

Pandora Investments Public Limited

Report and consolidated financial statements 31 December 2017

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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 2017

	2017 €	2016 €
Revenue	39.667.691	30.760.128
Cost of sales	<u>(20.138.156)</u>	<u>(17.231.494)</u>
Gross profit	19.529.535	13.528.634
Selling and marketing costs	(11.541.404)	(8.243.090)
Administrative expenses	(10.985.719)	(10.887.594)
Share of (loss)/profit of associates	(270.788)	95.788
Share of (loss)/profit of joint venture	(29.968)	52.729
Other income	976.752	869.634
Other (losses)/gains - net	(76.751)	202.806.098
Operating (loss)/profit	(2.308.343)	198.222.199
Finance costs – net	(6.318.329)	(7.199.803)
Loss from financial liabilities carried at fair value value through profit or loss	(9.048.784)	(6.456.284)
Profit before tax	(17.675.456)	184.566.112
Income tax credit/(charge)	145.449	(23.367.146)
(Loss)/profit for the year	(17.530.007)	161.198.966
Attributable to:		
Equity holders of the Company	(17.371.798)	161.235.733
Non-controlling interest	(158.209)	(36.767)
	(17.530.007)	161.198.966
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Share of fair value gains from associates	611	10.463
Fair value gains of available-for-sale financial assets	44.140	755.350
Items that may be subsequently reclassified to profit or loss	44.751	765.813
Other comprehensive gain for the year after tax	44.751	765.813
Total comprehensive (loss)/profit for the year	(17.485.256)	161.964.779
Attributable to:		
Equity holders of the Company	(17.327.047)	162.001.546
Non-controlling interest	(158.209)	(36.767)
	(17.485.256)	16.756.843
(Loss)/profit per share attributable to equity holders of the Company (cents per share):		
- Basic and diluted	(4,09)	37.99

Pandora Investments Public Limited

Consolidated balance sheet at 31 December 2017

	2017 €	2016 €
Assets		
Non-current assets		
Property, plant and equipment	23.644.857	24.519.707
Investment property	367.518.427	362.071.435
Investments in associates	15.506.048	18.756.411
Available-for-sale financial assets	9.255.722	9.211.582
Trade and other receivables	7.034.629	5.189.174
Restricted cash	3.752.684	1.638.960
	<u>426.712.367</u>	<u>421.387.269</u>
Current assets		
Inventories	183.031.156	181.873.922
Trade and other receivables	28.111.963	23.728.047
Financial assets at fair value through profit or loss	35.680	59.237
Restricted cash	20.877.414	4.347.528
Cash and cash equivalents	14.591.312	12.670.742
	<u>246.647.525</u>	<u>222.679.476</u>
Total assets	<u>673.359.892</u>	<u>644.066.745</u>
Equity and liabilities		
Capital and reserves		
Share capital	72.153.985	72.153.985
Share premium	21.149.101	21.149.101
Reserve from the conversion of share capital in Euro	365.074	365.074
Fair value reserves	1.361.873	1.317.122
Reserve of joint control	(7.658.150)	(7.658.150)
Retained earnings	125.097.487	143.497.856
	<u>212.469.370</u>	<u>230.824.988</u>
Non-controlling interest	9.241.280	8.370.908
Total equity	<u>221.710.650</u>	<u>239.195.906</u>
Non-current liabilities		
Borrowings	156.961.620	164.285.936
Convertible bonds	115.505.068	106.456.284
Deferred income tax liabilities	42.948.765	43.114.347
Advances received	25.256.780	27.711.528
	<u>340.672.233</u>	<u>341.568.095</u>

Pandora Investments Public Limited

Consolidated balance sheet at 31 December 2017 (continued)

	2017 €	2016 €
Current liabilities		
Trade and other payables	23.894.477	21.182.274
Advances received	62.312.321	19.371.996
Current income tax liabilities	83.190	50.348
Borrowings	24.687.021	22.698.126
	<u>110.997.009</u>	<u>63.302.744</u>
Total liabilities	<u>451.649.242</u>	<u>404.870.839</u>
Total equity and liabilities	<u>657.359.892</u>	<u>644.066.745</u>

On 27 April 2018 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 2017

Attributable to equity holders of the Company

	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 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	-	-	755.350	-	-	-	755.350	-	755.350
Share of fair value gains from associates	-	-	10.463	-	-	-	10.463	-	10.463
Total other comprehensive profit	-	-	765.813	-	-	-	765.813	-	765.813
Total comprehensive profit 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 2017 (continued)

Attributable to equity holders of the Company

	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 2016/ 1 January 2017	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
Comprehensive profit									
Profit for the year	-	-	-	-	-	(17.371.798)	(17.371.798)	(158.209)	(17.530.007)
Other comprehensive losses									
Fair value gain on available-for-sale financial assets	-	-	44.140	-	-	-	44.140	-	44.140
Share of fair value gains from associates	-	-	611	-	-	-	611	-	611
Total other comprehensive gains	-	-	44.751	-	-	-	44.751	-	44.751
Transfer from non-controlling interest	-	-	-	-	-	(17.371.798)	(17.327.047)	(158.209)	(17.485.256)
	-	-	-	-	-	(1.028.571)	(1.028.571)	1.028.571	-
Balance as at 31 December 2017	<u>72.153.985</u>	<u>21.149.101</u>	<u>1.361.873</u>	<u>365.074</u>	<u>(7.658.150)</u>	<u>125.097.487</u>	<u>212.469.370</u>	<u>9.241.280</u>	<u>221.710.650</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 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 2017

	2017 €	2016 €
Cash flows from operating activities		
Loss/(profit) before tax	(17.675.456)	184.566.112
Adjustments for:		
Depreciation of property, plant and equipment	1.028.300	1.119.911
Interest income	359.770	983.188
Interest expense	6.506.127	7.783.429
Share of loss/(profit) of associates	270.788	(95.788)
Share of loss/(profit) from joint venture	29.968	(52.729)
Gain from exchange of shares of subsidiaries	-	(6.751.085)
Impairment of inventory	68.176	173.000
Exchange loss/(profit) from financing activities	9.202	(14.666)
Fair value gains on investment properties	(2.326.992)	(196.073.291)
Impairment of investments in associates	2.380.186	-
Bad debt provision for trade receivables	1.589.659	648.136
Gain from removal of borrowings	(197.000)	(568.960)
Loss from financial liabilities carried at fair value through profit or loss	9.048.784	6.456.284
Equipment write-off	228.476	-
	<u>1.319.988</u>	<u>(1.826.457)</u>
Changes in working capital:		
Inventories	(583.333)	(84.795)
Trade and other receivables	(8.601.035)	(12.122.478)
Financial assets at fair value through profit or loss	23.557	18.276
Trade and other payables	1.419.932	7.199.181
Advances received	40.485.577	32.835.273
Restricted cash relating to advances received	(18.643.610)	(4.511.388)
Cash generated from operations	<u>15.416.076</u>	<u>21.507.613</u>
Tax received/(paid)	12.709	(102.153)
Net cash generated from operating activities	<u>15.428.785</u>	<u>21.405.460</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(399.200)	(341.398)
Dividends received	600.000	600.000
Dividends paid to minority interest	-	(8.774)
Interest received	422.236	372.139
Net cash generated from investing activities	<u>623.036</u>	<u>621.967</u>
Cash flows from financing activities		
Repayments of long term bank borrowings	(6.060.990)	(7.029.590)
Interest paid	(5.407.525)	(5.561.570)
Refund of interest	163.368	-
Net cash used in financing activities	<u>(11.305.147)</u>	<u>(12.591.160)</u>
Net increase in cash, cash equivalents and bank overdrafts	<u>4.746.674</u>	<u>9.436.267</u>
Cash, cash equivalents and bank overdrafts at beginning of year	<u>4.276.136</u>	<u>(5.160.131)</u>
Cash, cash equivalents and bank overdrafts at end of year	<u>9.022.810</u>	<u>4.276.136</u>

Pandora Investments Public Limited

Statement of comprehensive income for the year ended 31 December 2017

	2017 €	2016 €
Revenue	21.962.897	14.938.972
Cost of sales	(7.547.324)	(6.537.008)
Gross profit	14.415.573	8.401.964
Selling and marketing costs	(9.191.135)	(5.988.968)
Administrative expenses	(5.821.787)	(5.623.092)
Share of profit of joint venture	(29.968)	52.729
Other income – net	4.384.982	3.508.180
Other losses – net	(2.750.149)	(732.044)
Operating profit/(loss)	1.007.516	(381.231)
Finance costs – net	(4.795.154)	(4.751.115)
Loss before income tax	(3.787.638)	(5.132.346)
Income tax expense	-	-
Loss and total comprehensives loss for the year	(3.787.638)	(5.132.346)

Pandora Investments Public Limited

Balance sheet at 31 December 2017

	2017 €	2016 €
Assets		
Non-current assets		
Investments in subsidiaries	100.960.467	96.634.679
Investments in associates	2.746.333	2.746.333
Trade and other receivables	6.664.970	791.798
Restricted cash	3.752.684	-
	<u>114.124.454</u>	<u>100.172.810</u>
Current assets		
Inventories	65.586.326	71.234.745
Trade and other receivables	86.910.065	82.454.574
Restricted cash	18.192.398	3.669.076
Cash and cash equivalents	10.304.998	2.096.663
	<u>180.993.787</u>	<u>159.455.058</u>
Total assets	<u>295.118.241</u>	<u>259.627.868</u>
Equity and liabilities		
Capital and reserves		
Share capital	72.153.985	72.153.985
Share premium	21.149.101	21.149.101
Reserve from the conversion of share capital in Euro	365.074	365.074
Reserve joint control	53.538.125	53.538.125
Accumulated losses	(30.726.836)	(26.939.198)
Total equity	<u>116.479.449</u>	<u>120.267.087</u>
Non-current liabilities		
Borrowings	58.175.251	71.079.364
Advances received	20.652.703	3.160.125
Deferred revenue	17.995.640	17.995.640
	<u>96.823.594</u>	<u>92.235.129</u>
Current liabilities		
Trade and other payables	27.350.554	19.114.276
Advances received	32.030.271	11.890.639
Borrowings	22.434.373	16.120.737
	<u>81.815.198</u>	<u>47.125.652</u>
Total liabilities	<u>178.638.792</u>	<u>139.360.781</u>
Total equity and liabilities	<u>295.118.241</u>	<u>259.627.868</u>

On 27 April 2018 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 2017

	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 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/ 1 January 2017	72.153.985	21.149.101	365.074	53.538.125	(26.939.198)	120.267.087
Comprehensive loss						
Loss for the year	-	-	-	-	(3.787.638)	(3.787.638)
Balance at 31 December 2017	72.153.985	21.149.101	365.074	53.538.125	(30.726.836)	116.479.449

(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 2017

	2017 €	2016 €
Cash flows from operating activities		
Loss before tax	(3.787.638)	(5.132.346)
Adjustments for:		
Dividend income	(2.220.000)	(712.328)
Distributions from subsidiaries	-	(579.670)
Interest income	(2.014.775)	(1.672.095)
Interest expense	4.784.068	4.752.128
Net foreign exchange loss/(gain) on financing activities	11.086	(1.013)
Gain from exchange of shares of subsidiaries	-	(2.310.309)
Impairment of investment in subsidiaries	174.312	2.754.121
Impairment of inventories	-	100.000
Provision for receivable from subsidiaries	5.472.657	288.232
Share of loss/(gain) from joint operation	29.968	(52.729)
Gain from sale of land to subsidiary	(2.896.820)	-
	<u>(447.142)</u>	<u>(2.566.009)</u>
Changes in working capital:		
Inventories	545.240	(623.798)
Trade and other receivables	(13.077.779)	2.982.546
Trade and other payables	8.236.276	467.311
Advances received	37.632.210	10.042.616
Restricted cash relating to advances received	(18.276.006)	(3.669.076)
Cash generated from operations	<u>14.612.802</u>	<u>6.633.590</u>
Income tax paid	-	-
Net cash generated from operating activities	<u>14.612.802</u>	<u>6.633.590</u>
Cash flows from investing activities		
Interest received	2.750.078	2.822.095
Dividend received	2.220.000	712.328
Net cash flow from investing activities	<u>4.970.078</u>	<u>3.534.423</u>
Cash flows from financing activities		
Repayments of bank borrowings	(5.102.934)	(5.309.694)
Interest paid	(4.561.653)	(4.042.330)
Net cash flows used in financing activities	<u>(9.664.587)</u>	<u>(9.352.024)</u>
Net increase in cash, cash equivalents and bank overdrafts	<u>9.918.293</u>	<u>815.989</u>
Cash, cash equivalents and bank overdrafts at beginning of year	<u>(3.147.883)</u>	<u>(3.963.872)</u>
Cash, cash equivalents and bank overdrafts at end of year	<u><u>6.770.410</u></u>	<u><u>(3.147.883)</u></u>