

Pandora Investments Public Limited

Report and consolidated financial statements 31 December 2016

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Important note

The attached statements are an extract from the audited financial statements. For fuller understanding we strongly recommend to refer to the full set of financial statements found in the web site of the Company and its announcement to the Cyprus Stock Exchange. The language of the financial statement is Greek. This report is a translation.

Pandora Investments Public Limited

Consolidated statement of comprehensive income for the year ended 31 December 2016

	Note	2016 €	2015 €
Revenue	5	30.760.128	26.872.384
Cost of sales		(17.231.494)	(20.187.361)
Gross profit		13.528.634	6.685.023
Selling and marketing costs		(8.243.090)	(4.431.452)
Administrative expenses		(10.887.594)	(8.726.068)
Share of profit of associates	16	95.788	1.054.201
Share of profit of joint venture	17	52.729	1.172.230
Other income	6	869.634	1.608.267
Other gains - net	7	6.732.807	4.372
Fair value gains on investment properties	15	196.073.291	41.595.555
Operating profit		198.222.201	38.962.130
Finance costs – net	10	(13.656.089)	(16.782.780)
Profit before tax		184.566.112	22.179.350
Income tax charge	11	(23.367.146)	(5.080.815)
Profit for the year		161.198.966	17.098.535
Attributable to:			
Equity holders of the Company		161.235.733	114.927.639
Non-controlling interest		(36.767)	2.170.896
		161.198.966	17.098.535
Other comprehensive income/(loss):			
Items that may be subsequently reclassified to profit or loss			
Fair value profit from associates	16	10.463	-
Fair value losses of available for sale financial assets	22	755.350	(341.692)
Items that may be subsequently reclassified to profit or loss		765.813	(341.692)
Other comprehensive loss for the year after tax		765.813	(341.692)
Total comprehensive profit/(loss) for the year		161.964.779	16.756.843
Attributable to:			
Equity holders of the Company		162.001.546	14.602.207
Non-controlling interest		(36.767)	2.154.636
		161.964.779	16.756.843
Profit per share attributable to equity holders of the Company (cents per share):			
- Basic and diluted	12	37.99	3,52

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 11.

Pandora Investments Public Limited

Consolidated balance sheet at 31 December 2016

	Note	2016 €	2015 €
Assets			
Non-current assets			
Property, plant and equipment	14	25.419.707	25.298.220
Investment property	15	362.071.435	181.463.089
Investments in associates	16	18.756.411	13.540.819
Available-for-sale financial assets	22	9.211.582	8.865.793
Trade and other receivables	24	6.828.134	3.870.730
		<u>421.387.269</u>	<u>233.038.651</u>
Current assets			
Inventories	23	181.873.922	147.325.244
Trade and other receivables	24	28.075.575	18.705.508
Financial assets at fair value through profit or loss	25	59.237	77.513
Cash and cash equivalents	26	12.670.742	5.360.615
		<u>222.679.476</u>	<u>171.468.880</u>
Total assets		<u>644.066.745</u>	<u>404.507.531</u>
Equity and liabilities			
Capital and reserves			
Share capital	27	72.153.985	72.153.985
Share premium	27	21.149.101	21.149.101
Reserve from the conversion of share capital in Euro		365.074	365.074
Fair value reserves	28	1.317.122	551.309
Reserve of joint control		(7.658.150)	
Accumulated profit (losses)		143.497.856	(17.737.877)
		<u>230.824.498</u>	<u>76.481.592</u>
Non-controlling interest	18	8.370.908	18.501.572
Total equity		<u>239.195.906</u>	<u>94.983.164</u>
Non-current liabilities			
Borrowings	29	270.742.220	204.831.741
Deferred income tax liabilities	30	43.114.347	19.821.245
Advances received	31	27.711.528	4.519.022
		<u>341.568.095</u>	<u>229.172.008</u>

Pandora Investments Public Limited

Consolidated balance sheet at 31 December 2016 (continued)

	Note	2015 €	2015 €
Current liabilities			
Trade and other payables	31	21.182.274	14.547.681
Advances received	31	19.371.996	9.729.229
Current income tax liabilities		50.348	78.457
Borrowings	29	22.698.126	55.996.992
		<u>63.302.744</u>	<u>80.352.359</u>
Total liabilities		<u>404.870.839</u>	<u>309.524.367</u>
Total equity and liabilities		<u>644.066.745</u>	<u>404.507.531</u>

On 28 April 2017 the Board of Directors of Pandora Investments Public Limited authorised these consolidated financial statements for issue.

George M. Leptos, Director

Christos Constantinides, Director

The notes on pages 28 to 107 are an integral part of these consolidated financial statements.

Pandora Investments Public Limited

Consolidated statement of changes in equity for the year ended 31 December 2016

	Note	Attributable to equity holders of the Company					Total €	Non-controlling interest €	Total equity €
		Share Capital €	Share premium ⁽²⁾ €	Fair value reserves ⁽²⁾ €	Reserve from the conversion of share capital into Euro ⁽²⁾ €	Accumulated losses ⁽¹⁾ €			
Balance as at 31 December 2014/ 1 January 2015		72.153.985	21.149.101	876.741	365.074	(32.666.849)	61.878.052	15.345.477	77.223.529
Comprehensive profit									
Profit for the year		-	-	-	-	14.927.639	14.927.639	2.170.896	17.098.535
Other comprehensive losses									
Fair value losses of available for sale financial assets	22	-	-	(325.432)	-	-	(325.432)	(16.260)	(341.692)
Total other comprehensive losses		-	-	(325.432)	-	-	(325.432)	(16.260)	(341.692)
Total comprehensive profit/(loss) for the year 2015		-	-	(325.432)	-	14.927.639	14.602.207	2.154.636	16.756.843
Transactions with owners									
Dividends paid to non-controlling interest		-	-	-	-	-	-	(196.000)	(196.000)
Acquisition of subsidiaries		-	-	-	-	1.333	1.333	-	1.333
Contributions		-	-	-	-	-	-	1.715.000	1.715.000
Reduction in share capital: Repayment of minority rights		-	-	-	-	-	-	(517.541)	(517.541)
Total transactions with owners		-	-	-	-	1.333	1.333	1.001.459	1.002.792
Balance as at 31 December 2015		72.153.985	21.149.101	551.309	365.074	(17.737.877)	76.481.592	18.501.572	94.983.164

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Consolidated statement of changes in equity for the year ended 31 December 2016 (continued)

Attributable to equity holders of the Company

	Note	Share Capital €	Share premium ⁽²⁾ €	Fair value reserves ⁽²⁾ €	Reserve from the conversion of share capital into Euro ⁽²⁾ €	Reserve of joint control €	Accumulated losses ⁽¹⁾ €	Total €	Non-controlling interest €	Total equity €
Balance as at 31 December 2015/ 1 January 2016		72.153.985	21.149.101	551.309	365.074	-	(17.737.877)	76.481.592	18.501.572	94.983.164
Comprehensive profit										
Profit for the year		-	-	-	-	-	161.235.733	161.235.733	(36.767)	161.198.966
Other comprehensive losses										
Fair value losses of available for sale financial assets	22	-	-	765.813	-	-	-	765.813	-	765.813
Total other comprehensive losses		-	-	765.813	-	-	-	765.813	-	765.813
Total comprehensive profit/(loss) for the year 2016		-	-	765.813	-	-	161.235.733	162.001.546	(36.767)	161.964.779
Transactions with owners										
Issue of share capital		-	-	-	-	-	-	-	-	-
Dividends paid to non-controlling interest		-	-	-	-	-	-	-	(8.774)	(8.774)
Restructuring transactions with the Group		-	-	-	-	(7.658.150)	-	(7.658.150)	(10.085.113)	(17.743.263)
Total transactions with owners		-	-	-	-	(7.658.150)	-	(7.658.150)	(10.093.887)	(17.752.037)
Balance as at 31 December 2016		72.153.985	21.149.101	1.317.122	365.074	(7.658.150)	143.497.856	230.824.988	8.370.918	239.195.906

Pandora Investments Public Limited

Consolidated statement of changes in equity for the year ended 31 December 2016 (continued)

- (1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. Special contribution for defence rate increased to 17% in respect of profits of year of assessment 2009 and to 20% in respect of profits of years of assessment 2010, 2011 and decreased to 17% for profits of years of assessment from 2012 onwards. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits refer by the end of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.
- (2) The share capital, share premium reserve and the conversion of share capital into Euro reserve, are not available for distribution in the form of dividends.

Pandora Investments Public Limited

Consolidated statement of cash flows for the year ended 31 December 2016

	Note	2016 €	2015 €
Cash flows from operating activities			
Profit/(loss) before tax		184.566.112	22.179.350
Adjustments for:			
Depreciation of property, plant and equipment	14	1.119.911	1.092.260
Interest income	6	983.188	(420.045)
Interest expense	10	13.670.755	13.611.947
Share of profit of associates	16	(95.788)	(1.054.201)
Share of profit from joint venture	17	(52.729)	(1.172.228)
Gain from exchange of shares of subsidiaries	7	(6.751.085)	-
Impairment of inventory	8	173.000	2.465.598
Exchange loss from financing activities	10	(14.666)	3.170.833
Fair value gains on investment properties	15	(196.073.291)	(41.595.555)
Trade receivables written off		648.136	302.652
		<u>(1.826.457)</u>	<u>(1.419.385)</u>
Changes in working capital:			
Inventories		(84.795)	4.243.828
Trade and other receivables		(16.633.866)	2.309.451
Financial assets at fair value through profit or loss		18.276	(4.372)
Trade and other payables		7.199.181	(229.397)
Advances received		32.835.273	812.356
Cash generated from operations		<u>21.507.613</u>	<u>5.712.480</u>
Tax received		(102.153)	2.559
Net cash generated from operating activities		<u>21.405.460</u>	<u>5.715.039</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	14	(341.398)	(162.727)
Additions of investment property	15	-	(134.939)
Dividends received		600.000	-
Dividends paid to minority interest		(8.774)	(196.000)
Interest received		372.139	420.045
Net cash generated from investing activities		<u>621.967</u>	<u>1.396.379</u>
Cash flows from financing activities			
Proceeds from bank borrowings		-	7.246.323
Repayments of long term bank borrowings		(7.029.590)	(7.669.423)
Interest paid		(5.561.570)	(8.792.579)
Net cash used in financing activities		<u>(12.591.160)</u>	<u>(7.927.676)</u>
Net decrease in cash, cash equivalents and bank overdrafts		<u>9.436.267</u>	<u>(2.104.265)</u>
Cash, cash equivalents and bank overdrafts at beginning of year		<u>(5.160.131)</u>	<u>(3.055.866)</u>
Cash, cash equivalents and bank overdrafts at end of year	26	<u>4.276.136</u>	<u>(5.160.131)</u>

Non-cash transactions

The most important non cash transaction relates to the elimination of bank borrowings (Note 29).

Pandora Investments Public Limited

Statement of comprehensive income for the year ended 31 December 2016

	Note	2016 €	2015 €
Revenue	5	14.938.972	13.554.677
Cost of sales		(6.537.008)	(10.211.830)
Gross profit		8.401.964	3.342.847
Selling and marketing costs		(5.988.968)	(3.446.970)
Administrative expenses		(5.911.324)	(2.720.817)
Share of profit of joint venture	16	52.729	1.172.228
Other income – net	6	3.508.180	4.646.015
Other losses	7	(47.329)	(10.000.000)
Operating (loss)/profit		15.252	(7.006.697)
Finance costs – net	10	(5.147.598)	(10.812.475)
Loss before income tax		(5.132.346)	(17.819.172)
Income tax expense	11	-	(973.301)
Loss and total comprehensives loss for the year		(5.132.346)	(18.792.473)

Pandora Investments Public Limited

Balance sheet at 31 December 2016

	Note	2016 €	2015 €
Assets			
Non-current assets			
Investments in subsidiaries	15	96.634.679	78.034.163
Investments in associates	16	2.746.333	-
Trade and other receivables	19	791.798	3.516.131
		100.172.810	81.550.294
Current assets			
Inventories	18	71.234.745	70.160.948
Trade and other receivables	19	86.123.650	89.050.828
Cash and cash equivalents	20	2.096.663	3.313.844
		159.455.058	162.525.620
Total assets		259.627.868	244.075.914
Equity and liabilities			
Capital and reserves			
Share capital	21	72.153.985	72.153.985
Share premium	21	21.149.101	21.149.101
Reserve from the conversion of share capital in Euro		365.074	365.074
Reserve joint control	26(d)	53.538.125	-
Accumulated losses		(26.939.198)	(21.806.852)
Total equity		120.267.087	71.861.308
Non-current liabilities			
Borrowings	22	89.026.704	89.026.704
Advances received	24	2.465.809	2.465.809
Deferred revenue	15	17.995.640	17.995.640
		92.235.129	109.488.153
Current liabilities			
Trade and other payables	24	71.079.364	18.759.750
Advances received	24	11.890.639	2.542.339
Borrowings	22	16.120.737	41.424.364
		47.125.652	62.726.453
Total liabilities		139.360.781	172.214.606
Total equity and liabilities		259.627.868	244.075.914

On 28 April 2017 the Board of Directors of Pandora Investments Public Limited authorised these financial statements for issue.

George M. Leptos, Director

Christos Constantinides, Director

Pandora Investments Public Limited

Statement of changes in equity for the year ended 31 December 2016

	Share capital €	Share premium ⁽²⁾ €	Reserve from the conversion of share capital in Euro ⁽²⁾ €	Reserve joint control	Accumulated losses ⁽¹⁾ €	Total €
Balance at 1 January 2015	72.153.985	21.149.101	365.074	-	(3.014.379)	91.107.967
Comprehensive loss						
Loss for the year	-	-	-	-	(18.792.473)	(18.472.473)
Balance at 31 December 2015/ 1 January 2016	72.153.985	21.149.101	365.074	-	(21.806.852)	71.861.308
Comprehensive loss						
Loss for the year	-	-	-	-	(5.132.346)	(5.132.346)
Transactions with owners						
Reorganisation transactions with the Group	-	-	-	53.538.125	-	53.538.125
Balance at 31 December 2016	<u>72.153.985</u>	<u>21.149.101</u>	<u>365.074</u>	<u>53.538.125</u>	<u>(26.939.198)</u>	<u>120.267.087</u>

⁽¹⁾ Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. Special contribution for defence rate increased to 17% in respect of profits of year of assessment 2009 and to 20% in respect of profits of years of assessment 2010, 2011 and is reduced back to 17% in respect of profits of years of assessment 2012 onwards. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

⁽²⁾ The share premium reserve and the reserve from the conversion of share capital in Euro are not available for distribution in the form of dividends.

Pandora Investments Public Limited

Statement of cash flows for the year ended 31 December 2016

	Note	2016 €	2015 €
Cash flows from operating activities			
Loss before tax		(5.132.346)	(17.819.172)
Adjustments for:			
Dividend income	6	(712.328)	(2.481.266)
Distributions from Greek subsidiaries	6	(579.670)	-
Interest income	6	(1.672.095)	(2.259.423)
Interest expense	10	5.148.611	7.788.451
Net foreign exchange loss on financing activities	10	(1.013)	3.024.024
Gain from exchange of shares of subsidiaries	7	(2.310.309)	-
Impairment of investment in subsidiaries	7	2.754.121	10.000.000
Impairment of inventories	17	100.000	448.655
Gain from bank loan settlement	7	(396.483)	-
Write off of receivables from related parties	18	-	-
		(2.513.280)	(1.298.731)
Changes in working capital:			
Inventories		(623.798)	2.049.075
Trade and other receivables		(1.206.144)	(2.382.778)
Trade and other payables		934.196	3.308.218
Advances (repaid)/received		10.042.616	(940.767)
		6.633.590	735.017
Cash generated from operations		6.633.590	735.017
Income tax paid		-	-
		6.633.590	735.017
Cash flows from investing activities			
Interest received		2.822.095	2.259.423
Dividend received		712.328	2.481.266
Additions/capital contributions in investment in subsidiaries	15	-	(3.543.297)
		3.534.423	1.197.392
Net cash flow from investing activities			
Cash flows from financing activities			
Proceeds from bank borrowings		-	5.816.511
Repayments of bank borrowings		(5.309.694)	(5.502.217)
Interest paid		(4.042.331)	(4.419.768)
		(9.352.025)	(4.105.474)
Net cash flows used in financing activities			
Net decrease in cash, cash equivalents and bank overdrafts			
		815.988	(2.173.065)
Cash, cash equivalents and bank overdrafts at beginning of year		(3.963.872)	(1.790.807)
Cash, cash equivalents and bank overdrafts at end of year	19	(3.147.884)	(3.963.872)