 3556/2007)

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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/ - 31/12/2017 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 12 2018

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 – 31/12/2017

(In accordance with L. 3556/ 2007)

TO THE SHAREHOLDERS ANNUAL GENERAL ASSEMBLY OF YEAR 2018

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 - 31/12/2017 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 2017, 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 2017.

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%.

The aforementioned companies are included in the consolidated financial statements which are published in the website http://www.fourlis.gr of the parent Company FOURLIS HOLDINGS S.A. through full consolidation method expect VYNER LTD and SW SOFIA MALL ENTERPRISES LTD which are consolidated through equity method (as affiliated companies of the parent Company FOURLIS HOLDINGS SA).

2. Group Consolidated Results

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

The revenue of the Group increased by 1,01% compared to the corresponding prior year period. More analytically: The Group (IKEA Stores) realized sales of amount € 294,3 million for the year 2017 (2016: € 291,3 million). The EBITDA totaled € 31,2 million compared to € 27,5 million in 2016 and reported profits before tax € 13,7 million versus € 6,8 million profits in 2016. The subsidiary company TRADE LOGISTICS SA is fully consolidated in the Group HOUSEMARKET for this specific period.

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 & Order 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 – 31/12/2017 versus 1/1 – 31/12/2016 at the following tables. (Amounts are in thousands of euros)

	2017	2016	2017/ 2016
Revenue	294.299	291.328	1,01
EBITDA	31.212	27.541	1,13
Profit before Tax	13.689	6.790	2,02
Net Profit after Tax and Minority Interests	10.559	8.906	1,19

We note that on a consolidated basis the parent company's Total Equity (after minority interest) at December 31, 2017 amounts to € 146,5 million versus an amount of € 141,0 million at December 31, 2016.

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 2017 and 2016 respectively.

Financial Structure Indicators:

	2017	2016
Current Assets/ Total Assets	22,83%	23,04%
Total Liabilities/ Total Equity & Liabilities	54,66%	57,26%
Total Equity (after minority interest)/ Total Equity & Liabilities	45,34%	42,74%
Current Assets/ Short Term Liabilities	94,00%	77,43%

Performance & Efficiency basic Indicators:

	2017	2016
Operating Profit/ Revenues	7,52%	6,19%
Profit before tax/ Total Equity (after minority interest)	9,34%	4,82%

4. Operating Performance – Important developments:

During the period 1/1 – 31/12/2017 the following share capital changes were realised at the parent company and its subsidiaries:

- WYLDES LTD: Under the ordinary resolution of 19/12/2017 of the Board of Directors of the Company, its share capital increased by the total amount of € 72,00 by issuing 72 ordinary shares, of nominal value €1,00. The underlying price was determined a) for 67 shares, the amount of € 10.000,00 for each share and b) for 5 shares, the amount of € 1.000,00 for each share. It is noted that, following the total payment, by the only shareholder HOUSEMARKET S.A., of the underlying amount of the new shares and total amount of € 674.928,00 resulted to the increase of the share premium reserve. Therefore the share capital of the company on 31/12/2017 amounted to € 6.948,00 divided into 6.948 ordinary shares of nominal value €1,00 per share, totally paid.

  In is also noted that, against future share capital increase of WYLDES LTD for which a resolution has not yet been made by the competent body of the company, the shareholder HOUSEMARKET S.A., following the resolution of 8/1/2018 of its BoD (relevant minutes of the BoD with number 385/08.01.2018), on 22/2/2018 has paid the amount of € 5.300.000,00 against acquisition of 530 issued common nominal vote shares of nominal value €1,00 per share and total nominal value of issued shares € 530,00, plus the amount of € 5.299.470,00 share premium. With a resolution still pending until today for the aforementioned share capital increase of WYLDES LTD, the share capital continues to amount to € 6.948,00, divided in 6.948 common (ordinary) nominal vote shares, of nominal value € 1,00 per share.

- VYNER LTD: Following the ordinary resolution of 19/12/2017 of the Board of Directors of the

Company, the share capital increased by the amount of € 82,00 by issuing 82 ordinary shares, of nominal value €1,00 per share. The subsidiary company WYLDES LTD participated in the aforementioned share capital increase by the amount of € 41,00 (plus € 409.959,00 as share premium value). Therefore the share capital of the company on 31/12/2017 amounts to € 10.074,00 divided into 10.074 ordinary shares of nominal value € 1,00 per share, totally paid. WYLDES LTD controls 50% of shares and corresponding vote options of VYNER LTD (by holding 49,99% of the latter and controlling the other 0,01% through the third company INTERCHANGE LTD, which has this shareholding).

Apart from the above, there are no other changes at the share capital of the companies of the Group within 2017.

On 6/10/2016, the Company holds 40.000.000 issued for trading bonds 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.

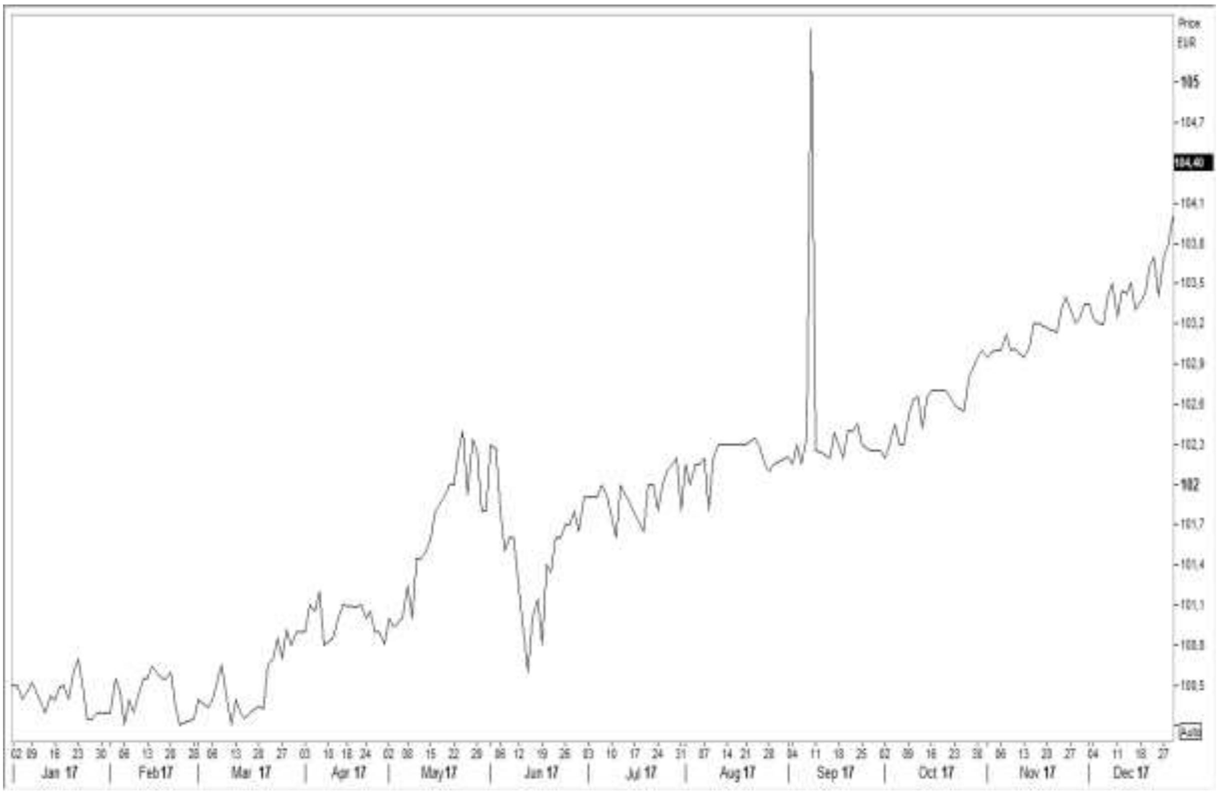
The parent company HOUSEMARKET SA has the following branches:

- 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 HM 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 & Order 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 1/1/2017 to 31/12/2017.



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 Ordinary General Assembly of the parent Company FOURLIS HOLDINGS SA on 16/6/2017, under the context of Stock Option Plan, approved the disposal of 2.566.520 stock options and authorized the Board of Directors to regulate the procedural issues and details. The program will be implemented in four waves, with a maturity period of five 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 stock price of the share at the decision date of the General Assembly regarding the approval of the SOP.

On 20/11/2017, the BoD granted 641.630 stock options, which compose the first of the four waves. The underlying share price to which the granted stock options refer, is determined to the amount of euros 5,768 per share which is the closing stock price of the share adjusted with the share capital decrease which took place after the date of the General Assembly.

On 13/11/2017, the BoD of the Company issued an Invitation to the beneficiaries of the SOP which was approved by the Extraordinary General Assembly held on 27/9/2013, regarding the exercise of their options. 22 beneficiaries responded to this Invitation and exercised their option for the acquisition of 313.278 shares, of nominal value € 0,97 and underlying price € 3,34 per share and paid the total amount of € 1.046.348,52.

It is noted that the underlying price of shares to which the distributed options reflect, had been initially determined at the amount of € 3,40 per share, which was the closing stock price of the share on the date of the resolution of the General Assembly regarding the SOP since 27/9/2013 (Extraordinary General Assembly date). Due to corporate events (capital return through cash payment), the historical closing price of the share was readjusted and formed at the amount of € 3,34 per share.

During period 1/1 – 31/12/2017, beneficiaries waived their right to exercise 11.580 options (2016: 0) which were granted by the BoD on 25/11/2013, beneficiaries waived their right to exercise 13.626 options (2016: 0) which were granted by the BoD on 24/11/2014 and also beneficiaries waived their right to exercise 17.104 options (2016: 0) which were granted by the BoD on 25/11/2015.

7. Information about Group's plan of development

According to the temporary data of the Hellenic Statistical Authority of 5/3/2018 the GDP in terms of volume, the 4th quarter of 2017 increased by 1,9% compared to the corresponding quarter of 2016. This fact leads to the estimation that the year 2017 in terms of volume will increase by 1,4% compared to 2016, while for the year 2018 Greek Economy is expexted to grow slightly above 2%, based on I.O.B.E. (Foundation for Economic & Industrial Research).

With the expectatibn that the year 2018 in Greece, despite the existing pressure in economy and especially in retail trading due to the:

- high taxation of natural persons and legal entities,
- cumulative debt of households and companies,
- ongoing high unemployement despite its gradual de-escalation,
- existing restrictions on capital movement,
- limited possibility of banking system to dispose capitals for new investments,

but also from the fact that the risk of a new recession cycle has been decreased but not yet fully eliminated, the Management of the Group aims to:

a) increase its profitability at which it has returned since the year 2015,

b) the continuation of strictly chosen investments,

c) gain benefits from synergies and scale economies that have been achieved within the Group with the completion of warehouse and distribution services supply towards all companies of the Group from the company TRADE LOGISTICS SA,

d) the research of new investment opportunities in activity areas – such as the management of retail stores – that the Group is well aware of and has positive results,

e) maintain the balance of the income source of the Group between domestic and abroad companies for the rational allocation of the political – economic risk at the different countries of activity.

Management of the Group estimates that the year 2018 will be crucial regarding the implementation of the measures which is a necessary precondition in order to attract investments and create a consistent base for the expected growth path.

Fiscal stability, gradual restoration of confidence in Banking system and de-escalation of unemployement despite its high rate contribute to the creation of positive perspectives for the year 2018.

Taking into consideration all the aforementioned, the Management will proceed to the implementation of its business plan with selective investments in Greece and foreign countries that the Group operates, as follows:

The home furniture and household goods segment, which operates seven (7) IKEA Stores, seven (7) Pick up & Order Points and three (3) e-commerce Stores Greece, Bulgaria and Cyprus, will examine new selective investments in Pick up & Order Points and will proceed to an upgrade of its software for better customer service.

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 Annual Financial Statements of the Group or Company for the period 1/1 - 31/12/2017.

9. Social Responsibility

The content of the non-financial statement has been drafted by taking into consideration the requirements of the GRI Standards (2016 edition). In this context, the HOUSEMARKET Group follows the results of the annual materiality analysis of sustainable development topics performed by the FOURLIS Group, in order to prioritize the topics with the most significant economic, social and environmental impacts and those that significantly influence its stakeholders. The Group defines as stakeholders anyone affecting or being affected by its operations. Having identified and prioritized its stakeholders, the Group invests in the continuous and two-way contact and communication with them, aiming to maintain a steady flow of information, to and from the company, regarding their demands, concerns and expectations. The HOUSEMARKET Group's main stakeholder categories are: employees, shareholders, customers, suppliers/business partners, society, local communities, official and supervisory authorities/state, business community/associations, mass media, NGOs and peer companies.
Additional information regarding the materiality analysis, will be available in the FOURLIS Group's Social Responsibility and Sustainable Development 2017 report, which will be published and uploaded on www.fourlis.gr in June 2018.

a) Brief description of business model

Today, the HOUSEMARKET Group, headquartered at the 501 building of Athens Airport's Retail Park, in the "Eleftherios Venizelos" Airport, operates in the sector of retail sale of household goods and furniture (IKEA stores in Greece, Cyprus and Bulgaria) and in the trade of household goods and the provision of catering services. The parent company HOUSEMARKET S.A., is a subsidiary of FOURLIS HOLDINGS S.A. which participates by a 100% percentage on its share capital.

More information regarding the business environment, strategy, objectives and main progress and factors that could influence the Group's development are available in the following chapter as well as in the HOUSEMARKET Group's Board of Directors' Report sections below:

- 4. Operating performance-Important developments
- 7. Information about the Group's plan of development
- 8. Major threats and uncertainties for the Group,

as well as in the following chapter.

b) Principal non-financial risks

In the context of our approach to corporate responsibility and our contribution to sustainable development, we consistently identify and prioritize the topics that are linked to our activities and may cause negative impacts to our stakeholders, to the communities in the countries where we operate as well as to the natural environment.

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

- The health and safety of employees, customers, business partners and visitors at our facilities, a topic that we manage through a common Health and Safety Policy
- Customer health and safety during the use of our products, a topic that we manage through strict compliance with the specifications and requirements set by manufacturers, suppliers and European or national legislation, as well as through our product labeling
- Responsible marketing and promotion of our products, a topic that we manage by applying international communication codes and by taking into consideration local needs
- The privacy of all people entering into a transaction with us, which we manage in accordance with the current legislation and our gradual adaptation to the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016
- Human Resources management concerning employment and health & safety, topics that we manage by applying relevant policies and procedures
- Respect for Human Rights in the workplace as well as, where possible, in our supply chain through policies and procedures
- Anti-corruption, bribery and fraud, through procedures and policies we apply
- The environmental impacts of our activities, a topic that we manage through the application of programs for the conservation of natural resources and for raising awareness among our employees and the public regarding topics of environmental protection and the adoption of a responsible lifestyle.

The way we manage these topics is presented in more detail in the following sections.

c) Social matters

Health & Safety of customers, business partners and visitors at our facilities

Corporate policies and due diligence

The HOUSEMARKET Group, complying with the applicable legislation, implements a Health & Safety Policy in all of the countries where it operates, which includes a wide range of relevant procedures, measures and initiatives related to the safe stay of visitors, customers and business partners at its facilities. Any differences in the Group's relevant procedures by country or region depend on the size of the facilities as well as on the applicable legislation in the countries where the Group's subsidiaries operate.

In this context, some of the practices we apply at the HOUSEMARKET Group are the following:

- Cooperation with an external service on protection and prevention issues
- Written assessment of occupational risk according to existing methodology and legislation
- Measures taken for reducing "emergency pick" incidents in order to prevent accidents
- Training of First Aid Teams
- Training of Fire Safety and Firefighting Teams
- Infirmaries equipped with medical beds and automatic external defibrillators in all stores
- Provision of wheel chairs, at the entrance of all stores, as well as of accessible lavatories and parking spaces, aiming to provide safe accommodation and transportation for people with special needs
- ISO 22000 certification for the safety of the food served at the IKEA restaurants

We regularly train all employees, so they can respond to emergency incidents that may affect both their own and visitors' safety, while to ensure compliance with the Health & Safety Policy, regular inspections are conducted by safety technicians for all the Group' s activities.

Outcome of these policies and non-financial key performance indicators

In 2017, the application of our policies on Health & Safety topics had significant outcomes. We indicatively mention that:

- No accidents occurred in the playgrounds of the IKEA stores
- [GRI 416-2]: No incidents of non-compliance with legislation concerning Health and

Safety topics occurred

Product compliance and labeling

Corporate policies and due diligence

The HOUSEMARKET Group manages this topic through the compliance of the products available at its stores, in all countries where it operates, with manufacturers' and suppliers' specifications, with European and/ or national legislation, as well as through product labeling (e.g. CE approval) in accordance with existing specifications.

IKEA products have special labeling and signs aiming to provide information and advice to customers 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 up to 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.

Outcome of these policies and non-financial key performance indicators

[GRI 419-1]: In 2017, in all countries where the HOUSEMAKRET Group operates, there was no case of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

Responsible product marketing and promotion

Corporate policies and due diligence

For the advertising and promotion of the IKEA products, the HOUSEMARKET Group follows the communication code applied by IKEA worldwide and takes into consideration all local needs in all countries where it operates. Regarding the promotion of our products, our policy is adapted to local consumer needs and specificities. For this reason, the setup of the IKEA stores varies according to their location in order to meet the standards and preferences of the local community.

Outcome of these policies and non-financial key performance indicators

[GRI 417-3]: In 2017 there were no cases of non-compliance with regulations and volunteer codes regarding marketing communication, including advertising, promotion and sponsorships.

Customer Privacy

The HOUSEMARKET Group adheres to all applicable laws and regulations, including the local legislation in the countries where it operates, relating to the protection of personal data and customer privacy. Respecting privacy is an element of both the Code of Conduct and the Internal Regulation Charter.

Corporate policies and due diligence

At the HOUSEMARKET Group, we value the trust of all the people entering into a transaction with us, and we have designed and implemented a protection policy of personal data for all individuals (visitors, customers, suppliers, employees). We make sure to protect with due care, all personal information we collect for business needs after legal consent, and to safeguard all the rights of natural persons in accordance with the existing legislation and directives of the Protection Authority in all countries where the Group's companies operate.

We are now in the process of reviewing – renewing the standards, policies and procedures to fully comply with the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016, concerning personal data protection. According to our schedule, on the date of the regulation's implementation (25/5/2018), the HOUSEMARKET Group, in all countries where it operates, will be in full alignment with the Regulation's provisions and will have adapted all relevant standards, policies and procedures.

Outcome of these policies and non-financial key performance indicators

The policies and procedures implemented up until now regarding the protection of personal data (general and special – sensitive) have resulted in zero reports, complaints or grievances, from a natural person entering into a transaction with our Group, related with a breach of personal rights, freedoms or privacy while, while no related grievances from competent authorities were communicated to us.

Supporting society and local communities

Corporate policies and due diligence

At the HOUSEMARKET Group, we work daily together as well as individually, for the realization of our common commitment and vision: the establishment of the preconditions for a better life for all. In this context, we seek to be in constant connection with the citizens and the wider society, in the countries where we operate, aiming to get informed about their needs, to understand them and to satisfy them to the extent possible.

Outcome of these policies and non-financial key performance indicators

The following are some of the most significant programs and actions implemented in 2017 to support society. Additional information will be included in the FOURLIS Group's annual Social Responsibility and Sustainable Development 2017 Report, which will be published in June 2018 and will be available on the webpage www.fourlis.gr.

- "Furnished with Joy" program, in the context of which IKEA fully refurbished 19 municipal nurseries, in cooperation with the Municipal Authorities, for more than 950 children, in Attica, Larisa, Heraklion, Rhodes, Syros, Lefkada, Thessaloniki, Pella, Volos, Pieria, Ioannina and Igoumenitsa, as well as one municipal kindergarten in Cyprus (Agios Stylianos, in Lakatamia).
- Meals donation to foundations and organizations from the IKEA stores' restaurants, in cooperation with the non-profit organization "BOROUME" (WE CAN).
- Support of children, through a series of actions which IKEA Bulgaria implements in cooperation with UNICEF.
- Voluntary blood donation which was held twice during 2017 at the HOUSEMARKET Group's premises in Greece, Cyprus and Bulgaria.
- Donation of food and other essential supplies to various foundations and organizations, from the HOUSEMARKET Group's employees in Greece, Cyprus and Bulgaria.

d) Work related matters

Employment

Corporate policies and due diligence

The HOUSEMARKET Group is its People, all those who support its operations on a daily basis. Our approach to employment and our relations with our employees directly affect their performance, retention and development, while these issues are also significant for the long term sustainability of our Group.

Our Policy's main pillars, related to employee recruitment and professional development of our Human Resources, are:

- Common recruitment evaluation criteria for all of the Group's companies to ensure equal opportunities and to avoid discrimination.
- 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, as well as in the compensation and benefits policies.

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

It is also worth mentioning, that in the HOUSEMARKET Group companies and in all countries where the Group operates, people of 36 ethnicities are employed.

Outcome of these policies and non-financial key performance indicators

In 2017, the HOUSEMARKET Group's total number of employees was 2.290, out of which 1.908 work in Greece and Cyprus.

HOUSEMARKET Group: Total workforce by region and gender

2017		
Region	**Men**	**Women**
Greece	747	881
Cyprus	150	130
Bulgaria	175	207
Total	**1.072**	**1218**

It is worth noting that at the HOUSEMARKET Group, we ensure equal advancement opportunities in management positions between men and women.

2017
53 % the percentage of women in the HOUSEMARKET Group's total workforce
36 % the percentage of women in manager/supervisor positions of the HOUSEMARKET Group
14 % percentage of women in the Board of Directors of the HOUSEMARKET Group

Also, since 2008, we have adopted a single annual Performance Appraisal and Development Review Process for all the HOUSEMARKET Group employees to ensure that their appraisal process is and will remain transparent.

Employee training and education

Corporate policies and due diligence

At the HOUSEMARKET Group we believe that the employees' need for training is continuous and increasing, as the competition and the current market demands are constantly generating new training and education needs. For this reason, the training of each Group's employee begins upon his/her recruitment.

Outcome of these policies and non-financial key performance indicators

The first training program for every Group employee is an induction program, through which we make sure that all the newly hired employees are informed about the FOURLIS and HOUSEMARKET Groups' Structure as well as about their Values, Code of Conduct and Internal Regulation Charter.

In addition, in 2011 the "FOURLIS Learning Academy" was established in which all of the HOUSEMARKET Group employees are members, participating in programs depending on their role and their needs for personal development.

In the context of the Academy, the FOURLIS Retail MBA program was launched in 2016. The program was designed and created in 2015 under the auspices of the Athens University of Economics and Business and the Hellenic Retail Business Association (H.R.B.A.) with the main objective to provide high level knowledge from University Professors and Senior Executives of both the Market and the FOURLIS Group, in a range of fields mainly focusing on Retail Management. Employees of the HOUSEMARKET Group also participate in the program.

Employee health, safety and wellbeing

Corporate policies and due diligence

Acknowledging that the creation of a safe and healthy work environment is our obligation, we follow the clauses of the legislation on labor law in all countries where we operate, and also attend to the assessment of possible risks we may face in the coming year and take the necessary measures to prevent any potential accidents.

An important priority for us is to safeguard compliance with the Health and Safety Policy by having safety technicians conduct intensive inspections, throughout the Group companies' facilities, and draw up a specific appraisal report on occupational risk. At the HOUSEMARKET Group, as a minimum prerequisite, we comply with the requirements of the legislative frameworks in all countries where we operate 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 own and our clients' safety. Especially in our stores we have created internal Safety, Fire Protection and First Aid teams.

In addition, aiming to inform employees on health and wellbeing issues and to encourage them to adopt a healthier lifestyle the FOURLIS Group's Social Responsibility Department launched the EF ZIN

(WELLBEING) program in 2010. In the context of this program a number of actions are taking place every year, such as preventive medical examinations, informative speeches on health and wellbeing topics, sports tournaments, etc., in which employees of the HOUSEMARKET Group also participate.

Outcome of these policies and non-financial key performance indicators

Health & Safety at work

As a result of our overall management approach regarding Health & Safety issues in the workplace, in the latest biannual Employee Insight Survey conducted in 2016, the area that gathered the highest satisfaction rate from our employees was Safety.

More information and data pertaining to the results of the policies on the HOUSEMARKET Group's employee health and safety issues and specifically the publication of GRI 403-2 index *"Type of injuries and rates of injuries, occupational diseases, lost working days and unjustified absences from work and total number of work-related deaths by region and sex"* will be included in the FOURLIS Group's annual Social Responsibility and Sustainable Development 2017 Report.

EF ZIN (WELLBEING) program

In 2017, in the context of the EF ZIN program, some indicative activities that took place included a sports tournament in Greece and Cyprus and an initiative in Greece that aimed to inform employees on the importance of healthy breakfast.

e) Respect for Human Rights

Corporate policies and due diligence

At the HOUSEMARKET Group, we approach the issues of respect and protection of Human Rights in a systematic way through our policies and initiatives.

Thus, through the FOURLIS Group's participation in the UN Global Compact, we commit to uphold the respective Principles relating to the respect and protection of Human Rights. Specifically, at the HOUSEMARKET Group as well as at our supply chain, where possible, 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, aiming to respect and protect Human Rights, we apply the following:

- Internal Employment Regulations
- Code of Conduct of the FOURLIS Group
- Health & Safety Policy of the FOURLIS Group
- Responsible product policies

Outcome of these policies and non-financial key performance indicators

- All Group employees have signed, depending on their position in the corporate hierarchy, the detailed or concise version of the Code of Conduct (the concise version is available on the website www.fourlis.gr as well as on www.housemarket.gr).

In addition, 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. For the period 1/1-31/12/2017 one (1) anonymous report from a group of employees was recorded via the telephone line and email of the Code of Conduct and communicated to the Internal Audit Department. After being evaluated, it was sent to the Group's Human Resources Department in order for the appropriate measures to be taken. The report was not related to a Human Rights violation.

f) Anti-corruption and bribery matters

Corporate policies and due diligence

Our approach is based on the following procedures and practices of the FOURLIS Group:

- Corporate Governance Code: FOURLIS HOLDINGS S.A. has decided (Board of Directors decision on 28/2/2011) to voluntarily comply with the Greek Code of Corporate Governance that was drafted at the initiative of SEV for Listed Companies and was later modified for the first time by the Greek Council of Corporate Governance (GCCG) on 28/06/2013. Both these bodies jointly recognized the contribution of Corporate Governance in the improvement of the competitiveness of Greek businesses and the continuous growth of the credibility of the Greek market.
- Code of Conduct: The Code of Conduct focuses on creating a working environment that promotes respect and protection of Human Rights. Through the Code, the FOURLIS Group promotes and applies a policy of equal opportunities for all employees, as well as a policy that prohibits sexual harassment, in full compliance with labor legislation. Furthermore, the FOURLIS Group's violence prevention in the workplace policy, as it is set out in the Code, strictly prohibits acts of violence, threatening messages or behavior and the use or possession of weapons by any person in the workplace or during any transactions with external partners.
- Code of Conduct line: Access to the Code of Conduct line is achieved by phone, landline or cell at 0030210 6293010 or through the e-mail address: codeofconduct@fourlis.gr
- Internal Regulation Charter: The Internal Regulation of Operations of the parent company of the Group (FOURLIS HOLDINGS S.A.) is approved by the Board of Directors and it also applies to the HOUSEMARKET Group. It describes the organizational structure, the risk management and the internal audit system. It includes the basic principles of operation and the relevant procedures, while also describes the composition and responsibilities of the Audit Committee, the Nomination and Remuneration Committee and the Audit Department. Additionally, it contains the basic principles of the transaction Code for its securities.
- Audit Committee: The Audit Committee, which is defined by the shareholders' General Meeting has indicatively the following obligations:

- Monitoring the financial reporting process and the credibility of financial statements
- Supervision of any formal announcement regarding the financial performance of the company and examination of the company's key announcements
- Monitoring the effectiveness of internal control and risk management systems
- Ensuring the independence of internal audit and evaluation of the head of internal audit
- Examining cases of interest conflicts
- Monitoring the progress of statutory audit
- Reviewing and monitoring issues related to the existence and maintenance of objectivity and independence of the external auditor

- Internal Audit Department: The Group's Internal Audit Department is organized in a way that allows it to carry out an independent, confirmative and advisory role and designed to add value and improve the company's processes. The Department helps the Group achieve its objectives through assessment, which contributes to the improvement of the corporate governance, internal audits and risk management systems from Management. The Audit Committee is the supervising body of the Internal Audit Department and informs on a quarterly basis the Board of Directors of the parent company about the project being carried out.
- Nomination and Remuneration Committee: The Nomination and Remuneration Committee is responsible for the application procedure for electing Board members and selection of Senior Executives and prepares proposals to the Board regarding the remuneration (basic salary, bonuses or financial incentives and benefits) of Executive Directors and key executives.
- The application of the procedure for informing the Senior Management and the Internal Audit Division on any fraud or corruption case.

Outcome of these policies and non-financial key performance indicators

All HOUSEMARKET Group employees have signed, depending on their position in the corporate hierarchy, the detailed or concise version of the Code of Conduct.

In the context of the procedure for informing the Top Management for the response to fraud and corruption incidents, during the period of 1/1-31/12/2017, nine (9) cases of small-scale fraud were recorded, seven (7) out of which were committed by the Group companies' employees and two (2) by employees of external partners.

In all cases, the policy to remove the companies' responsible employees and the termination of cooperation with the external partners' employees was implemented. There was no other notification or complaint related to corruption or bribery that the Group's Management is aware of.

g) Environmental matters

Corporate policies and due diligence

At the HOUSEMARKET Group, we regularly monitor the impacts of our operations and we realize a number of voluntary actions and interventions aiming to reduce our environmental impacts, save natural resources and raise the awareness of employees and the public regarding the protection of the environment and the adoption of a responsible lifestyle. The annual results of the practices we implement are communicated in the FOURLIS Group's annual Social Responsibility and Sustainable Development 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.

Outcome of these policies and non-financial key performance indicators

The data we monitor at our facilities, where possible, pertain to:

- Energy consumption: Electricity (kWh), Heating oil (lt), Natural Gas (m^3)
- Water consumption (lt)
- Recycling of materials (within the HOUSEMARKET Group), such as: Paper (kg), Batteries (kg), Cooking fat (lt), Fluorescent lamps (kg), Aluminum (kg), Glass (kg), Plastic (kg), Metals (kg), Timber (kg).

Energy

Energy consumption (IKEA Greece – Cyprus)

2017	
ELECTRICITY (kWh):	24.483.910
HEATING OIL (lt):	154.138
NATURAL GAS (m^3):	381.188

PHOTOVOLTAIC SYSTEMS: The HOUSEMARKET Group has proceeded and is in the process of implementing the installation of electric power generation systems on the roofs of its buildings, with the aim to maximize the use of installations that do not produce any form of environmental burden. In this context, in 2017 the process of installing a photovoltaic power system with offsetting in IKEA Cyprus continued.

LAMPS REPLACEMENT PROGRAM: In 2017, the program for the replacement of high-consumption lamps with LED bulbs also continued, in commercial and non-commercial areas of IKEA stores in Greece, Cyprus and Bulgaria.

Materials

Recycling of materials (IKEA Greece – Cyprus)

2017	
Paper (kg):	1.279.410
Batteries (kg):	3.705
Cooking fat (lt):	19.845
Lamps (kg):	2.101
Aluminum (kg):	2
Glass (kg):	0
Plastic (kg):	85.793
Metals (kg):	32.670
Timber (kg):	60.940

It is also worth mentioning that since September 2016, HOUSEMARKET Greece has proceeded with the implementation of a system of electronic archiving of invoices and credit copies, with significant paper-saving benefits. We characteristically mention that through this practice, it is estimated, that in 2017 a total of 533.933 A4 pages were avoided in stores, e-shop and Centers for Orders and Deliveries.

Water

Water consumption (IKEA Greece – Cyprus)

2017	
IKEA excluding Attica* (lt):	23.220.000
IKEA Attica (lt):	31.924.000
IKEA Cyprus (lt):	9.181.000

* The IKEA Heraklion and Chania (Crete) Centres for Orders and Deliveries are excluded.

The complete 2017 measurements results will be available in the FOURLIS Group's Social Responsibility and Sustainable Development 2017 report, which will be published and uploaded on www.fourlis.gr, in June 2018.

Eco-friendly products:

IKEA offers eco-friendly products such as:

- The MÄSTERBY step stool made of 100% recycled plastic.
- The MARIUS stool made out of 40% recycled steel.
- The BJÖRNÅN bathroom curtain which is made of 100% recycled polyester, originating from plastic PET bottles.
- The IKEA mirrors which are 100% lead-free.
- LED bulbs and lamps with embedded LED bulbs.
- The salmon served in the IKEA Restaurant and sold from the Swedish IKEA food market, which is farmed from responsible aquaculture certified according to the ASC standard.
- Seafood served in the IKEA Restaurant and sold from the Swedish IKEA food market, which is caught from sustainable fisheries, certified according to the MSC standard.
- IKEA chocolate and coffee which are UTZ certified. This means that the cocoa and the coffee are sourced from sustainable farms that create better opportunities for the producers and their families.

h) Supply chain matters

The main supply chain services provider for the HOUSEMARKET Group is TRADE LOGISTICS. TRADE LOGISTICS (TRADE LOGISTICS S.A.) started its operations in March 2008, with headquarters in Schimatari, Viotia, and according to its Articles of Association, it has as a corporate purpose of providing supply chain services, like the receipt, storage and transport of goods, the creation of promotional and other packaging, the supply of business units and the management of all relevant information. More specifically, its activities are:

1. Storage and distribution services for the below stores:
   - IKEA in Greece, Cyprus and Bulgaria
2. Delivery of e-commerce orders straight to the customers in Greece for:
   - IKEA's e-shop (www.ikea.gr)

The company, with its specialized and experienced personnel, the use of technology and the application of innovative methods in the field of Logistics, aims at the proper functioning of all storage and delivery procedures and the development of its activities.

Concerning our suppliers, we have not yet developed a comprehensive system for monitoring their social and environmental performance. Nevertheless, we have already begun updating our contracts, aiming to include criteria that concern their non-financial performance.

10. Related parties transactions

As Related parties of the Group are considered the Company, 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 31/12/2017 and 31/12/2016 is analysed as follows (all amounts in th. euros):

	Group		Company	
Receivables	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
FOURLIS HOLDINGS S.A.	1	1.019	0	926
TRADE LOGISTICS S.A.	0	0	0	155
INTERSPORT S.A.	413	212	116	116
HM HOUSEMARKET (CYPRUS) LTD	0	0	3.006	7
HOUSE MARKET BULGARIA AD	0	0	148	31
INTERSPORT CYPRUS S.A.	5	5	0	0
GENCO BULGARIA E.O.O.D	3	9	0	0
Total	**422**	**1.245**	**3.271**	**1.236**

Payables				
FOURLIS HOLDINGS S.A.	5.396	8.639	5.248	8.500
INTERSPORT ATHLETICS S.A.	0	0	0	0
TRADE LOGISTICS S.A.	0	0	371	0
HOUSE MARKET BULGARIA AD	0	0	13	0
HM HOUSEMARKET (CYPRUS) LTD	0	0	30	0
INTERSPORT CYPRUS S.A.	1	0	0	0
SPEEDEX S.A.	13	18	13	18
SERVICE ONE S.A.	0	35	0	35
Total	**5.410**	**8.692**	**5.675**	**8.553**

Third Parties transactions for the period 1/1 to 31/12/2017 and for the period 1/1 to 31/12/2016 are analysed as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
Revenue	3.093	129	113	17
Other operating income	347	336	392	486
Dividends	0	0	3.000	3.000
Total	**3.440**	**465**	**3.505**	**3.503**

In the year 2017 and 2016 the following transactions between companies of the Group took place:

	GROUP		COMPANY	
	2017	2016	2017	2016
Revenue	4.024	33	109	9
Cost of Sales	151	33	109	9
Other income	248	234	142	234
Administrative expenses	3.910	95	3.906	0
Distribution expenses	211	138	0	0
Dividends	3.000	3.000	3.000	3.000

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Trade receivables	3.572	200	3.155	193
Creditors	3.572	200	414	0

11. Human Recourses

The total number of employees of the Group as at 31, December 2017 and 31, December 2016 was 2.290 and 2.354 respectively. The total number of employees of the Company for the same reporting periods set above was at 1.491 and 1.553 respectively.

12. Management members' transactions and remuneration

During periods 1/1 – 31/12/2017 and 1/1 – 31/12/2016, transactions and fees with the management members were as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Transactions and fees of management members	**1.560**	**1.274**	**1.378**	**1.274**

13. Treasury shares

On 31/12/2017, the Company does not hold any treasury shares.

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 divided into 47.450.647 shares with a nominal value of euro 1,00 each (31/12/2016: 47.450.647).

All shares are common nominal shares. Each share entitles to one vote, with an exception of own shares that do not have the right to vote. It is noted that on 31/12/2017, the Company does not hold any own shares.

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 31/12/2017, 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 of the Company due to public offering.

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 – 31/12/2017

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

a) <u>Reference on the Corporate Governance Code which the Company is coming under or has</u>

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) <u>Description of the main characteristics of internal control and risk management of the company in relation to the process of preparation of financial statements</u>

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 Extraordinary 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, Chairman 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	Apostolos D. Petalas
Director, Executive Member	Christos G. Tsamitropoulos
Director, Independent Non – Executive Member, Member of Nomination and Remuneration 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 Extraordinary General Assembly of shareholders of the Company held on 28/12/2017, elected new Audit Commiittee which consists of Mr. Eftichios Vassilakis, Mr. David Watson and Mr. Ioannis Brebos. All aforementioned persons, meet the criteria determined by the provisions of article 44 of L. 4449/17, as they have adequate knowledge regarding operating segments of the Company, are independent against the Company in compliance with provisions of L. 3016/2002 and dispose great proven knowledge and experience regarding audit and accounting issues. Their term will be equal to that of the current Board of Directors, namely until 21.6.2021 but automatically extended, according to Law and Articles of Incorporation, until the date of the Ordinary General Assembly which will be held after the termination of their term.

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 as a member of FOURLIS Group 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. The Company as a member of 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	13	87%
Female	2	13%
Grand Total	15	100%

The age range of the Executive Officers varies from 39 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, the Company as a member of 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 company. The Group HR Function provides the appropriate distribution to the Company. 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 (MBO) 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 Group, 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.

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 2017 held 4 meetings. Each regular meeting of the year 2017 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 up to the use of questionnaires completed by the members of the Board, which are processed by the company's Secretary and presented every 2 years by the Board.
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 of any bonuses awarded on the basis of restated financial statements of previous years or otherwise	The existing contracts of the Company do not include this term, but a specific reference has been predicted to be made to the last revision of the Code of Conduct distributed to all the

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
erroneous financial data used to calculate such bonuses (specific practice 1.3, Level and structure of remuneration).	employees of the Company.

16. Subsequent Events

There are no other subsequent events that may significantly affect the financial position and results of the Group other than those mentioned in Note 4 regarding the share capital increase of a subsidiary.

This Report, the Annual Financial Statements of the year 2017, 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. At the same site, all Annual Financial Statements, Audit Reports and Board of Directors Reports of the companies which are consolidated and they are not listed and which cumulatively represent a percentage higher than 5% of consolidated revenues or assets or operating results after the deduction of minority shares proportion, are published.

Paiania, March 12th 2018

The Board of Directors

The annual Financial Statements (consolidated and separate) included in pages 49 to 109 are in accordance with the IFRS as applied in the European Union and approved by the Board of Directors of "Fourlis Holdings SA" on 12/3/2018 and are signed by the following:

Chairman of the Board of Directors

Dafni A. Fourlis
ID No. Φ – 019071

CEO

Panagiotis D. Katiforis
ID No. AK – 129648

Finance Manager Controlling & Planning

Emmanouil D. Manousakis
ID No. AB - 669252

Chief Accountant

Christos G. Vasilopoulos
ID No. X – 067556
Ch. Acct. Lic. No. 62815 A Class

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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 Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of Housemarket S.A. (the Company), which comprise the separate and consolidated statement of financial position as of December 31, 2017, 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.
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 (the Group) as at 31 December 2017 and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as endorsed by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as incorporated in Greek Law. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements" section of our report. We remained independent of the Company and Group throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as incorporated in Greek Law, together with the ethical requirements that are relevant to the audit of the consolidated financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate and consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate and consolidated financial statements.

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<table>
<tr><th>Key audit matter</th><th>How our audit addressed the Key audit matte</th></tr>
<tr><td colspan="2">Valuation of inventories (separate and consolidated financial statements)</td></tr>
<tr><td>As described in Note 3.12 of the separate and consolidated financial statements, the Group records inventories at the lower of cost or net realizable value.
In the consolidated statement of financial position of December 31, 2017, the Group presents inventories amounting to €32.6 million, which includes a provision for impairment of €1.4 million. In the separate statement of financial position of December 31, 2017, the Company presents inventories amounting to €21,4 million, which includes a provision for impairment of €1,0 million.
Critical judgement and estimates are exercised by the Group management in identifying and assessing the amount of allowance for inventories, which include among other, estimation of the slow-moving inventories, estimation of obsolete inventories that will be destructed during the following period, evaluation of seasonality and estimation of the future selling prices of the products.

We consider that because of the judgment involved in inventory valuation and the assumptions used by management, in combination with the significance of the amount of inventories to the separate and consolidated financial statements, valuation of inventories is a key audit matter.

The Group and the Company disclose the related accounting policies and estimates, and the assumptions used for inventory valuation, in Notes 2.2, 3.12 and 10 of the separate and consolidated financial statements.</td><td>We have performed the following procedures:
• Historical costs and margins were tested on a sample basis through reconciliation of purchase cost and margins with the original purchase invoices and sales invoices.

• We assessed whether there were inventories which were sold with a negative margin and whether this was considered for inventory valuation at the lower of cost or net realizable value.

• At year end, we attended on a part of inventory counts in Group and Company stores and distribution centers, to validate on a sample basis whether there were indications of obsolesce.

• We assessed management's estimations for slow moving inventories through observing on a sample basis historical sales and seasonality.

• We evaluated the historical accuracy of allowance of inventories assessed by management by comparing on a sample basis the actual loss from inventory destruction, inventory write offs or other entries related to inventories to the historical allowance.

• Furthermore, on a sample basis, we validated the mathematical accuracy of management's calculations for inventory provision.

We also assessed the adequacy of the disclosures which are included in the notes to the separate and consolidated financial statements.</td></tr>
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<table>
<tr><th>Key audit matter</th><th>How our audit addressed the Key audit matte</th></tr>
<tr><td colspan="2">Impairment exercise on stores (separate and consolidated financial statements)</td></tr>
<tr><td>Property plant and equipment is a material part of Group and Company total assets (€185.6 million and €91.5 million respectively). An amount of €160.2 million for Group and €91.5 million for Company relates to the net book value of stores.
In accordance with IFRS, the Group and the Company perform impairment test to the stores where an indication of impairment exists.
Due to the material carrying value of those assets as well as the judgment and assumptions involved in the identification of any impairment indication and the assessment exercised whether there is a need of impairment or not, we consider the impairment exercise on stores a key audit matter.

The Group and the Company disclose the related accounting policies and estimates, and the assumptions used for impairment exercise on stores, in Notes 2.2, 3.6 and 6 of the separate and consolidated financial statements.</td><td>Our audit procedures included, among others, the following:
• We evaluated the Group and Company policies to identify the Cash Generated Units.
• We evaluated the Group and Company policies to identify triggering events for potential impairment of assets in each Cash Generated Unit.
• We evaluated management assumptions underlying the potential impairment calculation for those stores where a triggering event was identified. Valuation specialists supported the audit team.
• We evaluated the management estimates for the future cash flows by performing the following audit procedures:

(a) We compared forecasted future cash flows of prior years with the actual cash flows, and

(b) We compared the future cash flows that were used in Group and Company models with market available data and industry trends.

• We reviewed the discount rate and residual value, with regards to the assumptions used, and compared them with the available industry trends and other financial information.
• We evaluated the sensitivity analysis of the most significant assumptions used.

We also assessed the adequacy of the disclosures which are included in the notes to the separate consolidated financial statements.</td></tr>
</table>

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Other information

Management is responsible for the other information in the Financial Statements. The other information, included in the Annual Report, comprises of the Board of Directors Report, for which reference is also made in section "Report on Other Legal and Regulatory Requirements", the Statements of the Members of the Board of Directors, and other complementary information, but does not include the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union, and for such internal control 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.

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

The Audit Committee (Law 44 v.4449/2017) is responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, as incorporated in Greek Law, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and its subsidiaries. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

1. Board of Directors' Report

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 4336/2015 (part B), we report that:

a) The Board of Directors' Report includes a Corporate Governance Statement that contains the information 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 financial statements for the year ended 31 December 2017.
c) Based on the knowledge and understanding concerning the Company and its environment, gained during our audit, we have not identified information included in the Board of Directors' report that contains a material misstatement.

2. Additional Report to the Audit Committee

Our opinion on the separate and consolidated financial statements is consistent with our Additional Report to the Audit Committee of the Group, in accordance with Article 11 of the EU Regulation 537/2014.

3. Provision of Non-audit Services

We have not provided any prohibited non-audit services per Article 5 of the EU Regulation 537/2014.

Non-audit services provided by us to the Company and its subsidiaries during the year ended December 31, 2017, are disclosed in note 5 of the separate and consolidated financial statements.

4. Appointment of the Auditor

We were firstly appointed as auditors of the Company by the General Assembly on June 7, 2010. Our appointment has been renewed annually by virtue of decisions of the annual general meetings of the shareholders for a continuous period of 8 years.

Athens, March 12, 2018

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
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Statement of Financial Position (Consolidated and Separate) as at December 31, 2017 and at December 31,2016

(In thousands of Euro, unless otherwise stated)

Assets	Note	Group 31/12/2017	Group 31/12/2016	Company 31/12/2017	Company 31/12/2016
Non-current assets					
Property plant and equipment	6	185.595	188.831	91.538	93.158
Investment Property	7	28.332	27.330	12.385	12.239
Intangible assets	8	6.532	6.492	5.034	5.017
Investments in affiliates and associates	9	22.838	23.503	74.587	73.912
Long Term receivables		3.214	3.405	5.700	5.895
Deferred taxes	22	2.839	4.305	1.560	3.394
Total Non-current assets		**249.350**	**253.867**	**190.804**	**193.615**
Current assets					
Inventory	10	32.625	33.840	21.400	22.770
Income tax receivable		337	347	333	347
Trade receivables	11	2.314	2.020	1.882	1.674
Other receivables	12	18.207	13.533	18.394	11.054
Cash & cash equivalents		20.295	24.971	11.827	22.109
Investments/Financial data available for sale	14	0	1.254	0	1.254
Non current assets classified as held for sale		0	40	0	40
Total current assets		**73.778**	**76.005**	**53.837**	**59.247**
Total Assets		**323.129**	**329.872**	**244.642**	**252.862**
SHAREHOLDERS EQUITY AND LIABILITIES					
Shareholders Equity					
Share Capital	15	47.451	47.451	47.451	47.451
Share premium reserve		(561)	(456)	(217)	(217)
Reserves	16	17.578	17.437	17.588	17.683
Retained earnings		82.042	76.542	78.993	81.741
Total Shareholders Equity (a)		**146.509**	**140.974**	**143.814**	**146.657**
Non controlling interest (b)		0	0	0	0
Total Equity (c) = (a) + (b)		**146.509**	**140.974**	**143.814**	**146.657**
Liabilities					
Non current Liabilities					
Loans and borrowings	20*	90.252	82.707	39.361	39.190
Employee retirement benefits	18	3.115	2.828	2.756	2.560
Other non-current liabilities		4.769	5.198	65	65
Total non current Liabilities		**98.136**	**90.732**	**42.181**	**41.815**
Current Liabilities					
Short term loans for working capital	20	404	4.400	0	3.000
Current portion of non-current loans and borrowings	20*	7.350	20.516	0	0
Short term portion of non-current Lease	20	0	472	0	472
Income Tax Payable		70	1.827	0	1.796
Accounts payable and other current liabilities	21	70.659	70.950	58.646	59.122
Total current Liabilities		**78.483**	**98.165**	**58.646**	**64.390**
Total Liabilities (d)		**176.619**	**188.898**	**100.827**	**106.205**
Total Equity & Liabilities (c) + (d)		**323.129**	**329.872**	**244.642**	**252.862**

* The data of the prior comparable period have been reclassified to be similar and comparable with the figures of corresponding period of 2017 (Note 20)

The accompanying notes on pages 57 to 109 are an integral part of the Consolidaetd Financial Statements.

Income Statement (Consolidated) for the period 1/1 to 31/12/2017 and 1/1 to 31/12/2016

(In thousands of Euro, unless otherwise stated)

	Note	Group 1/1-31/12/2017	Group 1/1-31/12/2016
Revenue		294.299	291.328
Cost of Goods Sold	5,1	(172.520)	(172.459)
Gross Profit		**121.779**	**118.869**
Other operating income	5	4.877	3.138
Distribution expenses	5	(91.519)	(89.406)
Administrative expenses	5	(12.654)	(14.350)
Other operating expenses	5	(350)	(228)
Operating Profit		**22.133**	**18.022**
Total finance cost	5	(7.723)	(9.624)
Total finance income	5	438	169
Contribution associate companies losses	5,9	(1.160)	(1.777)
Profit before Tax		**13.689**	**6.790**
Income tax	22	(3.129)	2.116
Net Income (A)		**10.559**	**8.906**
Attributable to:			
Equity holders of the parent		10.559	8.906
Net Income (A)		**10.559**	**8.906**
Earnings after tax per share - basic (in Euro)	23	0,2225	0,2286
Earnings after tax per share - diluted (in Euro)	23	0,2225	0,2286

The accompanying notes on pages 57 to 109 are an integral part of the Consolidated Financial Statements.

Statement of Comprehensive Income (Consolidated) for the period 1/1 to 31/12/2017 and 1/1 to 31/12/2016

(In thousands of Euro, unless otherwise stated)

		Group	
	Note	1/1-31/12/2017	1/1-31/12/2016
Net Income/(Loss) (A)		**10.559**	**8.906**
Other comprehensive income/(expenses)			
Other comprehensive income/(expenses) transferred to the income statement			
Valuation of financial assets available for sale	14	(204)	468
Effective portion of changes in fair value of cash flow hedges	20 , 22	226	(178)
Total Other comprehensive income/(expenses) transferred to the income statement		**21**	**291**
Total Other comprehensive income/(expenses) not transferred to the income statement			
Actuarial gain/losses on defined benefit pension plans	18 , 22	(60)	(230)
Total Other comprehensive income/(expenses) not transferred to the income statement		**(60)**	**(230)**
Comprehensive Income/Losses after Tax (B)		**(39)**	**61**
Total Comprehensive Income/(Losses) after Tax (A)+(B)		**10.521**	**8.968**
Attributable to:			
Equity holders of the parent		10.521	8.968
Total Comprehensive Income/(Losses) after Tax (A)+(B)		**10.521**	**8.968**

The accompanying notes on pages 57 to 109 are an integral part of the Consolidated Financial Statements.

Income Statement (Separate) for the period 1/1 to 31/12/2017 and 1/1 to 31/12/2016

(In thousands of Euro, unless otherwise stated)

	Note	Company 1/1-31/12/2017	Company 1/1-31/12/2016
Revenue		191.381	200.312
Cost of Goods Sold	5	(110.491)	(117.635)
Gross Profit		80.890	**82.677**
Other operating income	5	3.482	2.680
Distribution expenses	5	(64.420)	(65.969)
Administrative expenses	5	(14.060)	(12.792)
Other operating expenses	5	(227)	(317)
Operating Profit		5.665	**6.278**
Total finance cost	5	(4.777)	(6.186)
Total finance income	5	422	145
Dividends	17	3.000	3.000
Profit before Tax		**4.310**	**3.238**
Income tax	22	(2.043)	3.322
Net Income (A)		**2.268**	**6.560**
Attributable to:			
Equity holders of the parent		2.268	6.560
Net Income (A)		**2.268**	**6.560**
Earnings after tax per share - basic (in Euro)	23	0,0478	0,1684
Earnings after tax per share - diluted (in Euro)	23	0,0478	0,1684

The accompanying notes on pages 57 to 109 are an integral part of the Consolidated Financial Statements.

Statement of Comprehensive Income (Separate) for the period 1/1 to 31/12/2017 and 1/1 to 31/12/2016

(In thousands of Euro, unless otherwise stated)

		Company	
	Note	1/1-31/12/2017	1/1-31/12/2016
Net Income/(Loss) (A)		2.268	6.560
Other comprehensive income/(expenses)			
Other comprehensive income/(expenses) transferred to the income statement			
Effective portion of changes in fair value of cash flow hedges	14	(204)	468
Total Other comprehensive income/(expenses) transferred to the income statement		(204)	468
Total Other comprehensive income/(expenses) not transferred to the income statement			
Actuarial gain/losses on defined benefit pension plans	18 , 22	(16)	(227)
Total Other comprehensive income/(expenses) not transferred to the income statement		**(16)**	**(227)**
Comprehensive Income/Losses after Tax (B)		**(16)**	**242**
Total Comprehensive Income/(Losses) after Tax (A)+(B)		**2.048**	**6.801**
Attributable to:			
Equity holders of the parent		2.048	6.801
Non controlling interest		0	0
Total Comprehensive Income/(Losses) after Tax (A)+(B)		**2.048**	**6.801**

The accompanying notes on pages 57 to 109 are an integral part of the Consolidated Financial Statements.

Statement of Changes in Equity (Consolidated)

for the period 1/1 to 31/12/2017 and 1/1 to 31/12/2016

(In thousands of Euro, unless otherwise stated)

	Note	Share Capital	Share premium reserve	Reserves	Revaluation Reserves	Foreign currency translation from foreign operations	Retained earnings / (Accumulated losses)	Total	Non-controlling interest	Total Equity
Balance at 1.1. 2016		38.740	(331)	6.993	0	5	83.370	128.776	0	128.776
Total comprehensive income/(loss) for the period										
Profit or loss		0	0	0	0	0	8.906	8.906	0	8.906
Valuation of financial assets available for sale		0	0	468	0	0	0	468	0	468
Actuarial gains (losses) on defined benefit pension plan		0	0	0	0	0	(230)	(230)	0	(230)
Effective portion of changes in fair value of cash flow hedges		0	0	(178)	0	0	0	(178)	0	(178)
Total other comprehensive income/loss		**0**	**0**	**291**	**0**	**0**	**8.677**	**8.968**	**0**	**8.968**
Total comprehensive income/loss for the period after taxes		**0**	**0**	**291**	**0**	**0**	**8.677**	**8.968**	**0**	**8.968**
Transactions with shareholders, recorded directly in equity										
Dividends		0	0	0	0	0	(8.500)	(8.500)	0	(8.500)
Share capital increase		0	(46)	0	0	0	0	(46)	0	(46)
SOP Reserve		0	0	144	0	0	0	144	0	144
Net Income directly booked in the statement movement in Equity from merge		8.711	(79)	9.283	722	0	(7.004)	11.632	0	11.632
Total transactions with shareholders		**8.711**	**(125)**	**9.426**	**722**	**0**	**(15.504)**	**3.230**	**0**	**3.230**
Balance at 31.12. 2016		**47.451**	**(456)**	**16.710**	**722**	**5**	**76.542**	**140.974**	**0**	**140.974**
Balance at 1.1. 2017		47.451	(456)	16.710	722	5	76.542	140.974	0	140.974
Total comprehensive income/(loss) for the period										
Profit or loss		0	0	0	0	0	10.559	10.559	0	10.559
Valuation of financial assets available for sale	14	0	0	(204)	0	0	0	(204)	0	(204)
Actuarial gains (losses) on defined benefit pension plan		0	0	0	0	0	(60)	(60)	0	(60)
Effective portion of changes in fair value of cash flow hedges	20	0	0	226	0	0	0	226	0	226
Total other comprehensive income/loss		**0**	**0**	**21**	**0**	**0**	**10.499**	**10.521**	**0**	**10.521**
Total comprehensive income/loss for the period after taxes		**0**	**0**	**21**	**0**	**0**	**10.559**	**10.521**	**0**	**10.521**
Transactions with shareholders, recorded directly in equity										
Dividends	17	0	0	0	0	0	(5.000)	(5.000)	0	(5.000)
SOP Reserve	18	0	0	120	0	0	0	120	0	120
Share capital increase		0	(105)	0	0	0	0	(105)	0	(105)
Total transactions with shareholders		**0**	**(105)**	**120**	**0**	**0**	**(5.000)**	**(4.985)**	**0**	**(4.985)**
Balance at 31.12. 2017		**47.451**	**(561)**	**16.850**	**722**	**5**	**82.042**	**146.509**	**0**	**146.509**

The accompanying notes on pages 57 to 109 are an integral part of Consolidated Financial Statements.

Statement of Changes in Equity (Separate)

for the period 1/1 to 31/12/2017 and 1/1 to 31/12/2016

(In thousands of Euro, unless otherwise stated)

	Note	Share Capital	Share premium reserve	Reserves	Revaluation Reserves	Retained earnings / (Accumulated losses)	Total Equity
Balance at 1.1. 2016		38.740	(208)	7.125	0	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	468	0	0	468
Actuarial gains (losses) on defined benefit pension plan		0	0	0	0	(227)	(227)
Total other comprehensive income/loss		**0**	**0**	**468**	**0**	**6.333**	**6.801**
Total comprehensive income/loss for the period after taxes		**0**	**0**	**468**	**0**	**6.333**	**6.801**
Transactions with shareholders, recorded directly in equity							
Dividends		0	0	0	0	(8.500)	(8.500)
Share capital increase		0	(9)	0	0	0	(9)
SOP Reserve		0	0	132	0	0	132
Net Income directly booked in the statement movement in Equity from merge		8.711	0	9.234	722	(384)	18.283
Total transactions with shareholders		**8.711**	**(9)**	**9.367**	**722**	**(8.884)**	**(9.907)**
Balance at 31.12. 2016		**47.451**	**(217)**	**16.961**	**722**	**81.741**	**146.657**
Balance at 1.1. 2017		47.451	(217)	16.961	722	81.741	146.657
Total comprehensive income/(loss) for the period							
Valuation of financial assets available for sale	14	0	0	(204)	0	0	(204)
Actuarial gains (losses) on defined benefit pension plan	18	0	0	0	0	(16)	(16)
Profit or loss		0	0	0	0	2.268	2.268
Total other comprehensive income/loss							
Total comprehensive income/loss for the period after taxes		**0**	**0**	**(204)**	**0**	**2.252**	**2.048**
Transactions with shareholders, recorded directly in equity							
Dividends	17	0	0	0	0	(5.000)	(5.000)
SOP Reserve	18	0	0	109	0	0	109
Total transactions with shareholders		**0**	**0**	**109**	**0**	**(5.000)**	**(4.891)**
Balance at 31.12. 2017		**47.451**	**(217)**	**16.865**	**722**	**78.993**	**143.814**

The accompanying notes on pages 57 to 109 are an integral part of the Consolidated Financial Statements.

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Statement of Cash Flows (Consolidated and Separate)
for the period 1/1 to 31/12/2017 and 1/1 to 31/12/2016

(In thousands of Euro, unless otherwise stated)

		Group		Company	
	Note	1/1-31/12/2017	1/1-31/12/2016	1/1-31/12/2017	1/1-31/12/2016
Operating Activities					
(Loss)/Profit before taxes		13.689	6.790	4.310	3.238
Adjustments for:					
Depreciation / Amortization	6,8	9.078	9.519	5.015	5.035
Income on depreciation in fixed subsidy		(178)	0	0	0
Provisions		347	354	283	316
Foreign exchange differences		18	5	(6)	(18)
Results (Income, expenses, profit and loss) from investment activity		(324)	1.287	(3.311)	(1.704)
Interest Expense		7.626	8.167	4.707	4.761
Plus/less adj for changes in working capital related to the operating activities:					
Decrease / (increase) in inventory		1.215	1.202	1.370	1.514
Decrease / (increase) in trade and other receivables		(6.681)	(532)	(6.256)	(263)
(Decrease) / increase in liabilities (excluding banks)		4.365	(6.630)	3.028	(6.846)
Less:					
Interest paid		(7.474)	(8.172)	(4.530)	(4.744)
Income taxes paid		(1.443)	(908)	(5)	(3)
Net cash generated from operations (a)		**20.239**	**11.081**	**4.606**	**1.287**
Investing Activities					
Purchase or Share capital increase of subsidiaries and related	9	(495)	(1.825)	(675)	(12.660)
Purchase of tangible and intangible fixed assets	6,8	(5.923)	(5.121)	(3.451)	(3.582)
Proceeds from disposal of tangible and intangible assets		5	8	4	8
Addition of other investments		(1.252)	(207)	(396)	(165)
Proceeds from the sale of other investments		1.535	1.238	1.535	1.238
Proceeds from Dividends		0	0	0	3.000
Interest Received		80	113	67	99
Total inflow / (outflow) from investing activities (b)		**(6.050)**	**(5.794)**	**(2.915)**	**(12.062)**
Financing Activities					
Outflow from share capital increase		(105)	(46)	0	(9)
Proceeds from issued loans	20	21.150	70.110	12.500	59.010
Repayment of loans	20	(30.938)	(65.198)	(15.500)	(38.761)
Repayment of leasing liabilities	20	(472)	(1.832)	(472)	(1.832)
Dividends paid		(8.500)	0	(8.500)	0
Total inflow / (outflow) from financing activities (c)		**(18.864)**	**3.033**	**(11.972)**	**18.407**
Net increase/(decrease) in cash and cash equivalents for the period (a)+(b)+(c)		**(4.676)**	**8.321**	**(10.281)**	**7.632**
Cash and cash equivalents at the beginning of the period		24.971	16.260	22.109	14.197
Cash and cash equivalents of merged company		0	390	0	279
Closing balance, cash and cash equivalents		**20.295**	**24.971**	**11.827**	**22.109**

The accompanying notes on pages 57 to 109 are an integral part of the Consolidated Financial Statements.

Notes to the annual financial statements (consolidated and separate) as of Dec 31, 2017 and for the year then ended

1. Corporate information

1.1 General Information

HOUSEMARKET S.A. (the Company) 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 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, non 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 2.290 and 2.354 respectively while the total number of employees of the Company on 31/12/2017 was 1.491 and on 31/12/2016 was 1.545.

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*

During the period 1/1 – 31/12/2017 the following share capital changes were realised:

- WYLDES LTD: Under the ordinary resolution of 19/12/2017 of the Board of Directors of the Company, its share capital increased by the total amount of € 72,00 by issuing 72 ordinary shares, of nominal value €1,00. The underlying price was set a) for 67 shares, the amount of € 10.000,00 for each share and b) for 5 shares, the amount of € 1.000,00 for each share. It is noted that, following the total payment, by the only shareholder HOUSEMARKET S.A., of the underlying amount of the new shares and total amount of € 674.928,00 resulted to the increase of the share premium reserve. Therefore the share capital of the company on 31/12/2017 amounted to € 6.948,00 divided into 6.948 ordinary shares of nominal value €1,00 per share, totally paid.

  In is also noted that, against future share capital increase of WYLDES LTD for which a resolution has not yet been made by the competent body of the company, the shareholder HOUSEMARKET S.A., following the resolution of 8/1/2018 of its BoD (relevant minutes of the BoD with number 385/08.01.2018), on 22/2/2018 has paid the amount of € 5.300.000,00 against acquisition of 530 issued common nominal vote shares of nominal value €1,00 per share and total nominal value of issued shares € 530,00, plus the amount of € 5.299.470,00 share premium. With a resolution still pending until today for the aforementioned share capital increase of WYLDES LTD, the share capital continues to amount to € 6.948,00, divided in 6.948 common (ordinary) nominal vote shares, of nominal value € 1,00 per share.

- VYNER LTD: Following the ordinary resolution of 19/12/2017 of the Board of Directors of the Company, the share capital increased by the amount of € 82,00 by issuing 82 ordinary shares, of nominal value €1,00 per share. The subsidiary company WYLDES LTD participated in the aforementioned share capital increase by the amount of € 41,00 (plus € 409.959,00 as share premium value). Therefore the share capital of the company on 31/12/2017 amounts to € 10.074,00 divided into 10.074 ordinary shares of nominal value € 1,00 per share, totally paid. WYLDES LTD controls 50% of shares and corresponding vote options of VYNER LTD (by holding 49,55% of the latter and controlling the other 0,01% through the third company INTERCHANGE LTD, which has this shareholding).

Following the absorption of FOURLIS TRADE SA on 23/12/2016, which held the shares of TRADE LOGISTICS SA, HOUSEMARKET SA has become the only shareholder (expept one share) of all shares issued by TRADE LOGISTICS SA.

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 2017, on March 12, 2018. 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:

<u>Estimates:</u>

- *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 (Note 7).
- *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 9.

- *Impairment test of property, plant and equipment:* property, plant and equipment is constantly tested in order to define if there are indications which show that its book value is incorrect. The Group considers, for impairment test purposes, that each store is a cash generating unit (CGU). In cases that property, plant and equipment is part of CGU, such as the store and there are impairment indications which could lead to the conclusion that its book value is incorrect, the recoverable amount of the CGU is determined by the calculation of value in use. Value in use is calculated by implementing the cash flow discount method, taking into consideration Management's estimations and any contingent impairment is determined by the comparison of book value and value in use.
- *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 3.6 and 3.8 of Financial Statements.
- *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 of the Company FOURLIS HOLDINGS SA are disclosed in Note 18 of the Financial Statements.

Judgments:

- *Provisions for impaired receivables:* 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 in the companies of the Group 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 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 financial statements of the Group, investments in associates are accounted for at cost less any accumulated impairment losses.

3.4 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 of one operating segment as follows:

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

3.5 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 Consolidated Statement of Financial Position.

3.6 Property, plant and equipment

Property, plant and equipment of the Group 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
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.

3.7 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 recognized in the Financial Statements of the Group, 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.

3.8 Intangible assets

Intangible assets of the Group are depreciated over their useful life, which is annualy reviewed.

- **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.

3.9 Impairment of non - financial assets except Goodwill

Property, plant and equipment is constantly tested in order to define if there are indications which show that its book value is incorrect. The Group considers, for impairment test purposes, that each store is a cash generating unit (CGU). In cases that property, plant and equipment is part of CGU, such as the store and there are impairment indications which could lead to the conclusion that its book value is incorrect, the recoverable amount of the CGU is determined by the calculation of value in use. Value in use is calculated by implementing the cash flow discount method, taking into consideration Management's estimations and any contingent impairment is determined by the comparison of book value and value in use.

The carrying amounts of 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.

3.10 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.

3.11 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.

3.12 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.

3.13 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.

3.14 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.

3.15 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.

3.16 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 Group's 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.

3.17 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.

3.18 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.

3.19 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%

3.20 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, as amended by the article 74 paragraph 2 of the Law 3863/2010 and completed by the Law 3899/17-12-10 article 17 paragraph 5a and the Law 4093/12, the Greek companies 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 companies of the Group are covered, in terms of insurance programs, mainly through the Social Insurance Institution 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.

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.

e) Stock option plan

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

FOURLIS GROUP makes decisions regarding the implementation of the Stock Option Plan – to executives of the Group 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 FOURLIS GROUP 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.

3.21 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.

3.22 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.

3.23 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.

3.24 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. Both operational and financial leasing are related to buildings and machinery.

3.25 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.

3.26 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 Group or Company's 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 or Company 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.

3.27 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 parent company and subtracting the shares buy back.

3.28 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 2017:

- **IAS 12: Income Taxes (Amendments): Recognition of Deferred Tax Assets for Unrealized Losses**
  The objective of the Amendments is to clarify the accounting treatment of deferred tax assets for unrealized losses regarding assets valuated at fair value.For instance, amendments clarify accounting treatment of deferred assets in case that the entity is not allowed to deduct unrealized tax losses or in case that intends to retain the assets untile the reverse of unrealized losses.

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

  The objective of the Amendments is to allow users of financial statements to assess the changes in financial liabilities. The amendments will require fro entities to provide disclosures whicj allow investors to assess the changes in financial liabilities, including changes related to cash or non cash nature.

The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. The following annual improvement has not yet been endorsed by the EU. Management assesses the impact of the amendment on the companies of the Group.

- ***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.

Standards issued but not yet effective and not early adopted

- **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. At the year 2017, the reflect of the implementation of IFRS 9 was assessed and therefore the impact of the new standard is expected as follows:

  - The financial instruments that the Group holds on 31/12/2017, will continue to be measured on the same base in compliance with IFRS 9 and therefore there is no expectation for significant impact on classification and measurement of financial instruments of assets due to the implementation of the new IFRS standard.

  - Moreover, there will be no impact regarding the Group's financial liabilities, given that the instructions of the new IFRS standard affect only the accounting treatment of financial liabilities determined at their fair value through income statement and the Group does not have such liabilities.

- **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 is based on the principle that the revenue is recognized when the control of a good or service is transferred to the customer.

The Group plans to adopt the new standard by readjusting cumulatively the retained earnings. Within 2017, an initial assessment was conducted regarding the impact of IFRS 15 and then conducted a detailed analysis of differences per revenue category between the new standard and the current accounting policies completed within the same year. Based on the above, the new standard is not expected to significantly affect the consolidated financial statements of the Group upon its implementation.

- **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*, regarding (a) the accounting of performance obligations amending the wording of the "separately identifiable" principle, (b) 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 (c) 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.

- **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 will affect mainly the accounting treatment of operational leases of the Group. At the date of the balancesheet, the Group has non-canceled operantional leases of amount € 228 mil. The Group as not yet determined to what extent these commitments will lead to assets and liabilities recognition regarding future payments, as well as that this will affect profit and cash flow classification of the Group. This happens because some of these commitments may be excluded from the standard's requirements as short-term or/and of non-important value, while some commitments may not even meet the criteria requires for their characterization as leases according to IFRS 16.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Amendment: 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. Management of the Group and Company estimates that the specific amendment will not have an impact on its financial statements.

- **IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)**

  The 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 (a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, (b) for share-based payment transactions with a net settlement feature for withholding tax obligations and (c) 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. Management is in the process of assessment of the amendment's impact 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. Management is in the process of assessment of the amendment's impact on the companies of the Group.

- **IFRS 9: Prepayment features with negative compensation (Amendment)**

  The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. These Amendments have not yet been endorsed by the EU. Management of the Group and Company estimates that the specific amendment will not have an impact on its financial statements.

- **IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)**
  The Amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. These Amendments have not yet been endorsed by the EU. Management of the Group and Company estimates that the specific amendment will not have an impact on its financial statements.

- **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. Management is in the process of assessment of impact 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 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. Management is in the process of assessment of the impact on the financial statements of the Group and the 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.
- **IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments**

  The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. This Interpretation has not yet been endorsed by the EU. Management is in the process of assessment of the impact on the companies of the Group.

The **IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. These annual improvements have not yet been endorsed by the EU. Management is in the process of assessment of the impact on the financial statements of the Group and the Company.

- ***IFRS 3 Business Combinations and IFRS 11 Joint Arrangements*:** The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- ***IAS 12 Income Taxes*:** The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
- ***IAS 23 Borrowing Costs*:** The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

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.

5. Analysis of expenses and other operating income

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
Distribution expenses	91.519	89.406	64.420	65.969
Administrative expenses	12.654	14.350	14.060	12.792
Other operating expenses	350	228	227	317
Expenses in cost of goods sold	3.043	0	0	0
Total	**107.566**	**103.985**	**78.707**	**79.078**

The main categories of expenses are analysed below:

	Group		Company	
	2017	**2016**	**2017**	**2016**
Payroll expenses	42.346	39.213	30.239	31.180
Third party expenses (Leasing/Energy-Utilities etc)	35.660	36.923	28.882	28.856
Taxes-duties	2.037	1.806	1.389	1.318
Depreciation/Amortisation	9.078	9.519	5.015	5.035
Provisions and impairments	0	17	0	17
Miscellaneous expenses (Advertising, Warehousing, Transportation etc)	18.445	16.506	13.181	12.672

	Group		Company	
Total	**107.566**	**103.985**	**78.707**	**79.078**

For the year ended on 31/12/2017, miscellaneous expenses include auditors remuneration of amount € 25 th. regarding services other than financial statements audit (namely excluding ordinary audit services and tax certificate issue).

Payroll expenses are analyzed as follows:

	Group		**Company**	
	2017	**2016**	**2017**	**2016**
Salaries and wages	32.967	30.464	23.129	23.782
Social security contributions	7.128	6.518	5.586	5.688
Miscellaneous grants	2.022	2.042	1.349	1.543
Benefits due to retirement	228	189	174	167
Total	**42.346**	**39.213**	**30.239**	**31.180**

(b) Other operating income is analysed as follows:

	Group		**Company**	
	2017	**2016**	**2017**	**2016**
Subsidies Law 3299/04	178	0	0	0
Revenue from non-used provisions	664	435	601	422
Fixed Assets Gain	1	7	1	6
Other income	4.034	2.695	2.880	2.252
Total	**4.877**	**3.138**	**3.482**	**2.680**

Consolidated other income mainly include income from orders delivery charges and rents receivable of Group's subsidiaries.

Moreover, other income of the Company for the year 2017 include income from travels invoice of amount € 406 th. (2016: € 354 th.), income from subleasing properties of amount € 903 th. (2016: 528 th.) and income from transportation expenses invoice of amount € 1.113 th. (2016: € 982 th.).

(c) Net Financial Results are analyzed as follows:

	Group		**Company**	
	2017	**2016**	**2017**	**2016**
Interest – expenses	(4.414)	(4.702)	(2.170)	(1.956)
Credit Cards fees	(2.746)	(3.074)	(2.123)	(2.506)
Foreign exchange differences (expense) –realized-	(70)	(61)	(42)	(28)
Other bank expenses	(465)	(392)	(414)	(299)
Losses from sale of Equity investments	(28)	(562)	(28)	(562)
Losses from evaluation of Equity investments	0	(834)	0	(834)
Total finance cost	**(7.723)**	**(9.624)**	**(4.777)**	**(6.186)**
Interest and related income	80	113	67	99
Foreign exchange differences	51	56	48	46

(income) –realized- Gain from sale of Equity investments	307	0	307	0
Total finance income	**438**	**169**	**422**	**145**
Financial Result	**(7.285)**	**(9.455)**	**(4.355)**	**(6.040)**

(d) Expenses from associates for the years 2017 and 2016 regard the participation in loss of affiliated companies VYNER LTD and SW SOFIA MALL ENTERPRISES LTD, which are consolidated through Net Equity method.

6. Property, plant and equipment

Property, plant and equipment for the year 2017 are analyzed as follows:

GROUP

	Land	Buildings and installations	Machinery-Installations-Miscellaneous equipment	Motor vehicles	Furniture and miscellaneous equipment	Construction in progress	Total of Property plant and equipment
Acquisition cost at 31.12.2016	52.266	176.066	4.762	5.116	33.436	2.951	274.596
Accumulated depreciation at 31.12.20	0	(50.958)	(3.082)	(3.952)	(27.774)	0	(85.765)
Net book value at 31.12.2016	52.266	125.108	1.681	1.164	5.662	2.951	188.831
1.1 - 31/12/2017							
Additions	0	2.526	533	108	1.781	145	5.092
Other changes in acquisition cost	0	442	(38)	(103)	(1.075)	(451)	(1.226)
Depreciation/amortisation	0	(5.529)	(433)	(306)	(2.020)	0	(8.288)
Other Depreciation changes	0	1	30	103	1.051	0	1.186
Acquisition cost at 31.12.2017	52.266	179.034	5.257	5.120	34.141	2.645	278.462
Accumulated depreciation at 31.12.20	0	(56.486)	(3.484)	(4.154)	(28.742)	0	(92.867)
Net book value at 31.12.2017	52.266	122.547	1.773	966	5.399	2.645	185.595

COMPANY

	Land	Buildings and installations	Machinery-Installations-Miscellaneous equipment	Motor vehicles	Furniture and miscellaneous equipment	Construction in progress	Total of Property plant and equipment
Acquisition cost at 31.12.2016	31.316	89.595	3.213	1.556	21.050	0	146.730
Accumulated depreciation at 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
1.1 - 31/12/2017							
Additions	0	1.520	502	97	705	2	2.826
Other changes in acquisition cost	0	(9)	(31)	(79)	(843)	0	(962)
Depreciation/amortisation	0	(2.943)	(300)	(89)	(1.074)	0	(4.406)
Other Depreciation changes	0	1	23	78	820	0	923
Acquisition cost at 31.12.2017	31.316	91.106	3.683	1.574	20.912	2	148.594
Accumulated depreciation at 31.12.2017	0	(35.579)	(2.435)	(1.262)	(17.779)	0	(57.055)
Net book value at 31.12.2017	31.316	55.526	1.248	312	3.133	2	91.538

Additions in Property, Plant and Equipment for the period refer to the purchase of retail stores (new and existing) equipment and formation expenses.

Most considerable additions in property, plant and equipment in the year 2017 refer to:

a) property, plant and buildings installations of amount € 2,4 million for IKEA Stores.

b) machinery – installations, furniture and miscellaneous equipment of amount € 1,7 million for IKEA Stores.

Other changes in property, plant and equipment of the Company and Group are related to write-offs and sales.

Property, plant and equipment of the Company and Group, include leased property, plant and equipment through financial leasing which amount to € 27.391 th. (2016: € 27.583 th.)

The average interest rate of the financial leasing for the year 2017 is 3,92% (2016: 5,00%).

Depreciation/ Amortization of property, plant and equipment and intangible assets of total amount € 9.078 thousand, was registered in cost of sales by the amount of € 337 th., in Distribution expenses by the amount of € 7.954 thousand and in Administrative expenses by the amount of € 787 thousand and respectively for the company depreciation/ amortization of total amount € 5.015 thousand (Note 5), was registered in Distribution expenses by the amount of € 4.522 thousand and in Administrative expenses by the amount of € 493 thousand. On 31/12/2017 the Group tested the value of property, plant and equipment per store (CGU) and wherever there was existence of indication for impairement of value, an impairement test was implemented. On 31/12/2017, no impairement of the Group's property, plant and equipment value arised. Net book value of property, plant and equipment regarding IKEA Stores for the Group amounts to € 160.237 th. (2016: 162.736 th.) and for the Company amounts to € 91.538 th. (2016: 93.158 th.)

7. Investment property

Investment property for the year 2017 is analyzed as follows:

	GROUP		COMPANY	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Opening	27.330	21.424	12.239	5.200
Additions	1.002	207	146	165
Additions from merge	0	6.874	0	6.874
Impairment	0	1.174	0	0
Closing balance	**28.332**	**27.330**	**12.385**	**12.239**

The amount of € 28,3 million (2016: € 27,3 million) includes:

- Property for exploitation, of amount € 7,1 million (2016: € 6,9 million). The assessment of fair value was effectuated for the year 2017 by certified appraisers 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 average of Investment Method and Comparative Method was used. For the calculation of land value the Comparative Method was used and for the calculation of fair value a market research was conducted. 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 € 15,9 million (2016: € 15,1 million). The assumptions of the assessments effectuated by independent appraisors within the year 2017 were confirmed by the Management. More specifically, the assessments of fair value were performed 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 €13/sqm, capitalization rate at the end of the leasing period 7,5% and annual rent increase 1,75%.
- Property of value € 5,3 million of the parent company which is leased for trading use (2016: € 5,3 million). The fair value assessment was conducted by the Management in compliance with the agreed terms of leasing.

8. Intangible assets

Intangible assets are analyzed as follows:

	GROUP			
	Royalties	Software	Miscellaneous	Total
Cost 31.12.2016	8.872	6.527	0	15.398
Accumulated depreciation/amortization 31/12/2016	(4.242)	(4.664)	0	(8.906)
Net book value at 31/12/2016	4.630	1.862	0	6.492
1.1 - 31.12.2017				
Additions	0	818	12	830
Depreciation/Amortization	(278)	(513)	0	(791)
Cost 31.12.2017	8.872	7.345	12	16.229
Accumulated depreciation/amortization 31/12/2017	(4.520)	(5.177)	0	(9.697)
Net book value at 31/12/2017	4.352	2.168	12	6.532

	COMPANY			
	Royalties	Software	Miscellaneous	Total
Cost 31.12.2016	7.210	5.081		12.291
Accumulated depreciation/amortization 31/12/2016	(3.543)	(3.730)		(7.273)
Net book value at 31/12/2016	3.667	1.351		5.017
1.1 - 31.12.2017				
Additions	0	613	12	625
Depreciation/Amortization	(250)	(358)	0	(608)
Cost 31.12.2017	7.210	5.693	12	12.915
Accumulated depreciation/amortization 31/12/2017	(3.793)	(4.088)	0	(7.881)
Net book value at 31/12/2017	3.417	1.605	12	5.034

Royalties include the use of brand names (IKEA).

Depreciation of intangible assets of the Group for the year 2017 amounted to € 791 th.

9. Investments in affiliates and associates

Investments are as analyzed as follows:

	COUNTRY	COMPANY			
		% SHAREHOLDING 2017	31/12/2017	% SHAREHOLDING 2016	31/12/2016
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	100%	18.520
WYLDES LTD	Cyprus	100%	35.027	100%	34.352
ASSOCIATE					
VYNER LTD	Cyprus	50,00%	-	50,00%	-
SW SOFIA MALL ENTERPRISES LTD	Cyprus	50,00%	-	50,00%	-
TOTAL			**74.587**		**73.912**

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

On 31/12/2017 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. During consolidation by equity method, a loss of € 1.160 th. (2016: € 1.777 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 € 85 thousand and VYNER LTD of amount € 410 th.

The Summary financial information of VYNER LTD is as follows:

Company	Country of establishment	Total Assets	Total Liabilities	Income	Losses	Shareholding
2017	Cyprus	145.712	101.426	9.439	(1.849)	50,00%
2016	Cyprus	143.849	98.535	9.897	(2.581)	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
2017	Cyprus	1.889	201	156	(471)	50,00%
2016	Cyprus	2.129	225	153	(973)	50,00%

10. Inventory

Inventory is analyzed as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Inventory	29.385	30.159	19.801	20.822
Advances for purchases of merchandise	3.241	3.682	1.559	1.948
Total	**32.625**	**33.840**	**21.400**	**22.770**

The inventory cost of the Group which was recorded as an expense under cost of goods sold amounts to € 169.477 thousand (2016: € 172.459 thousand) for the Group and € 110.491 thousand (2016: € 117.635 thousand) for the Company.

The inventory value written-off within the financial year amounts to € 957 thousand (2016: € 1.028 thousand) for the Group and € 604 thousand (2016: € 687 thousand) for the Company.

A mortgage contract was held by the Group regarding the inventory until the amount of € 25.000 thousand for the improvement of the credit terms.

The total provision for inventory on 31/12/2017 for the Group amounts to € 1.366 th. (31/12/2016: € 1.730 th.) and for the Company amounts to € 1.016 th. (31/12/2016: € 1.430 th.).

11. Trade receivables

Trade receivables are analyzed as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Trade receivables	9.437	9.129	9.005	8.783
Cheques receivables	18	31	18	31
Notes receivables	6	6	6	6
Bad debt Provisions	(7.147)	(7.147)	(7.147)	(7.147)
Total	**2.314**	**2.020**	**1.882**	**1.674**

As at December 31, 2017 and 2016 the ageing of trade receivables is analyzed as follows:

Group

	Total	Not due trade receivables	Overdue trade receivables
2017	2.314	948	1.366
2016	2.020	578	1.442

Company

	Total	Not due trade receivables	Overdue trade receivables
2017	1.882	516	1.366
2016	1.674	231	1.442

12. Other receivables

Other receivables are analyzed as follows:

	GROUP		Η Εταιρεία	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Debited VAT	770	653	0	0
Suppliers advances	423	802	259	938
Credit cards receivable	4.196	3.688	3.873	3.393
Accruals	2.336	2.501	1.740	1.883
Other debtors	10.481	5.889	12.522	4.840
Total	**18.207**	**13.533**	**18.394**	**11.054**

On 31/12/2017, other debtors include receivables for the submission of administrative appeal of the Company and total payment of the main tax amount less the corresponding additional taxes and surcharges, which is of amount € 0 (2016: € 2.598) (Note 22). Furthermore, for the Company for the year 2017, other debtors include the amount of € 6.775 th regarding credit cards discounting program and receivables from subsidiary regarding dividend of amount € 3.000 th (2016: 0 th).

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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Cash in hand	1.545	1.408	981	971
Bank deposits	18.750	23.562	10.846	21.138
Total	**20.295**	**24.971**	**11.827**	**22.109**

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 2017 is 0,70%.

14. Investments / Financial data available for sale

On 31/12/2017 the amount of € 307 thousand was accounted as profit from the sale of shares held in the company's portfolio and the relevant change in net equity was € 204 thousand. The valuation method of Investments/ Financial data available for sale was ranked at level 1 of the hierarchy.

15. Share capital

On 31/12/2017 the share capital amounted to € 47.450.647 (2016: € 47.450.647) divided into 47.450.647 (2016: 47.450.647) shares of nominal value € 1,00 per share.

16. Reserves

The movement of the reserves is analyzed as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Statutory reserve	8.268	8.268	8.268	8.268
Revaluation Reserves	722	722	722	722
Foreign exchange diff. from Statement of Financial Position transl.reserves	5	5	0	0
Extraordinary Reserves	0	3	0	3
Tax-free Reserves	7.725	7.639	7.725	7.639
SOP Reserve	982	862	873	763
IRS Reserve	(124)	(350)	0	0
Reserves from valuation of financial data available for sale	0	288	0	288
Total	17.578	17.437	17.588	17.683

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.

Tax-free reserves: The Group has tax-free reserves of amount € 7.725 th. (2016: 7.639 th.) which arised mainly from dividends and income from doubtful debt provision of L. 3296/04. In case of disposal or capitalization they will be taxed with the tax rate provided by L. 4172/2013.

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 16/6/2017 did not propose a dividend distribution for the year 1/1 – 31/12/2016 taking into consideration the financial results of this period. The parent company registered in its income a dividend from subsidiary of amount € 3 million at the year 2017. The Extraordinary General Assembly of shareholders of the Company on 28/12/2017 approved the distribution of dividend from prior year profits of amount € 5 mil.

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,2017.

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

Greek Companies	2017	2016
Average annual payroll increase	1,00%	1,00%
Discount interest rate	1,61% - 1,68%	1,65% - 1,90%
Inflation	1,00%	1,00%
Plan duration (years)	16-18	15-24

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 7,96% to 9,01%. 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 7,17% to 8,08%.

Bulgarian Company	2017	2016
Average annual payroll increase	3,50%	3,50%
Discount interest rate	1,70%	2,15%

Inflation	2,00%	2,00%
Plan duration (years)	24	24-29

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 by 12,08%. In case of a discount rate increase by 0,50% (namely 2,20%), the amount of liabilities due to termination of service of Bulgarian companies would decrease by 10,80%.

The expense derived from the compensation to employees due to retirement, that was recorded in the Income Statement of the financial year 2017 is analysed as follows:

	GROUP		COMPANY	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Service Cost	249	197	209	177
Interest Cost	51	52	46	51
Cost reduction/settlement/termination service	177	193	161	193
Total amount allocated in Income statement	**477**	**443**	**415**	**421**
Balance of liability at the beginning	**2.828**	**2.049**	**2.560**	**1.971**
Compensation due to retirement	477	443	415	421
Paid amounts	(260)	(255)	(241)	(255)
Actuarial losses/gains	71	326	22	319
Remaining liability from merge	0	103	0	103
Remaining liability from first time consolidation of subsidiary	0	161	0	0
Balance of liability in the end	**3.115**	**2.828**	**2.756**	**2.560**

The amounts of Actuarial losses/gains, appear in Statement of Comprehensive Income and regard employee retirement defined benefits programs.

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.

The Ordinary General Assembly of the Company FOURLIS HOLDINGS SA of June 16, 2017, under the context of Stock Option Plan, approved the disposal of 2.566.520 stock options and the authorization to the Board of Directors regarding the settlement of procedures and details. The program will be implemented in four waves, with a maturity period of five 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 underlying price of each wave is the closing stock price on the day of General Assembly's resolution regarding the approval of the program.

On 20/11/2017 the board of Directors granted 641.630 Stock Options, which are the first of the four waves. The underlying share price, to which conferred options reflect, is determined at the amount of 5,768 € per share which is the closing stock price of the share on the date of the General Assembly.

The options of the wave mentioned above are granted within five years as follows:

Vesting Date	**No of Options**
31/12/2017	128.326
31/12/2018	128.326
31/12/2019	128.326
31/12/2020	128.326
31/12/2021	128.326

The fair value of options has been calculated based on the simulation of the Company's share price assuming that the price will develop to the "Binomial Pricing" model. Fair value per option and vesting date has been defined as follows:

Vesting Date	**Value per Option €**
31/12/2017	0,962
31/12/2018	1,064
31/12/2019	1,152
31/12/2020	1,225
31/12/2021	1,290

The variables upon which the data above were calculated are as follows:

Variable	**Value**
Exercise Price	€ 5,77
Grant Date	20/11/2017
Stock Volatility	28,1%
Dividend Yield	1,72%
Attrition Rate	0%
Risk Free Rate	0,3953%

On 13/11/2017, the BoD of the Company issued an Invitation to the beneficiaries of the SOP which was approved by the Extraordinary General Assembly held on 27/9/2013, regarding the exercise of their options. 22 beneficiaries responded to this Invitation and exercised their option for the purchase of 313.278 shares, of nominal value € 0,97 and underlying price € 3,34 per share and paid the total amount of € 1.046.348,52.

It is noted that the underlying price of shares to which the distributed options reflect, had been initially determined at the amount of € 3,40 per share, which was the closing market price of the share on the date of the resolution of the General Assembly regarding the SOP since 27/9/2013 (Extraordinary General Assembly date). Due to corporate events (capital return through cash payment), the historical closing price of the share was readjusted and formed at the amount of € 3,34 per share.

During period 1/1 – 31/12/2017, beneficiaries waived their right to exercise 11.580 options (2016: 0) which were granted by the BoD of the parent Company FOURLIS HOLDINGS SA on 25/11/2013, beneficiaries waived their right to exercise 13.626 options (2016: 0) which were granted by the BoD on 24/11/2014 and also beneficiaries waived their right to exercise 17.104 options (2016: 0) which were granted by the BoD on 25/11/2015.

During the period 1/1 – 31/12/2017, the amount of € 120 th. (2016: 144 th.) was registered in the Consolidated Income Statement as an expense.

18.3 Benefit contributions under the private insurance program

During the year ended on December 31, 2017 the amount of defined benefit contributions under the private insurance program that was recorded as an expense by the parent Company totalled to € 190 thousand (2016: € 161 thousand) while the respective amount recorded as an expense by the Group amounted to € 208 thousand (2016: € 177 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 focus in the retail segments where the payment of goods is mainly made by cash or credit cards discounts. The maximum exposure at 31/12/2017, without taking into consideration any hedging or insurance strategies, was as follows:

	Book Value	
	2017	2016
€000s		
Trade & other receivables	2.314	2.020
Cash & cash equivalent	20.295	24.971

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:

	Book Value	
	2017	2016
€000s		
Greece	1.882	1.989
Southeastern Europe Countries	432	31

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

	Book Value	
	2017	2016
€000s		
Wholesale trade customers	2.058	1.605

Retail trade customers	256	415

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 31/12/2017 amounted to € 20,3 million for the Group vs € 25,0 million on 31/12/2016. During year 2017, 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
31/12/2017						
Credit lines	0	400	4	0	0	404
Short-term loans	0	0	0	0	0	0
Long-term loans	0	992	6.357	90.252	0	97.602
Total	**0**	**1.392**	**6.362**	**90.252**	**0**	**98.006**
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*	0	814	19.703	82.707	0	103.223
Leasing	0	112	360	0	0	472
Total	**3.000**	**926**	**21.463**	**82.707**	**0**	**108.095**

COMPANY

	Immediate termination	3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31/12/2017						
Credit lines	0	0	0	0	0	0
Short-term loans	0	0	0	0	0	0
Long-term loans	0	0	0	39.361	0	39.361
Leasing	0	0	0	0	0	0
Total	**0**	**0**	**0**	**39.361**	**0**	**39.361**
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*	0	0	0	39.190	0	39.190
Leasing	0	112	360	0	0	472
Total	**3.000**	**112**	**360**	**39.190**	**0**	**42.662**

* The data of the prior comparable period have been reclassified to be similar and comparable with the figures of corresponding period of 2017

(Note 20)

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 5,06% 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.

	31/12/2017 Foreign currency in thousand euros		
	SEK	BGN	EUR
Trade creditors and other liabilities	460	0	3.114

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

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 , 2017		
SEK	46	46
BGN	0	0
Dec 31 , 2016		
SEK	41	41

BGN	0,2	0,2

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 2017, are **BGN:** 1,95583 for the year 2017 and 2016.

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 equally increase (decrease) the Net Equity and the Operating Results by € 0,980 thousand for the year 2017 and € 1,080 thousand for the year 2016.

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 2017 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 31/12/2017 the ratio stood at 35% (2016: 37%).

20. Borrowings

Borrowings for the year 2017 and 2016 are analyzed as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Non - current loans	97.602	103.223	39.361	39.190
Finance Leases	0	472	0	472
Total long term loans and short term portion of long term loans	97.602	103.695	39.361	39.662
Current portion of non-current loans and borrowings*	7.350	20.516	0	0
Short-term portion of non-current Lease	0	472	0	472
Non - current loans*	90.252	82.707	39.361	39.190
Short term loans for working capital	404	4.400	0	3.000
Total loans and borrowings	98.006	108.095	39.361	42.662

* The data of the prior comparable period have been reclassified to be similar and comparable with the figures of corresponding period of 2017.

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

	Ο Όμιλος							
	2017				2016			
	Up to 1 year	2 - 5 years	More than 5 years	Total	Up to 1 year	2 - 5 years	More than 5 years	Total
Future Lease Payments	0	0	0	0	485	0	0	485
Less Interest	0	0	0	0	(14)	0	0	(14)
Present value of Future Lease Payments	0	0	0	0	472	0	0	472

The repayment period of non - current loans varies between 1 to 8 years and the average effective interest rate of the Group was 3,89% during the year 2017 (2016: 3,95%). Repayments and proceeds of loans of the Group for the current period amounted to € 31.410 thousand and € 21.150 thousand respectively. Repayments and proceeds of loans of the Company for the current period amounted to € 15.972 thousand and € 12.500 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:

31/12/2017		Amount in thousands of €	Issuing Date	Duration
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	305	17/8/2011	7 years from the issuing date (€305 payable forthcoming period)
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	2.900	17/3/2016	5 years from the issuing date(€514 payable forthcoming period)
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	582	17/3/2016	2 years from the issuing date (€582 payable forthcoming period)
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	1.400	30/3/2016	3,5 years from the issuing date (€800 payable forthcoming period)
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	1.950	30/3/2016	6 years from the issuing date (€600 payable forthcoming period)
		7.137		
TRADE LOGISTICS SA	Bond	6.550	8/3/2017	5 years from the issuing date (€600 payable forthcoming period)
		6.550		
RENTIS SA	Bond	8.250	19/7/2017	3 years from the issuing date (payment at maturity date)
		8.250		
HOUSE MARKET BULGARIA AD	Syndicated	36.304	11/7/2016	9 years from the issuing date (€3.948 payable forthcoming period)
		36.304		
HOUSEMARKET SA	Bond	39.361	4/10/2016	5 years from the issuing date
		39.361		
	Total	**97.602**		

31/12/2016		Amount in thousands of €	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**		

Non –current loans include 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 2016 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. The loan is subject to Greek law, has a five year maturity date with fixed interest rate 5% per year and quarterly interest payment. Direct issue expenses of the bond loan amounted to € 853 th., € 43 th. of which had benn allocated in the year 2016, € 171 th. have been allocated in the year 2017, € 171 th. will be allocated within twelve months of the year 2018 and € 468 th. will be allocated within the following years.

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 1/1/2017 to 31/12/2017 was approximately 5,1% (2016: 4,82%).

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 31/12/2017 of € 16 thousand (31/12/2016: € 45 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 31/12/2017 of € 122 thousand (31/12/2016: € 344 thousand). The outcome of the valuation has been registered in the Statement of Comprehensive Income.

Some of Group's loans include loan covenants. On 31/12/2017 the Group complied with the terms of its loans.

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.

21. Trade and other payables

Trade and other payables are analyzed as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Trade payables	50.566	48.760	43.252	40.615
Accrued expenses	6.416	5.949	4.587	4.550
Other payables	1.340	794	980	518
Taxes liability	4.646	4.281	2.773	2.832
Customers advances	928	822	629	620
Insurnace Organizations	1.763	1.844	1.424	1.487
Dividends payables	5.000	8.500	5.000	8.500
Total	**70.659**	**70.950**	**58.646**	**59.122**

Increase in accrued expenses is due to expenses 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 (31/12/2017)**
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	2012 – 2017 (*)
HM HOUSEMARKET (CYPRUS) LTD	2012 – 2017
HOUSE MARKET BULGARIA AD	2013 – 2017
TRADE LOGISTICS SA	2012 – 2017 (*)
RENTIS SA	2012 – 2017 (*)
WYLDES LTD	2009 – 2017

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

COMPANY	**YEARS**
VYNER LTD	2009 – 2017
SW SOFIA MALL ENTERPRISES LTD	2015 – 2017

(*) 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, 2016 and 2017 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, 2015 and 2016 while tax audit for the fiscal year 2017 is in progress. Upon completion of the audit, the Management of the Company and Group 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.

On 31/12/2017, the years until 2011 were integrated in compliance with provisions of par. 1 article 36 L. 4174/2013 as announced with POL 1208/2017.

In September 2014 the tax audit for the financial years 2007-2010 of 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, regarding 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 (regarding 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 other years (2008, 2009 and 2010) was postponed for 6/12/2016. The trial of the years (2008, 2009 and 2010) was conducted on 6/12/2016. 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. On 20/9/2017, resolutions 4501/2017, 4502/2017 and 4503/2017 of Administrative Court of Appeals were issued, based on which the Court accepted total accounting differences of amount € 2.244 for the years 2008, 2009 and 2010. The accumulated tax provision for the unaudited tax years of the subsidiary HOUSEMARKET SA on 31/12/2017 amounts to € 0 th. (31/12/2016: 1.796 th.).

For the period 1/1 - 31/12/2017:

- the audit of HM HOUSEMARKET (CYPRUS) LTD was completed for the years 2006-2011 and audit differences arised of amount € 45 th.,

- the audit of HOUSEMARKET BULGARIA AD was completed for the years 2010-2012 and audit differences arised of amount € 33 th. arised,

The income tax expense for the year 2017 and the relative year 2016 is as follows:

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
Income tax	**1.430**	**900**	**0**	**0**
Tax audit differences	**163**	**41**	**119**	**0**
Deferred Taxes:				
Differences of fixed assets	564	389	512	312
Provisions for employee benefits	(55)	(70)	(50)	(70)
Provisions	371	119	290	(69)
Deferred income tax on transferred tax losses	655	(3.495)	1.173	(3.495)
Tota Deferred taxes	**1.536**	**(3.057)**	**1.924**	**(3.322)**
Income tax expense	**3.129**	**(2.116)**	**2.043**	**(3.322)**

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

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
Profit before taxes	**13.689**	**6.790**	**4.310**	**3.238**
Income tax based on nominal tax rate	1.889	2.062	1.250	939
Tax on tax free income	0	(870)	(870)	(870)
Tax on non deductible expenses	530	163	517	110
Tax on tax losses	682	(3.621)	1.144	(3.621)
Tax audit differences	163	0	119	0
Miscellaneous timing differences	(134)	150	(118)	121
Tax in Statement of Comprehensive Income	**3.129**	**(2.116)**	**2.043**	**(3.322)**

Deferred taxes on 31/12/2017, 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 € 25 th. (€ 20 th. on 31/12/2016) and income due to defined benefits plans, amount to € 11 th. (€ 96 th. on 31/12/2016).

Deferred taxes as at 31 December 2017 and 31 December 2016 which appear in accompanying Financial Statements are analysed as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Assets:				
Depreciation calc. difference	(3.732)	(3.168)	(3.363)	(2.852)
Employee retirement benefits (IAS19)	854	789	799	742
Stock devaluation	295	415	295	415
Provision Other expenses	(159)	87	(161)	(22)
Provision for doubtful debts	1.087	1.087	1.087	1.087
Deferred income tax on transferred tax losses	4.493	5.148	2.903	4.076
Income provision	0	(53)	0	(53)
Total	**2.839**	**4.305**	**1.560**	**3.394**

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

On 31/12/2017, 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 € 4.493 thousand (2016: € 5.148 th.) and the Company had accumulated carried forward tax losses in its subsidiaries on part of which a provision was made for deferred tax asset of amount € 2.903 thousand (2016: € 4.076 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 31/12/2017, the cumulative Group's provision for unaudited tax years amounts to € 19 thousand (€ 1.796 th. on 31/12/2016) and to € 0 thousand for the Company as at 31/12/2017 (€ 1.796 th. on 31/12/2016) 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 2017 is 47.450.647.

	Group		**Company**	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Profits after tax (thousand euros)	10.559	8.906	2.268	6.560
Number of issued shares	47.450.647	47.450.647	47.450.647	47.450.647
Weighted average number of shares	47.450.647	38.954.196	47.450.647	38.954.196
Weighted average number of shares (diluted)	47.450.647	38.954.196	47.450.647	38.954.196
Basic (Losses)/Earnings per share (in Euros)	0,2225	0,2286	0,0478	0,1684

Diluted (Losses)/Earnings per share (in Euros)	0,2225	0,2286	0,0478	0,1684

24. Commitments and Contingencies

24.1 Commitments

The Group's contingent liabilities for the period 1/1 - 31/12/2017 are analyzed as follows:

- Letters of guarantee from the Company, amounting to € 2.161 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 € 1.024 thousand for the timely and accurate payment of exchanges and utilities expenditure between the Company and BHTA TETARTI, whereas furthermore other letters of guarantee of amount € 24 thousand have been given. Other guarantees of the Company for its subsidiaries H.M. HOUSEMARKET (CYPRUS) LIMITED amounting to € 7.137 thousand, RENTIS SA (subsidiary of H.M. HOUSEMARKET (CYPRUS) LIMITED) amounting to € 8.250 thousand and TRADE LOGISTICS of amount € 6.950 th.
- 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 € 45.372 th.
- A subsidiary company of the Group mortgage its property to secure a bond loan amounting to € 11.005 th.
- A subsidiary company of the Group mortgage its property to secure a bond loans amounting to € 22.700 th.
- A subsidiary company has provided fluctuating guarantee on assets until the amount of € 6.800 th. in order to secure bilateral loans.

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 Borrowings.

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

	GROUP		COMPANY	
	2017	2016	2017	2016
Up to 1 year	9.229	11.027	7.591	9.301
Between 1-5 years	43.348	43.791	37.967	37.670

More than 5 years	100.474	110.821	99.351	108.902
Total	**153.051**	**165.638**	**144.909**	**155.873**

The expense for operating leasing of financial year 2017, that was recorded in the income statement amounted to € 9.263 thousand (€ 8.892 thousand for the year 2016).

Group as Lessor

The future leasing contracts of the Group as a lessor are as below:

	GROUP		COMPANY	
	2017	2016	2017	2016
Up to 1 year	1.069	1.343	745	797
Between 1-5 years	4.765	4.080	2.201	2.017
More than 5 years	3.273	6.688	1.409	5.145
Total	**9.107**	**12.111**	**4.356**	**7.959**

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 (Note 22).

25. Related parties

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

The analysis of the related party receivables and payables as at 31 December 2017 and 2016 are as follows:

	The Group		The Company	
Receivables	2017	2016	2017	2016
FOURLIS HOLDINGS S.A.	1	1.019	0	926
TRADE LOGISTICS S.A.	0	0	0	155
INTERSPORT S.A.	413	212	116	116
HM HOUSEMARKET (CYPRUS) LTD	0	0	3.006	7
HOUSE MARKET BULGARIA AD	0	0	148	31
INTERSPORT CYPRUS S.A.	5	5	0	0
GENCO BULGARIA E.O.O.D	3	9	0	0
Total	**422**	**1.245**	**3.271**	**1.236**
Payables				
FOURLIS HOLDINGS S.A.	5.396	8.639	5.248	8.500
INTERSPORT S.A.	0	0	0	0
TRADE LOGISTICS S.A.	0	0	371	0
HOUSE MARKET BULGARIA AD	0	0	13	0

HM HOUSEMARKET (CYPRUS) LTD	0	0	30	0
INTERSPORT CYPRUS S.A.	1	0	0	0
SPEEDEX S.A.	13	18	13	18
SERVICE ONE S.A.	0	35	0	35
Total	**5.410**	**8.692**	**5.675**	**8.553**

Related party transactions as at 31 December 2017 and 2016 are as follows:

	Group		**Company**	
	2017	**2016**	**2017**	**2016**
Revenue	3.093	129	113	17
Other operating income	347	336	392	486
Dividends	0	0	3.000	3.000
Total	**3.440**	**465**	**3.505**	**3.503**

	The Group		**The Company**	
	2017	**2016**	**2017**	**2016**
Distribution expenses	766	1.101	322	596
Administrative expenses	2.874	5.700	6.049	5.681
Other operating expenses	2	18	2	18
Total	**3.642**	**6.819**	**6.373**	**6.295**

During 2017 and 2016, transactions and fees of management members were as follows:

	GROUP		**COMPANY**	
	2017	**2016**	**2017**	**2016**
Transactions and fees of management members	1.560	1.274	1.378	1.274

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

26. Transactions with Subsidiaries

During financial years 2017 and 2016, between the parent company and its subsidiaries the following transactions occurred:

	GROUP		COMPANY	
	2017	2016	2017	2016
Revenue	4.024	33	109	9
Cost of sales	151	33	109	9
Other income	248	234	142	234
Administrative expenses	3.910	95	3.906	0
Distribution expenses	211	138	0	0
Dividends	3.000	3.000	3.000	3.000

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Trade receivables	3.572	200	3.155	193
Creditors	3.572	200	414	0

27. Significant Additions in Consolidated Data

The most significant changes recorded in the Consolidated and Separate Statement of Financial Position as of 31/12/2017 in comparison with the corresponding data as at 31/12/2016 are the following:

- Decrease in the amount of "Inventory" is due to the implementation of more rational inventory management methods.
- Decrease in the amount of "Cash and cash equivalents" is due to the need for seasonal funding of operational activity of the Group and the disbursement of dividend.

28. Subsequent events

There are no other significant events following the date of 31/12/2017 that may affect the financial position and results of the Group other than those mentioned in Note 1 regarding the share capital increase of a subsidiary.

Information pursuant to article 10 of Law 3401/ 2005

Protocol Number	Date and Time	Subject
2017/EXAE/H/53	03/01/2017 18:54	Announcement - Resolution of the Extraordinary General Meeting of the Shareholders
2017/EXAE/H/1674	08/03/2017 18:36	ANNOUNCEMENT - FINANCIAL CALENDAR
2017/EXAE/H/1852	14/03/2017 17:46	Financial Statements in PDF format
2017/EXAE/H/1859	14/03/2017 19:24	Financial Statements in PDF format
2017/EXAE/H/1882	15/03/2017 16:15	Financial Statements
2017/EXAE/H/2282	27/03/2017 15:17	ANNOUNCEMENT - SECOND INTEREST PERIOD
2017/EXAE/H/4838	24/05/2017 12:12	REVALUATION OF CREDIT RATING FROM ICAP
2017/EXAE/H/6063	26/06/2017 18:12	ANNOUNCEMENT - THIRD INTEREST PERIOD
2017/EXAE/H/6491	06/07/2017 17:58	EXPLANATORY NOTE ON THE AGENDA OF THE ANNUAL ORDINARY GENERAL MEETING OF THE SHAREHOLDERS OF 28.07.2017
2017/EXAE/H/6489	06/07/2017 17:42	INVITATION TO THE ANNUAL ORDINARY GENERAL MEETING OF THE SHAREHOLDERS
2017/EXAE/H/7142	28/07/2017 15:10	HOUSEMARKET SA - RESOLUTION OF THE ANNUAL ORDINARY GENERAL MEETING
2017/EXAE/H/8132	05/09/2017 17:35	Financial Statements in PDF format
2017/EXAE/H/8133	05/09/2017 17:36	Financial Statements in PDF format
2017/EXAE/H/8131	05/09/2017 17:31	Financial Statements
2017/EXAE/H/8811	25/09/2017 11:29	ANNOUNCEMENT - FOURTH INTEREST PERIOD
2017/EXAE/H/11349	07/12/2017 17:41	EXPLANATORY NOTE ON THE AGENDA OF THE EXTRAORDINARY GENERAL MEETING OF THE SHAREHOLDERS OF 28.12.2017
2017/EXAE/H/11348	07/12/2017 17:38	INVITATION TO THE EXTRAORDINARY GENERAL MEETING OF THE SHAREHOLDERS
2017/EXAE/H/11737	22/12/2017 08:55	ANNOUNCEMENT - FIFTH INTEREST PERIOD
2017/EXAE/H/11800	28/12/2017 13:45	Appointment of new members of the Audit Committee
2017/EXAE/H/11799	28/12/2017 13:31	Announcement - Resolution of the Extraordinary General Meeting of the Shareholders held on December 28, 2017

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 31.12.2017

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 31.12.2017:

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

Amounts in thousand of euros

Purpose of Use of Raised Funds		Timetable and Distribution of Raised Funds					Amount of Raised Funds that utilized			Remaining balance to be utilized
		Second Semester 2016	2017	2018	2019	2020	H2 2016	H1 2017	H2 2017	
Participation in the Share Capital Increase of TRADE LOGISTICS S.A.* for partial repayment of loans		-	10.500	-	-	-	10.500	0	0	0
Investments in Fixed Assets and Electromechanical equipment	Installation of Information Systems related to the management of retail sales	900	-	-	-	-	900	0	0	0
	Upgrade of electromechanical equipment of existing stores	-	2.100		-	-	0	375,11	375,69	1.349,20
	Refurbishment of IKEA stores	5.000					75,40	256,37	848,79	3.819,44
Working Capital Facilities		21.500					21.500	0	0	0
Total		40.000					32.975,40	631,48	1.224,48	5.168,64

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

Paiania, March 12th, 2018

Chairman of the BoD | Vice Chairman of the BoD | Managing Director

Dafni Fourli | Vassileios Fourlis | Panagiotis Katiforis

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 S.A.

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 2017.
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.

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 2017.

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 2017, for which we have issued a separate Audit Report, dated 12 March 2018.

Athens, 12 March 2018
The Certified Auditor

ANDREAS HADJIDAMIANOU
SOEL reg. no 61391
ERNST & YOUNG (HELLAS)
CERTIFIED AUDITORS ACCOUNTANTS S.A.
8b CHIMARRAS, MAROUSSI
151 25, ATHENS
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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 2017 has been published by posting on the internet at the web address of the Company http://www.ikea.gr and www.housemarket.gr. At the same web addresses, all Annual Financial Statements, Audit Reports and Board of Directors Reports of the companies which are consolidated and they are not listed and which cumulatively represent a percentage higher than 5% of consolidated revenues or assets or operating results after the deduction of minority shares proportion, are published.