" HELLENIC DUTY FREE SHOPS S.A."

GENERAL COMMERCIAL REGISTER NO.: 006287501000

(COMPANIES REG. NO.: 58597/04/B/05/76)

23RD KM ATHENS – LAMIA NATIONAL ROAD, AGIOS STEFANOS, ATTICA GR-14565

# Annual Financial Statements for the fiscal year 1 January – 31 December 2016 prepared in accordance with the International Financial Reporting Standards (IFRS)

**It is hereby confirmed that the attached financial statements for the period 1.1.2016-31.12.2016 are those approved by the Company's Board of Directors on 25.5.2017 which were made public by posting them on the internet at www.dutyfreeshops.gr.**

**Contents**

# I. Annual Report of the Board of Directors for the year 01.01.2016–31.12.2016

**To the Ordinary General Meeting of Shareholders for 2016**

Dear Shareholders,

The Board of Directors of Hellenic Duty Free Shops S.A. would like to submit the annual financial statements for the period 1.1.2016 to 31.12.2016 for approval. The Board would also like to report on events during that year.

**Major events during the previous year**

As far as the tourism sector is concerned, Greece continued to score satisfactory performance throughout the year, contributing to the state's revenue, GDP and employment. However, trends have not been uniformly upward throughout the year, with the beginning of the tourist season (April - June) showing almost zero growth, which is estimated to have come from the climate of uncertainty affecting the aviation industry in Europe following Terrorist attacks in France, Belgium and Turkey, as well as the negative projection caused by the international exposure of the issue of increased refugee flows, as well as the uncertainty created by the popularity but for UK output.

Specifically, in terms of international aviation arrivals, growth was 9% compared to 2015 (SETE data). The picture was satisfactory in Athens where sales grew by 1.3% (€ 915 thousand), but at regional airports there was a decrease of -1.1% (€ -979 thousand).

The islands were affected by the refugee flows and the coup in Turkey, resulting in a drop in port sales by -10% (€ -1.4million). Also, the strike action of the farmers as well as the coup in Turkey had a negative effect on the performance of the border stores, which recorded a decrease in sales by -7% (€ -5,2million). Lastly, the ongoing reductions in oil prices led to a loss of sales of -9% (€ -1.7 million) at the border stations' fuel stations.

In July 2016, the Company operated a new duty-free 181 sq. M. Store at the port of Heraklion. The cost of the investment amounted to approximately € 35 thousand and the contribution of the store to the Company's sales for the six months of operation amounted to € 155.8 thousand.

In October 2016, a 2,000-square-meter section was refurbished and renovated. Of the commercial premises housed within the Athens International Airport's "EL. VENIZELOS "in the Intra Schengen area. Work is expected to be completed in April 2017 and the budgeted cost of the investment amounts to approximately € 3 million.

Also, in August 2016, the Company, in the context of the Dufry Group's strategy to rationalize operating costs, announced a plan for the voluntary retirement of staff. Under this program, which ended in January 2017, 53 people withdrew a total cost of € 3.5m. The program was extremely successful as benefits of € 2.8 million are expected. annually.

**A. <u>Overview of current year 2015</u>**
**Consolidated Results**

***amounts in million €***

| | 1/1-31/12/2016 | 1/1-31/12/2015 |
|---|---|---|
| Sales | 287,8 | 295,9 |
| EBITDA | 77,3 | 82,5 |
| Earnings before tax | 45,2 | 52,2 |
| Earnings net of tax and minority interests | 31,4 | 30,6 |

### Sales per operating segment

For administrative purposes, the Group has been organised into 4 main business segments: a) airports, b) ports, c) borders and d) wholesales. Group operations which do not meet the criteria for presentation as a separate operating segment are combined and presented in the 'Other' category.

Group results per segment can be broken down as follows:

**BREAKDOWN OF GROUP OPERATING RESULTS PER OPERATION SEGMENT AS AT 31.12.16**

| (Amounts in € '000) 1/1-31/12/2015 | AIRPORTS | PORTS | BORDERS | WHOLESALE | OTHER | GROUP |
|---|---|---|---|---|---|---|
| **Sales** | 170.956 | 13.061 | 86.911 | 15.538 | 5.022 | 291.488 |
| **Intra-group sales** | | | | (3.681) | | (3.681) |
| **Marketing revenues** | 8.216 | 79 | 783 | | 14 | 9.092 |
| **Turnover** | 179.172 | 13.140 | 87.694 | 11.857 | 5.036 | 296.899 |
| **Cost of Goods Sold** | (80.806) | (5.578) | (35.292) | (13.994) | (2.877) | (138.547) |
| **Intra-group cost of goods sold** | | | | 3.670 | | 3.670 |
| **Gross profit** | 98.366 | 7.562 | 52.402 | 1.533 | 2.159 | 162.022 |
| **Earnings before taxes, financial and investment results and depreciation (EBITDA)** | 41.587 | 4.259 | 42.108 | (2) | (10.631) | 77.321 |
| **Depreciation** | (2.270) | (405) | (1.377) | (34) | (12.292) | (16.378) |
| **Other operating results** | (1.886) | (195) | (688) | (194) | (1.743) | (4.706) |
| **Earnings before interest and financial results (EBIT)** | 37.431 | 3.659 | 40.043 | (230) | (24.666) | 56.237 |

**BREAKDOWN OF GROUP OPERATING RESULTS PER OPERATION SEGMENT AS AT 31.12.15**

| (Amounts in € '000) 1/1-31/12/2015 | AIRPORTS | PORTS | BORDERS | WHOLESALE | OTHER | GROUP |
|---|---|---|---|---|---|---|
| **Sales** | 171.654 | 14.498 | 93.868 | 15.552 | 5.522 | 301.094 |
| Intra-group sales | | | | (5.188) | | (5.188) |
| Marketing revenues | 7.363 | 62 | 904 | - | 3 | 8.332 |
| **Turnover** | 179.017 | 14.560 | 94.772 | 10.364 | 5.525 | 304.238 |
| Cost of Goods Sold | (80.047) | (6.471) | (39.860) | (13.634) | (3.343) | (143.355) |
| Intra-group cost of goods sold | | | | 5.257 | | 5.257 |
| **Gross profit** | 98.970 | 8.089 | 54.912 | 1.987 | 2.182 | 166.140 |
| **Earnings before taxes, financial and investment results and depreciation (EBITDA)** | 42.763 | 4.706 | 44.119 | 686 | (9.760) | 82.514 |
| Depreciation | (1.857) | (385) | (1.365) | (82) | (12.294) | (15.983) |
| Other operating results | (187) | (31) | (34) | (177) | (276) | (705) |
| **Earnings before interest and financial results (EBIT)** | 40.719 | 4.290 | 42.720 | 427 | (22.330) | 65.826 |

### Group financial position data and ratios

A breakdown of the Group's operations and performance is set out in the ratios shown below.

| GROUP | | | | | |
|---|---|---|---|---|---|
| **Liquidity** | | **31.12.2016** | | **31.12.2015** | |
| **Current Liquidity** | Current Assets | 59.924 | **0,33** | 66.810 | **0,53** |

| | | | | | |
|---|---|---|---|---|---|
| | Short-term liabilities | 179.339 | | 127.231 | |
| Quick Liquidity | (Current assets - inventories) | 22.012 | **0,12** | 24.195 | **0,19** |
| | Short-term liabilities | 179.339 | | 127.231 | |
| Cash assets | (Cash & Ash equivalents) | 9.550 | **5,3%** | 12.320 | **9,7%** |
| | Short-term liabilities | 179.339 | | 127.231 | |
| Working Capital | (Receivables + inventories) | 50.344 | **10.957** | 54.460 | **22.845** |
| | (Suppliers + other short-term liabilities) | 39.387 | | 31.616 | |
| **Activity ratios** | | | | | |
| Current assets turnover ratio | Net Sales | 287.807 | **4,80** | 295.906 | **4,43** |
| | Current Assets | 59.924 | | 66.810 | |
| Inventories turnover ratio | Cost of goods sold | 134.878 | **3,35** | 138.098 | **3,20** |
| | Average inventory | 40.246 | | 43.126 | |
| Inventory days | Average inventory | 40.246 | **109** | 43.126 | **114** |
| | Cost of goods sold | 134.878 | | 138.098 | |
| **Financial Leverage Ratios** | | | | | |
| Debt-to-Equity ratio | Total Debt | 365 x 139.952 | **0,37** | 365 x 195.474 | **0,57** |
| | Total Equity | 376.360 | | 344.911 | |
| **Profitability Ratios** | | | | | |
| Gross Profit | Gross Profit | 162.021 | **56,3%** | 166.140 | **56,1%** |
| | Sales | 287.807 | | 295.906 | |
| Return on Assets | Net Profits | 31.595 | **4,9%** | 30.557 | **4,6%** |
| | Total Assets | 646.409 | | 666.555 | |
| ROE | Net Profits | 31.595 | **8,4%** | 30.556 | **8,9%** |
| | Total Equity | 376.360 | | 344.911 | |

## B. Subsequent Events

As part of the 14 concessions granted by the Greek state to FRAPORT Greece on March 23, 2017 the company signed with FRAPORT Greece a 40-year concession contract for the operation and development of the stores at these airports. Based on this agreement, the Company paid FRAPORT Greece an advance against future lease payments of € 50 million.

In April 3, the parent company DUFRY issued to HDFS SA a new loan of € 90 million of which € 40 million which was used to repay short-term borrowings and an amount of € 50 million was paid to FRAPORT as an advance against future lease payments. The duration of the new loan is 2 years in an interest rate of 5.75%.

## C. Key risks and uncertainties

In Management's opinion the key risks in the current financial period are as follows:

### Macroeconomic conditions in Greece - Capital Controls

The macroeconomic and financial environment in Greece remains volatile. Following the capital controls imposed by the Bank of Greece, in the country in June 2015, domestic transactions and transactions with foreign suppliers and creditors have been affected as a result of restrictions on payments abroad. The Group initially affected, with delays in payments of suppliers but the management proceeded immediately to remedy the situation.

Additionally, as both Company's and Group's borrowing is entirely related to the parent entity, DUFRY AG International, and in conjunction with the Group's and the Company's operations in Greece which depends to a large extent on foreign suppliers, the Group and the Company seek and obtain approval from the competent authorities to use cash, which held in Greece, in order to serve payments abroad. In this uncertain economic environment, management continually assesses the situation and likely future implications, to ensure that all necessary actions and initiatives are being undertaken to minimize any impact on the domestic activities of the Group..

### Market Risk

**i) Interest rate risk:** This risk derives from the loan which HDFS received from its parent company DUFRY A.G., and in particular from the fact that the agreement relates to a floating interest rate tied with the EURIBOR rate. Consequently, the Group is exposed to the risk of interest rate changes. However, the Company **does not run a major risk of interest rate fluctuations** since financial risks, and interest rates in particular, are managed centrally by the DUFRY Group's Treasury Division.

**ii) Exchange rate risk:**

The risk arising from the fact that the consumer behaviour of customers is affected by the revaluation and devaluation of the home country currency compared to the Euro. The majority of goods purchased are paid for in euro and consequently the Company does not run any major risk of exchange rates fluctuations. The commercial divisions take into account the risk of a change in exchange rates when setting the sale price of their merchandise.

**iii) Price – inflation risk:**

In Management's view, the Group does not run any risk of price fluctuations since it does not hold a major portfolio and prices of tradable products do not fluctuate significantly. The rise in inflationary pressures internationally, coupled with the volatility in the international financial system, could modify consumer behaviour thereby affecting the Group's sales and profits.

**Credit Risk**
This is the risk that a counterparty will breach its contractual obligations. The Group does not run any major credit risk since 90% of its turnover relates to retail sales while marketing revenues (estimated of 3% of turnover) come from customers who also happen to be suppliers. To deal with credit risk from wholesales, the Group ensures that in the majority of cases most wholesale operations relate to selected customers.
Cash and cash equivalents are also considered assets with high credit risk, as current macroeconomic conditions in Greece exert considerable pressure on domestic banks..

**Liquidity risk**

Despite the unprecedented financial crisis and the restricted amount of liquidity worldwide, the Group has maintained high liquidity thanks to the fact that most of its sales are retail and it has further improved liquidity by keeping costs down

**Inventory risk**
This risk arises from retaining obsolete inventory and being unable to sell off those inventories or having to sell them at prices below their valuation. The Group has valued its old inventories at net realisable value, assessed in line with the DUFRY Group's international policy and actual market data. Management considers that this valuation method (which in fact realizes provisions about inventory valuation) fully ensures against inventory risk.

**D. Labor and Environmental Issues**

**Diversification and equal opportunities policy**
The core value of the DUFRY Group and, by extension, the HDFS SA is respect for humans. HDFS SA and its subsidiaries are non-discriminatory on the basis of "protected features". Protected characteristics include gender, disability, race, colour, ethnicity, national or ethnic origin, religion or belief, marital status, age, pregnancy and maternity. This policy applies equally to the treatment of our visitors, customers, customers and suppliers by our employees and to the treatment of our employees by these third parties. The company respects the diversity of employees and manages any matter of diversity arising in a fair and sensible manner. Everyone has a duty to act in accordance with this policy and to treat colleagues with dignity at all times. The company does not support any discriminatory practice or behaviour.

**Respect for workers' rights and trade union freedom.**
Since 1980, the Hellenic Duty-Free Shops SA has been operating smoothly. The Hellenic Duty Free Shops' Association is the official body for representing employees of the company in which everyone has the right to participate.

As part of our approach to corporate responsibility, we systematically recognize and prioritize environmental issues that are related to our activities and which may have negative impacts on our stakeholders and the broader natural environment, as well as overall Sustainable Development at national level.
Continuous improvement of environmental performance, prevention of pollution, application of the precautionary principle and observance of existing legislation are a long-term commitment of the Company's Management. To this end, the Company applies a continuously evolving System of Integrated Management for all its activities, the environment, occupational health and the safety of its operations.

**Trends – Prospects** The prospects for incoming tourism in Greece for 2017 are positive, although there are a number of unpredictable factors that can reverse prospects. Indicatively, we mention (a) economic factors such as the evolution of the exchange rate of international currencies such as the pound, ruble, yuan and the euro, the fluctuation of oil prices, as well as developments in the implementation of Memorandum III and its debt settlement And b) geopolitical factors such as refugee-migrant, developments in the Middle East, international terrorism and the political crisis in Turkey.

Within this fluid environment, the Company proceeds with new product promotions, activities and the implementation of a growth plan, through the expansion and renovation of stores, and by providing new venues at strategic points of sale in order to gain from positive developments in tourism and at the same time to compensate for any risks. More specifically, in October 2016, the restructuring and renovation of the shops in the Athens International Airport "EL. VENIZELOS "in the Intra Schengen area. This investment was completed at the end of April 2017 and significant benefits are expected.

Also in the first quarter of 2017 the contract with FRAPORT Greece was signed for the operation and development of the stores at the 14 regional airports, from which significant benefits are expected. In this context, the Group and the Company will always make every effort to achieve the economic targets for 2017.

The Chief Executive Officer

Georgios Velentzas

## II. Audit Report prepared by Independent Certified Public Accountant

**To the Shareholders of the company Hellenic Duty Free Shops S.A.**

## Report on the separate and consolidated financial statements

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

### Management responsibility for the separate and consolidated financial statements

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

### Auditor's responsibility

It is our responsibility to express an opinion on those separate and consolidated financial statements on the basis of our audit. We performed our audit in accordance with the International Standards of Auditing. These standards require that we comply with the code of conduct and that we design and carry out our audit so as to provide a fair assurance as to what extent the separate and consolidated financial statements are free of material misstatements.

The audit includes the conduct of procedures for the collection of audit data, relating to the amounts and disclosures included in the separate and consolidated financial statements. The procedures selected are at the auditor's discretion, including an assessment of the risk of material misstatements in the separate and consolidated financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. The audit also includes an evaluation of the suitability of the accounting policies applied and the fairness of the assessments made by Management and an evaluation of the overall presentation of the separate and consolidated financial statements.

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

### Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of Hellenic Duty Free Shops S.A. and its subsidiaries as at 31 December 2015, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as these were adopted by the European Union.

### Matter of emphasis

We would draw your attention to note 13 of the notes to the financial statements which refers to the way in which the company has managed the taxation of liabilities from acquisition of the travel retail sector. Our opinion does not contain any qualification concerning this matter.

## Reference to other legal and regulatory issues

Considering that the management is responsible for the preparation of the Board of Directors' Report [and the Corporate Governance Statement included in this report (in the case of a public interest company)] pursuant to the provisions of paragraph 2 of Article 2 ( Part B) of Law 4336/2015, we note that:

A) In our opinion, the Management Report of the Board of Directors has been prepared in accordance with the applicable legal requirements of article 43a of Law. 2190/1920 and its content corresponds to the attached financial statements for the year ended 31 December 2016.

B) Based on the knowledge we have acquired during our audit, for the Company HELLENIC DUTY FREE SHOPS SA and its environment, we have not identified material inaccuracies in the Management Report of the Board of Directors.

Athens, 9 June 2017.

Konstantinos Tsekas
ICPA (GR) Reg. No. 19421
Ernst & Young (Hellas) Certified Public Accountants S.A.
8B Chimarras Str., Maroussi,Athens
ICPA (GR) Reg. No. 107

# III. Annual Financial Statements

## 1. Statement of financial position (Consolidated and Separate)

| (Amounts in € '000) | Note | GROUP 31/12/2016 | GROUP 31/12/2015 | COMPANY 31/12/2016 | COMPANY 31/12/2015 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Tangible assets | 4 | 26.427 | 27.750 | 26.063 | 27.305 |
| Intangible assets | 5 | 374.371 | 386.446 | 374.357 | 386.411 |
| Goodwill | 5 | 181.100 | 181.100 | 181.100 | 181.100 |
| Investments in subsidiaries | | - | - | 6.296 | 6.296 |
| Deferred tax assets | 16 | - | - | - | - |
| Other long-term assets | 6 | 4.587 | 4.449 | 3.569 | 3.580 |
| | | 586.485 | 599.745 | 591.385 | 604.692 |
| **Current assets** | | | | | |
| Inventories | 7 | 37.912 | 42.615 | 34.856 | 38.746 |
| Customers & other trade receivables | 8 | 5.378 | 4.884 | 1.725 | 1.703 |
| Other receivables | 8 | 7.054 | 6.961 | 4.675 | 5.022 |
| Financial assets presented at fair value through P&L | | 30 | 30 | 30 | 30 |
| Cash and cash equivalents | 9 | 9.550 | 12.320 | 6.281 | 8.515 |
| | | **59.924** | **66.810** | **47.567** | **54.016** |
| | | **646.409** | **666.555** | **638.952** | **658.708** |
| | | 397.535 | 397.535 | 397.535 | 397.535 |
| | | 3.314 | 1.880 | 3.180 | 1.783 |
| | | (24.489) | (54.504) | (28.083) | (57.344) |
| **Equity attributed to parent company shareholders** | | **376.360** | **344.911** | **372.632** | **341.974** |
| **Non-controlling interests** | | | - | | |
| **Equity** | 10 | **376.360** | **344.911** | **372.632** | **341.974** |
| **Long-term liabilities** | | | | | |
| Long-term loan obligations | 11 | - | 99.860 | - | 99.860 |
| Deferred tax liabilities | 16 | 83.705 | 87.119 | 83.926 | 87.291 |
| Staff termination liabilities | 12 | 5.389 | 5.273 | 5.006 | 4.926 |
| Other long-term provisions | 13 | 1.616 | 2.161 | 1.616 | 2.161 |
| Other long-term liabilities | | - | - | - | - |
| **Long-term liabilities** | | **90.710** | **194.413** | **90.548** | **194.238** |
| **Short-term liabilities** | | | | | |
| Short-term loan liabilities | 11 | 39.471 | 30.114 | 39.471 | 30.114 |
| Suppliers and other liabilities | 14 | 20.466 | 15.530 | 18.710 | 12.833 |
| Current tax liabilities | 15 | 1.890 | 468 | 1.514 | 188 |
| Long-term liabilities payable next year | 11 | 100.481 | 65.500 | 100.481 | 65.500 |
| Other short-term liabilities | 14 | 17.031 | 15.619 | 15.596 | 13.861 |
| **Short-term liabilities** | | **179.339** | **127.231** | **175.772** | **122.496** |
| **Total liabilities** | | **270.049** | **321.644** | **266.320** | **316.734** |
| **Equity and Liabilities** | | **646.409** | **666.555** | **638.952** | **658.708** |

## 1.1. Statement of Comprehensive Income (Consolidated and Separate)

| (Amounts in € '000) | Note. | GROU[ 1/1-31/12/2016 | GROU[ 1/1-31/12/2015 | COMPANY 1/1-31/12/2016 | COMPANY 1/1-31/12/2015 |
|---|---|---|---|---|---|
| **Sales** | 3, 17 | **287.807** | **295.906** | **268.637** | **276.643** |
| Marketing revenues | 3 | 9.092 | 8.332 | 5.225 | 5.999 |
| **Turnover** | | **296.899** | **304.238** | **273.862** | **282.642** |
| Cost of Goods Sold | 3, 18 | (134.878) | (138.098) | (121.428) | (125.019) |
| **Gross profit** | | **162.021** | **166.140** | **152.434** | **157.623** |
| Selling expenses | 19 | (34.376) | (32.883) | (32.250) | (32.290) |
| Staff expenses | 20 | (39.485) | (41.549) | (33.972) | (35.475) |
| Overheads | 21 | (10.839) | (9.194) | (10.391) | (8.642) |
| **Κέρδη προ φόρων, χρημ/κών αποτελεσμάτων και αποσβέσεων (EBITDA)** | | **77.321** | **82.514** | **75.821** | **81.216** |
| Depreciation | 3, 22,4,5 | (16.378) | (15.983) | (16.268) | (15.892) |
| Impairment loss for holdings | | - | - | - | - |
| Goodwill impairment loss | | - | - | - | - |
| Other operating results | 23 | (4.706) | (705) | (4.580) | (516) |
| **Earnings before interest and financial results (EBIT)** | | **56.237** | **65.826** | **54.973** | **64.808** |
| Financial income | 24 | 145 | 45 | 126 | 30 |
| Financial Expenses | 24 | (11.228) | (13.732) | (11.226) | (13.731) |
| Foreign currency differences | | 55 | 21 | 48 | 13 |
| **Earnings before tax (EBT)** | | **45.209** | **52.160** | **43.921** | **51.120** |
| Income tax | 15 | (13.614) | (21.603) | (13.120) | (21.170) |
| **Earnings net of tax** | | **31.595** | **30.557** | **30.801** | **29.950** |
| **Other comprehensive income / (losses):** | | | | | |
| Actuarial gains/(losses) in equity | | (206) | (23) | (201) | (10) |
| Deferred income tax | | 60 | (1) | 58 | 3 |
| **Other comprehensive income / (loss) after taxes** | | **(146)** | **(24)** | **(143)** | **(7)** |
| **Total comprehensive income / (losses) net of tax** | | **31.449** | **30.533** | **30.658** | **29.943** |
| **Consolidated comprehensive income** | | | | | |
| **attributable to:** | | | | | |
| **Parent company shareholders** | | **31.449** | **30.533** | | |
| **Minority interests** | | **-** | **-** | | |
| **Total** | | **31.449** | **30.533** | | |
| **Earnings per share** | | | | | |
| **basic and diluted (in €):** | | **3,9555** | **3,8402** | | |

# 3 Statement of Changes in Equity (Consolidated and Separate)

## 3.1 Statement of changes in equity (Consolidated)

| Group | | | | | |
|---|---|---|---|---|---|
| | Share capital | Other reserves | Retained earnings | Total equity attributable to company shareholders | Total equity |
| **Balance as at 1.1.2015** | **397.535** | **331** | **(83.535)** | **314.331** | **314.331** |
| Earnings net of tax | - | - | 30.557 | **30.557** | **30.557** |
| Actuarial gains/(losses) in equity | - | (23) | - | **(23)** | **(23)** |
| Income tax relating to comprehensive income items | - | (1) | - | **(1)** | **(1)** |
| **Consolidated comprehensive income net of tax** | **-** | **(24)** | **30.557** | **30.533** | **30.533** |
| Transfer to reserves | | 1.526 | (1.526) | **-** | **-** |
| Other | - | 47 | - | **47** | **47** |
| **Transactions with parent company shareholders** | **-** | **1.573** | **(1.526)** | **47** | **47** |
| **Balance as at 31.12.2015** | **397.535** | **1.880** | **(54.504)** | **344.911** | **344.911** |
| | | | | | |
| **Balance as at 1.1.2016** | **397.535** | **1.880** | **(54.504)** | **344.911** | **344.911** |
| Earnings net of tax | - | - | 31.595 | 31.595 | 31.595 |
| Actuarial gains/(losses) in equity | - | (206) | - | **(206)** | **(206)** |
| Income tax relating to comprehensive income items | - | 60 | - | **60** | **60** |
| **Consolidated comprehensive income net of tax** | **-** | **(146)** | **31.595** | 31.449 | 31.449 |
| Transfer to reserves | | 1.580 | (1.580) | **-** | **-** |
| Other | - | - | - | **-** | **-** |
| **Transactions with parent company shareholders** | **-** | **1.580** | **(1.580)** | **-** | **-** |
| **Balance as at 31.12.2016** | **397.535** | **3.314** | **(24.489)** | **376.360** | **376.360** |

## 3.2 Statement of changes in equity (separate)

| Εταιρεία | | | | | |
|---|---|---|---|---|---|
| | **Share capital** | **Other reserves** | **Retained earnings** | **Total equity attributable to company shareholders** | **Total equity** |
| **Balance as at 1.1.2015** | **397.535** | **247** | **(85.798)** | **311.984** | **311.984** |
| Earnings net of tax | - | - | 29.950 | **29.950** | **29.950** |
| Actuarial gains/(losses) in equity | - | (10) | - | **(10)** | **(10)** |
| Income tax relating to comprehensive income items | - | 3 | - | **3** | **3** |
| **Consolidated comprehensive income net of tax** | **-** | **(7)** | **29.950** | **29.943** | **29.943** |
| Transfer to reserves | | 1.496 | (1.496) | | |
| Other | - | 47 | - | **47** | **47** |
| **Transactions with parent company shareholders** | **-** | **1.543** | **(1.496)** | **47** | **47** |
| **Balance as at 31.12.2015** | **397.535** | **1.783** | **(57.344)** | **341.974** | **341.974** |
| | | | | | |
| **Balance as at 1.1.2016** | **397.535** | **1.783** | **(57.344)** | **341.974** | **341.974** |
| Earnings net of tax | - | - | 30.801 | **30.801** | 30.801 |
| Actuarial gains/(losses) in equity | - | (201) | - | **(201)** | **(201)** |
| Income tax relating to comprehensive income items | - | 58 | - | **58** | **58** |
| **Consolidated comprehensive income net of tax** | **-** | **(143)** | **30.801** | **30.658** | **30.658** |
| Transfer to reserves | | 1.540 | (1.540) | | |
| Other | - | - | - | **-** | **-** |
| **Transactions with parent company shareholders** | **-** | **1.540** | **(1.540)** | **-** | **-** |
| **Balance as at 31.12.2016** | **397.535** | **3.180** | **(28.083)** | **372.632** | **372.632** |

# 4 Statement of cash flows (consolidated and separate)

| (Amounts in € '000) | Note. | GROUP 1/1-31/12/2016 | GROUP 1/1-31/12/2015 | COMPANY 1/1-31/12/2016 | COMPANY 1/1-31/12/2015 |
|---|---|---|---|---|---|
| **Operating activities** | | | | | |
| Earnings / (losses) before tax | | 45.209 | 52.160 | 43.921 | 51.120 |
| Adjustments to reconcile net flows from operating activities: | | | | | |
| Depreciation | 3,22,4,5 | 16.378 | 15.983 | 16.268 | 15.892 |
| Staff leaving compensation provisions | 12 | 3.508 | 402 | 3.310 | 318 |
| Provision for bad debt | 8 | (16) | 219 | - | 55 |
| Reversal of risk provisions | 13 | (544) | (1.056) | (544) | (1.056) |
| Reversal of inventory obsolescence provisions | 7 | 224 | 139 | - | - |
| Depreciation of loan expenses | 11 | 619 | 618 | 619 | 618 |
| Financial income | 24 | (145) | (45) | (126) | (30) |
| Financial expenses | 24 | 10.609 | 13.114 | 10.607 | 13.113 |
| Losses from impairment of holdings | | - | - | - | - |
| Losses/(gains) from impairment/sale of assets | | 540 | (45) | 540 | (46) |
| Losses/(gains) from foreign exchange differences | | (55) | (21) | (48) | (13) |
| **Operating profit before changes in working capital** | | **76.327** | **81.468** | **74.547** | **79.971** |
| **Increase) / Decrease in:** | | | | | |
| Inventories | 7 | 4.479 | 1.202 | 3.890 | 888 |
| Customers and other receivables | 8 | (571) | 2,558 | (325) | 6.624 |
| **Increase / (Decrease) in:** | | | | | |
| Suppliers | 14 | 4.936 | (2,094) | 5.877 | (962) |
| Accrued and other short-term liabilities | 14 | (348) | (3,447) | (40) | (3.343) |
| **Changes in Working Capital** | | **8.496** | **(1.781)** | **10.052** | **3.207** |
| Taxes paid | | (15.507) | (22.949) | (15.094) | (22.280) |
| Payments for staff compensation | 12 | (3.624) | (307) | (3.431) | (255) |
| Interest paid | 24 | (8.745) | (12.531) | (8.743) | (12.529) |
| (Increase)/decrease in other long-term receivables | 6 | (138) | 83 | 11 | 86 |
| **Total inflows from operating activities** | | **56.809** | **43.983** | **57.342** | **48.200** |
| **Investing Activities** | | | | | |
| Purchases of tangible assets | 4 | (3.502) | (5.159) | (3.480) | (5.055) |
| Additions of intangible assets | 5 | (79) | (54) | (79) | (50) |
| Sale of tangible assets | | - | 45 | - | 46 |
| Acquisition of subsidiaries, affiliates, joint ventures and other investments | | - | - | - | - |
| Interest and related income collected | 24 | 145 | 45 | 126 | 30 |
| **Total net outflows from investing activities** | | **(3.436)** | **(5.123)** | **(3.433)** | **(5.029)** |
| **Financing Activities** | | | | | |
| Short- and long-term loan payments | 11 | (65.500) | (75.400) | (65.500) | (75.400) |
| Proceeds from loans | 11 | 9.357 | 30.114 | 9.357 | 30.114 |
| Share capital increase | | - | - | - | - |
| Share capital increase expenses | | - | - | - | - |
| **Total inflows from financing activities** | | **(56.143)** | **(45.286)** | **(56.143)** | **(45.286)** |
| **Net (decrease) / increase in cash assets** | | **(2.770)** | **(6.426)** | **(2.234)** | **(2.115)** |
| **Cash and cash equivalents – Opening Balance** | | **12.320** | **18.746** | **8.515** | **10.630** |
| **Cash and cash equivalents – Closing Balance** | | **9.550** | **12.320** | **6.281** | **8.515** |

# IV. Notes to the Annual Financial Statements

## 1. General Information

Hellenic Duty Free Shops S.A. (hereinafter HDFS S.A.) is a Greek company with its registered offices in Agios Stefanos, Attica, entered in the Companies Register (General Commercial Reg. No. 006287501000). The company operates in the travel retail trade sector.

These financial statements which cover the period from 1.1.2015 to 31.12.2015 include the financial statements of Hellenic Duty Free Shops S.A. and its subsidiaries (referred to collectively as the Group) and were approved by the Company's Board of Directors on 25.05.2017.

## 1.1 Major events during the previous year

In July 2016, the Company operated a new duty-free 181 sq. M. Store at the port of Heraklion. The cost of the investment amounted to approximately € 35 thousand and the contribution of the store to the Company's sales for the six months of operation amounted to € 155.8 thousand.

Also, in October 2016, a 2,000 sq. M section was reorganized and renovated. Of the commercial premises housed within the Athens International Airport's "EL. VENIZELOS "in the Intra Schengen area. It was completed in April 2017 and the budgeted cost of the investment amounted to approximately EUR 3 million.

Finally, in August 2016, the Company, in the context of the Dufry Group's strategy to rationalize operating costs, announced a plan for the voluntary retirement of staff. Under this program, which ended in January 2017, 53 people withdrew a total cost of € 3.5m.

## 1.2 Group Structure

"Duty Free Shops" and its subsidiaries are 100% indirectly owned by DUFRY INTERNATIONAL AG as 100% subsidiary of Cyprus II and Cyprus III, which in turn are 100% owned by DUFRY INTERNATIONAL AG. The consolidated financial statements include the financial statements of the parent Company and its wholly-owned subsidiary, "Greek Distributors SA", which is consolidated using the consolidation method.

## 2. Important accounting policies used by Group

## 2.1 Basis of preparation of the financial statements

Hellenic Duty Free Shops S.A.'s consolidated financial statements dated 31.12.2015 which cover the entire 2015 accounting period have been prepared on the basis of the historical cost principle modified by adjusting specific assets and liabilities to current values, the going concern principle and are in line with the International Financial Reporting Standards (IFRS) issued by the IASB and their interpretations issued by the IASB's IFRIC. The specific financial statements which are attached have been prepared in line with the requirements in Codified Law 2190/1920 as in force. The fact that current assets fall short of short-term liabilities by € 120m. is not a problem in the application of the principle of continuity of activity, as it is mentioned in Note. 11 of the financial statements, most of the short-term borrowing relates to an intragroup loan and the company has received confirmation from the parent company Dufry AG for its financial support by extending the repayment of the instalments of this loan if and when deemed necessary.

Preparation of the financial statements in line with the IFRS requires, use of accounting assessments and the exercise of judgement in implementing Group accounting policies. Major assumptions made by Management in applying the company's accounting methods are pointed out where it is considered necessary.

The currency of presentation is in euro (the currency of the country in which the Group's parent company has its registered offices) and all amounts are shown as thousands of euro unless otherwise stated.

## 2.2 New standards & interpretations

**A) Changes in accounting policies and disclosures**

**The accounting policies adopted are consistent with those adopted in the previous financial year except for the following standards that the Group and the Company adopted on 1 January 2016.**

**• IAS 27 Corporate Financial Statements (amendment)**
The amendment is effective for annual periods beginning on or after 1 January 2016. This amendment will allow entities to use the equity method for investing in subsidiaries, joint ventures and associates in their corporate financial statements and will assist Certain jurisdictions the transition of corporate financial statements to IFRSs by reducing compliance costs without restricting the information available to investors Tions. This amendment does not apply to the Group and the Company

**• IAS 1: Initiative on disclosures (Amendment)**
The amendments to IAS 1 Presentation of Financial Statements further encourage companies to apply their professional judgment in determining the information to be disclosed and how to present them in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. These limited-extent amendments to IAS 1 clarify, rather than significantly, the existing requirements of IAS 1. The amendments relate to materiality, order of notes, Subtotals and segregation, accounting policies and disclosure of other comprehensive income (OCI) data arising from investments accounted for using the equity method. Management of the Company and the Group has not made use of this amendment.

**• IAS 16 Tangible Assets and IAS 38 Intangible Assets (Amendments): Clarification of Acceptable Amortization**
The amendment is effective for annual periods beginning on or after 1 January 2016. This amendment clarifies the principle of IAS 16 Property, plant and equipment and IAS 38 Intangible Assets that revenue reflects the financial benefits arising from the operation of an enterprise The asset of which is an asset) instead of the financial benefits that are consumed through the use of the asset. As a result, the ratio of revenue generated to the total revenue expected to be generated can not be used to depreciate tangible fixed assets and can only be used in very limited circumstances to depreciate intangible assets. The Management of the Company and the Group has not made use of this assessment.

**• IAS 19 Employee Benefits (Amendment): Employee contributions**
The amendment is effective for annual periods beginning on or after 1 February 2015. The amendments apply to contributions from employees or third parties to defined benefit plans. The aim of the amendment is to simplify the accounting treatment of contributions that are independent of the number of years of service of employees, for example, for employees' contributions calculated according to a fixed percentage of the salary. The Company does not have any programs that fall under the scope of the amendment.

The IASB issued a new round of annual improvements to IFRSs 2010 -2012, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 February 2015. None of the following has any impact on the Group's and Company's Financial Statements.

• **IFRS 2 Share-based Payment:** This upgrade modifies the definitions of "vesting condition" and "market conditions" and adds the definitions of "performance term" and "term of service" (formerly part of the definition of "vesting condition" ").
• **IFRS 3 Business Combinations:** This upgrade clarifies that the consideration for an acquisition of a non-equity entity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments**.**
• **IFRS 8 Operating Segments:** This upgrade requires an entity to disclose management judgments about the application of the aggregation criteria to the operating segments and specifies that the entity should provide

agreements between all segment assets and Assets of the entity only if a **r**egular reporting of the segment assets is made

.● **IFRS 13 Fair Value Measurement:** This upgrading to the IFRS 13 Conclusion clarifies that the adoption of IFRS 13 and amendments to IFRS 9 and IAS 39 has not removed the ability to measure short-term receivables and liabilities for which there is no reported interest rate in Their invoice value without discount, since the effect of non-discount is insignificant.

● **IAS 16 Property, Plant and Equipment:** The amendment clarifies that when an item of property, plant and equipment is revalued, its gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

● **IAS 24 Related Party Disclosures:** The amendment clarifies that a company providing core management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity.

● **IAS 38 Intangible Assets:** The amendment clarifies that when an intangible asset is revalued, its gross carrying amount is adjusted to reflect the readjustment of the carrying amount.

The IASB issued a new round of annual updates of IFRS 2012-2014, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016. The Management of the Group believes that there is no impact on the financial statements.

● **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:** The amendment clarifies that a change from one disposal method to another (sale or distribution to owners) should not be considered as a new sale plan but as a continuation Original plan. Therefore, there is no interruption in the application of the requirements of IFRS 5. The amendment also clarifies that the change in the disposal method does not change the classification date.

● **IFRS 7 Financial Instruments: Disclosures:** The amendment clarifies that a service contract that includes a fee may be a continuing involvement in a financial asset. Also, the amendment clarifies that the disclosures in IFRS 7 on Offsetting Financial Assets and Liabilities are not required in the condensed interim financial statements.

● **IAS 19 Employee Benefits:** The amendment clarifies that the assessment of the existence of an active market of high quality corporate bonds is assessed on the basis of the currency in which the obligation is expressed, not in the country where the liability is. When there is no active market for high-quality corporate bonds in this currency, government bond rates should be used**.**

● **IAS 34 Interim Financial Statements:** The amendment clarifies that the required interim disclosures should either be in the interim financial statements or be incorporated by reference between the interim financial statements and the place where they are included in the interim financial report (eg in the Report Management or the Risk Report). The IASB has clarified that other information, within the interim financial report, should be available to users on the same terms and at the same time as the interim financial statements. If users do not have access to other information in this way, then the interim financial report is incomplete. B) Standards issued but not yet effective and not early adopted by the Company/Group

- **IFRS 9 Financial Instruments - Classification and measurement**

**The S**tandard is effective for annual periods beginning on or after 1 January 2018 and early adoption is permitted. The final version of IFRS 9 aggregates the financial instruments' phases 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. The Group / Company Management estimates that there is no impact on the financial statements.

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

The Standard is applied for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model to be applied to income arising from a single customer agreement (with limited exceptions), regardless of the type of transaction Revenue or industry. The requirements of the Standard will also apply to the recognition and measurement of gains and losses on the disposal of certain non-financial assets that are not produced by the entity's ordinary activities (eg, sales of property, plant and equipment or intangible assets ). Extensive disclosures, including an analysis of total revenue, information on performance obligations, changes in contract assets and contractual obligations between periods, and key judgments and estimates will be required. The Group / Company Management estimates that there is no impact on the financial statements.

**• IFRS 15: Revenue from Customer Contracts (Clarifications)**
The clarifications are applied for annual periods beginning on or after 1 January 2018 and early application is permitted. The objective is to clarify the intentions of the IASB in developing the requirements of IFRS 15 Revenue from Contracts with Customers regarding: (a) the accounting treatment of performance obligations, where the wording of the "individually recognizable" ) Of the estimates made in the decision on an originator or representative, including the assessment of whether a company is an originator or a representative, the application of the "control" principle, and (c) the authorizations and additional clarifications for the accounting of the Ownership and rights. Clarifications provide additional practical facilities for companies that apply IFRS 15 fully retrospectively or choose to apply the modified retrospective approach. Clarifications have not yet been adopted by the European Union. The Group / Company Management estimates that there is no impact on the financial statements.

**• IFRS 16: Leases**
The standard is applied for annual periods beginning on or after January 1, 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to the contract, ie the client ("lessee"), And the supplier ("lessor"). The new standard requires lessees to recognize most leases in their financial statements. Tenants will have a single accounting framework for all leases, with some exceptions. The bookkeeping of the lessors remains virtually unchanged. The European Union has not yet adopted this standard. Management of the Company / Group estimates that there will be no material impact on the financial statements.

**• IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Amendment:** Sale or transfer of assets between an investor and the associate of the company or its joint venture
The amendments address a recognized inconsistency between the requirements of IFRS 10 and those of IAS 28 to address the sale or disposal of assets between the investor and the associate of the company or its joint venture. The main consequence of the changes is that a full profit or loss is recognized when the transaction includes an enterprise (whether it is hosted in a subsidiary or not). A partial gain or loss is recognized when the transaction includes non-business assets, even if those assets are held in a subsidiary. In December 2015, the IASB postponed indefinitely the date of implementation of this amendment, awaiting the outcome of its work on the equity method. The amendments have not yet been adopted by the European Union. The Group / Company Management estimates that there is no impact on the financial statements.

**• IAS 12 Income Taxes (Amendments):** Recognition of Deferred Tax Liability for Unrealized Losses
The amendments are effective for annual periods beginning on or after 1 January 2017, and earlier application is permitted. The purpose of these amendments is to clarify the accounting treatment of deferred tax assets for unrealized losses on debt securities at fair value. For example, the amendments clarify the accounting treatment of deferred tax assets when an entity is not permitted to deduct unrealized losses for tax purposes or when it has the intent and ability to hold debt securities until reversal of unrealized losses. The amendments have not yet been adopted by the European Union. The Group / Company Management estimates that there is no impact on the financial statements.
**• IAS 7: Statement of Cash Flows (Amendments): Disclosure Initiative**
The amendments are effective for annual periods beginning on or after 1 January 2017, and earlier application is permitted. The purpose of these amendments is to allow users of financial statements to assess changes in liabilities arising from financing activities. The amendments will require entities to provide disclosures that allow investors to measure changes in liabilities arising from financial activities, including changes from cash flows and non-cash changes. The amendments have not yet been adopted by the European Union. The Group / Company Management estimates that there is no impact on the financial statements.

**• IFRS 2: Classification and measurement of share-based payment entitlements (Amendments)**
The amendments are effective for annual periods beginning on or after 1 January 2018 and early adoption is permitted. The amendments provide requirements for the accounting treatment of (a) the effects of vesting

conditions and non-vesting conditions, on the measurement of share-based payment and cash-settled transactions, (b) share-based payment obligations (C) the accounting treatment of changes in share-based payment terms and conditions that differentiates the classification of a transaction from settlement in cash in a transaction settled with equity instruments. The amendments have not yet been adopted by the European Union. The Group / Company Management estimates that there is no impact on the financial statements.

**• IAS 40: Transfers to Property Investments (Amendments)**
The amendments are effective for annual periods beginning on or after January 1, 2018, while earlier application is permitted. Modifications specify when an entity transfers a property, including property under construction or utilization, to or from investment property. The amendments state that a change in the use of a real estate takes place when the property meets or ceases to meet, the definition of investment property and there is a clear indication of that change. Simply changing the management's intentions to use the property does not show a change in its use. The amendments have not yet been adopted by the European Union. The Group / Company Management estimates that there is no impact on the financial statements.

**• INTERPRETATION IFRIC 22: Foreign currency transactions and prepayments**
The interpretation is effective for annual periods beginning on or after 1 January 2018, and earlier application is permitted. The interpretation clarifies the accounting treatment of transactions involving the collection or payment of an advance in foreign currency. The interpretation addresses foreign currency transactions where an entity recognizes a non-monetary asset or a non-monetary obligation arising on the receipt or payment of an advance before the initial recognition of the relevant asset, expense or income. The Interpretation indicates that the transaction date for determining the exchange rate is the date of initial recognition of a non-cash advance or a deferred income. If there are multiple payments or collections of advances, the entity must set the transaction date for each payment and advance payment. The interpretation has not yet been endorsed by the European Union. The Group / Company Management estimates that there is no impact on the financial statements.

The IASB issued a new round of annual IFRS updates 2014-2016, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2017 for IFRS 12 Disclosure of participations in other entities and on or after 1 January 2018 for IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 28 Investments in Affiliates and joint ventures for which earlier application is permitted. These upgrades have not yet been adopted by the European Union. The Group / Company Management estimates that there is no impact on the financial statements.

**• IFRS 1 First-time Adoption of International Financial Reporting Standards:** This upgrade deletes short-term exemptions for disclosures of financial instruments, employee benefits, and investment firms when first applying the International Financial Reporting Standards.
**• IAS 28 Investments in Associates and Joint Ventures:** The amendments clarify that the option to measure at fair value through profit or loss, an investment in an associate or a joint venture held by an entity that is an investment fund management entity or similar entity may be conducted Separately for each investment in an associate or joint venture at initial recognition.
**• IFRS 12 Disclosure of Interests in Other Entities:** The amendments clarify that the disclosure requirements of IFRS 12, except disclosures about summary financial information about subsidiaries, joint ventures and associates, apply to the involvement of an entity in a subsidiary, joint venture or joint venture An associate that is classified as held for sale, held for distribution or discontinued operation in accordance with IFRS 5.

## 2.3 Consolidation

### 2.3.1 Subsidiaries

The consolidated financial statements include the financial statements of the Company and all the undertakings controlled by it (subsidiaries). There is control when the Company can determine the financial and operational activities of an entity in order to gain benefits. The results, assets and liabilities of subsidiaries are incorporated into the financial statements using the total consolidation method. The financial statements of subsidiaries are prepared using the same accounting policies as those followed by the Company. Intragroup transactions, intragroup balances and intragroup income and expenses are crossed out during consolidation. Goodwill arising from the acquisition of undertakings, if positive, is recognised as a non-depreciable asset, which is tested each year for impairment. If negative, it is recognised as income in the Group's income statement. Goodwill is the difference between the price paid to acquire the company and the fair value of the individual assets, liabilities and contingent liabilities of the acquired company.

A change in the ownership regime of a subsidiary, without entailing a loss of control, is treated as an equity transaction. If the Group loses control of a subsidiary then:

- It deletes the assets (and goodwill) and liabilities of the subsidiary
- It deletes the book value of any non-controlling interests
- It deletes the accumulated conversion differences posted in equity
- It recognises the fair value of the consideration received
- It recognises the fair value of the residual investment
- It recognises any surplus or deficit in the results and
- It reclassifies the parent company's interest in the assets which had previously been recognised in other comprehensive income, in P&L or retained earnings, as appropriate.

### 2.3.2 Foreign Exchange Conversion

(a) Functional and presentation currency

The assets of companies presented in the Group and Company's financial statements are presented in euro, which is the currency of the economic environment in which they operate (the functional currency).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Profits and losses from foreign exchange differences arising from the settlement of such transactions during the period and from conversion of currency units expressed in foreign currency during the period and on the balance sheet date at current exchange rates are posted to the results. Foreign exchange differences from non-currency units valued at fair value are considered part of the fair value and thus are recognised wherever fair value differences are recognised. The assets presented in the financial statements of the Group's companies are measured using the currency of the economic environment of each country in which each company in the Group operates. The separate financial statements of the companies included in the consolidation, which were initially presented in a currency other than the Group's presentation currency, are then converted into euro. Assets and liabilities are converted to euro at the exchange rate on the date the balance sheet is closed. Gains and losses are converted into the Group presentation currency based on the average exchange rates prevailing during the financial year. Any differences arising from that process are carried forward to the reverse used for converting the balance sheets of subsidiaries into a foreign currency, at net worth via OCI.

## 2.4 Summary of main accounting policies

### 2.4.1 Business combinations and goodwill

All business combinations are accounted for using the acquisition method. The cost of acquisition is calculated as the total consideration transferred computed on the date of acquisition at fair value and the size of any non-controlling interests in the acquired entity. For each business combination, the acquirer calculates the non-controlling interests in the acquired entity at fair value or as a proportion of the net recognized assets of the acquired entity. Expenses on acquisition recognized in income statement.

On the date of acquisition, the Group values the acquired assets and outstanding liabilities to classify them in the appropriate way, and to identify them in line with contractual terms, economic circumstances and the relevant conditions on the date of acquisition. That includes the purchaser segregating embedded derivatives from the main contracts.

In a business combination which takes place over time, the Group re-calculates its equity interests previously held in the acquired entity at fair value on the date of acquisition, and the difference is transferred to the results.

Any contingent consideration to be transferred by the acquirer will be presented at fair value on the date of acquisition. Any subsequent changes in fair value of any contingent consideration payable, which will be treated as assets or liabilities, will be presented in line with IAS 39 in the results or as a change to OCI. If the contingent consideration is classified as an equity item, no new re-calculation will take place until the subsequent settlement is accounted for in equity.

Goodwill is initially valued at cost, meaning the difference between the total amount of the price transferred and the amount recognised for non-controlling interests in the net recognised assets and outstanding liabilities. If that price is below the fair value of the net assets in the subsidiary acquired, the different is presented in the results.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the date of purchase to each cash generating unit expected to benefit from the combination, irrespective of whether other receivables or liabilities in the acquired entity are assigned to those units.

When the goodwill is part of a cash generating unit and a part of the units operations are sold off, the goodwill associated with the operations sold-off is included in the book value of the operations when the gains or losses from sale of the operation are calculated. The goodwill in this case is measured based on the relevant value of the operations sold and the percentage of the cash generating unit which is retained.

### 2.4.2 Participation in associates

Group investments in other legal entities over which the Company exerts significant influence without them being subsidiaries or joint ventures, are accounted for using the equity method. In this method, holdings in associates are recorded at acquisition cost and subsequently that figure is increased or decreased when the investor's interest in the associate's results is recognised, when other changes in the associate's equity are recognized or when dividends received (less provisions for impairment) are recognized. The consolidated income statement expresses the Group's share in the results of the operations of its associates. When there is a change recognized directly in an associate's equity, the Group recognizes its share in that change in its statement of changes in equity. Unrealized gains and losses from transactions between the Group and associates are crossed out to the extent of the holding in the associate. The associate's financial statements are prepared for the same reporting period as the Group's. Whenever needed, adjustment entries are made so that the associate's accounting policies are identical to those of the Group. After the equity method has been used, the Group determines whether it is necessary to recognize impairment losses for its investment in the associate. On the date of the statement of financial position, the Group determines whether there are objective indications that the investment in the associate has become impaired. When significant influence over the associate is lost, the Group calculates the residual value at fair value and recognizes it in its financial statements.

### 2.4.3 Property, plant and equipment

Property, plant and equipment are presented in the financial statements at acquisition value or presumed cost determined based on fair value on the transition date, less accumulated depreciation and any fixed asset obsolescence. The cost of acquisition includes all directly payable expenses for acquiring assets.

Μεταγενέστερες δαπάνες καταχωρούνται σε επαύξηση της λογιστικής αξίας των ενσωμάτων παγίων ή ως ξεχωριστό πάγιο μόνον κατά την έκταση που οι δαπάνες αυτές αυξάνουν τα μελλοντικά οικονομικά οφέλη που αναμένεται να εισρεύσουν από τη χρήση του παγίου στοιχείου και το κόστος τους μπορεί να επιμετρηθεί αξιόπιστα. Το κόστος επισκευών και συντηρήσεων καταχωρείται στα αποτελέσματα όταν πραγματοποιούνται.

Depreciation of tangible assets (other than lots which are not depreciated) is calculated using the straight line method over their useful life as follows:

| Fixed asset category | Useful life (in years) |
|---|---|
| -Buildings & technical installations on third party property | 10 |
| -furniture & mechanical equipment | 4-10 |
| -cars – vehicles | 8-10 |
| -computers | 5 |

Residual value and the useful life of tangible assets are subject to re-examination on each balance sheet date. When the book value of tangible assets exceeds the recoverable value the differences (impairment) are posted as expenses to the results.

When the tangible assets are sold, differences between the price received and the book value are posted as profits or losses in the income statement. Repairs and maintenance costs are expensed in the period to which they relate.

Tangible assets used by the company itself (PPE) entail an addition to the acquisition cost of fixed assets at values which include direct pay rolling costs for staff involved in construction (the corresponding employer contributions), the cost of materials used and other general costs.

### 2.4.4 Intangible assets

#### 2.4.4.1 Trademarks and licences

Trademarks and licenses which are acquired are initially recognised at historical cost. Licenses have a limited useful life and are presented at cost less accumulated depreciation. Depreciation is calculated using the useful life method to allocate the cost of trademarks and licenses over their estimate useful life.
Exclusive right to operate duty free shops: Article 120 of Law 2533/1997 conferred and exclusive right to operate duty free shops on the company. This is shown in the financial statements at fair value, that fair value being calculated by an independent assessor using the discounted cash flow method on the date that the travel retail sector was absorbed. Depreciation is recorded using the straight line method over the useful life of the assets which ranges from 35 to 2048 years..

### 2.4.5 Other Intangible Assets

This category includes the Group's leasing rights, which are initially recognized at acquisition cost. After initial recognition, intangible assets are measured at cost less accumulated depreciation and any impairment losses incurred. This category also includes software which has been acquired and is being used in production or administrative processes. The licenses acquired for such software are capitalized based on the costs incurred to acquire and install the specific software. The expenditure associated with software maintenance is recognized as an expense in the period in which the expenditure is incurred. Expenditure which is capitalized is depreciated using the straight line method over the estimated useful life of the assets.

### 2.4.6 Asset impairment

Intangible assets that have an indefinite useful life are not subject to depreciation and are tested annually –at the very least- for impairment. Assets subject to depreciation are tested for impairment, when there are indications that their book value cannot be recovered. The recoverable value is either the fair value less the amount required for the cost of sale or the usage value of the asset whichever is higher. The usage value is determined using discounted future cash flows with a suitable discount rate. If the recoverable value is less than the carried value, then the carried value is reduced to the level of the recoverable value

Impairment losses are recognised as expenses in the results for the period in which they arose unless the asset has been adjusted in value in which case the impairment losses reduce the relevant adjustment reserve. When the impairment loss in a later period has to be reversed, the carried value of the asset is increased up to the level of the revised assessment of recoverable value to the extent that the new carried value does not exceed the carried value which would have been determined had the impairment loss not been posted in previous periods. Reversing of impairment losses is posted to income unless the asset has been adjusted in value in which case the reversing of impairment losses increases the relevant adjustment reserve.

For the purposes of assessing impairment losses , assets are grouped at the lowest cash generating units.

## 2.5 Financial Assets

### 2.5.1 Initial recognition

Financial assets are recognized in the balance sheet of the Group, since the Group becomes a party to the contractual provisions of the financial instrument.

The Group classifies financial assets in the following categories:

- Loans and receivables, trade receivables
- Sight and time deposits
- Financial assets at fair value through profit and loss
- Financial assets available for sale, and
- Held-to-maturity investments..

Financial assets are divided into different categories by management depending on their features, and the purpose for which they are acquired.

The category in which each financial instrument is classified differs from each other since for every category in which financial instruments are classified different rules apply in valuing each instrument and recognising revaluation results in the income statement or directly in Equity. Financial assets are recognised in the accounts on the date of the commercial transaction.

### 2.5.2 Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss include financial assets primarily acquired for commercial reasons which the Group determines are to be valued at fair value through profit and loss upon initial recognition. Moreover, dividends which do not meet the criteria for hedge accounting are classified in this category.
The financial assets included in this category are valued at fair value through profit and loss and cannot be moved to another category. Financial assets which the Group has classified in this category include shares listed on ATHEX.

## 2.6 Inventories

Stocks/inventory measured at the lower of acquisition cost and net realizable value. Cost is determined using the weighted average method . Net realizable value is estimated based on the current selling price in the ordinary course of business, less any selling expenses where applicable.

## 2.7 Loans, trade receivables and other receivables

Loans and receivables are non-derivative financial assets with fees, specified payments, which do not have a market price on any active market. They are generated when the Group provides money, products or services directly to a debtor without any intention to commercially exploit them. They are valued at carried cost using the effective interest rate method, less any impairment provisions. Each change in the value of loans and receivables is recognized in the income statement when loans and receivables are written off or are subject to impairment as well as using the effective interest rate method.

Trade receivables are initially recognised at fair value and are subsequently measured at carried cost using the effective interest rate method. Suitable provisions for amounts considered to be non-recoverable are recognised in the income statement when there are objective indications that assets have become impaired. The provision recognised is measured as the difference between the book value of the asset and the present value of estimated future cash flows discounted using the effective interest rate which applied at the time of initial recognition. Impairment testing is carried out for certain types of receivables on individual receivables (for example for each customer individually) in cases where on the date of the financial statements the receivable has not yet been collected, or in cases where objective data indicate a need for impairment to be recorded. Other receivables are grouped and tested for impairment overall. The level of impairment loss is the difference between the book value of receivables and the estimated future cash flows. The amount of impairment loss is recognised in the income statement as an expense.

Receivables and loans are classed as current assets, apart from those which expire more than 12 months from the date of the balance sheet. They are classed as non-current assets. Other receivables, which are the majority of the Group's financial assets, are also classified as trade receivables in the balance sheet.

## 2.8 Cash Equivalents

Cash and cash equivalents include cash in the bank and on-hand, and also short-term, highly liquid investments such as reports and bank deposits maturing within less than 3 months.

For the purpose of preparing the cash flow statement, cash and cash equivalents are comprised of cash and cash equivalents as defined above but do not include the outstanding balances of bank overdrafts.

## 2.9 Share Capital

Ordinary shares are posted as equity. Direct costs for the issuing of shares are presented after deducting the income tax applied to reduce the proceeds of the issue. Direct costs related to the issuing of shares to acquire businesses are included in the cost of acquiring the business acquired. The cost of acquiring own shares less income tax (if applicable) is presented as reducing Group equity until the own shares are sold or cancelled. Any profits or loss from sale of own shares net of direct other costs from the transaction and income tax, if applicable, are presented in equity as a reserve.

## 2.10 Financial liabilities

### 2.10.1 Initial recognition

Financial liabilities are posted in the Group's balance sheet when the Group becomes one of the contracting parties to a financial instrument. Group financial liabilities include bank loans and overdrafts, trade and other types of liabilities, as well as finance leases.

The Group classifies financial liabilities in the following categories:

- Financial liabilities at fair value through profit and loss
- Financial liabilities recognised at amortised cost

### 2.10.2 Financial liabilities (excluding loans)

Financial liabilities are recognised when the Group has a holding in a financial instrument and are deleted when the Group is released from that liability or it is cancelled or matures. Liabilities from finance leases are valued at their initial value less the amount for financial repayments, and interest is recognised as an expense in the 'Financial Expenses' account in the income statement. Trade liabilities are initially recognised at their face value and subsequently valued at carried cost. Gains and losses are recognised in the income statement when liabilities are deleted and when using the effective interest rate method. Dividends to shareholders are recognised in the 'Dividends Payable' account when approved by the General Meeting of Shareholders. Liabilities from trading activities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

### 2.10.3 Bank loans

All loans are initially recognized at cost which is the fair value of the consideration received less the cost of issuing the loans. After initial recognition, loans are valued at carried cost using the effective interest rate method, and any difference is recognized in the results during the borrowing period.

## 2.11 Income taxation

### 2.11.1 Current income taxation

Current tax assets/liabilities include those liabilities or assets from tax authorities which are related to the current or previous reporting periods which have not been paid by the balance sheet date. They are calculated using the tax rates in line with the tax laws which apply, based on the taxable profits each year. All changes to current tax assets or liabilities are recognized as tax expenses in the results.

### 2.11.2 Deferred income tax

Deferred income tax is calculated using the liability method which focuses on interim differences. This includes a comparison of the book value of receivables and liabilities in the consolidated financial statement and their corresponding tax bases.
Deferred tax assets are admitted to the extent that it is likely that they will offset against future income tax.
The Group certifies a previously unrecognised deferred tax asset to the extent that it is likely a future taxable profit.
The deferred tax asset is re-considered on each balance sheet date and is reduced to the extent that it is no longer likely that an adequate taxable profit will be available to permit use of the beneficial part or all of the deferred tax asset.
Deferred tax liabilities are recognised for all taxable interim adjustments. Tax losses which can be carried forward to subsequent periods are recognised as deferred tax assets.
Deferred tax assets and liabilities are measured in accordance with the tax rates set to be in effect in the financial year during which an asset or a liability shall be settled, taking into account tax rates (and tax laws) which have been and effectively are in force until the Balance Sheet date.
Changes in deferred tax assets or liabilities are recognised as part of the income tax in the income statement unless they arise from specific changes in assets or liabilities, which are recognised directly in the Group's equity, and result in a relevant change in the deferred tax assets or liabilities being debited/credited to the relevant equity account.

## 2.12 Pension benefits and short-term employee benefits

### 2.12.1 Short-term benefits

Short-term benefits to personnel (except for termination of employment benefits) in cash and kind are recognized as an expense when considered accrued. Any unpaid amount is accepted as a liability, whereas in case the amount already paid exceeds the benefit amount, the entity identifies the excessive amount as an asset (prepaid expense) only to the extent that the prepayment will lead to a future payment reduction or refund.

### 2.12.2 Post-employment benefits

The Group has designated both defined benefit and defined contribution plans.

### 2.12.2.1 Defined contribution plans

Group staff are primarily covered by the main public sector social security provider which relates to the private sector (IKA) which provides pension and Medicare benefits. Each employee is obliged to contribute part of his monthly salary to the fund and part of the overall contribution is covered by the Group. Upon retirement, the pension fund is responsible for paying retirement benefits to employees. Consequently, the Group has no legal or presumed obligation to pay future benefits based on this scheme.

Based on the fixed contribution plan, the Group's obligation (whether legal or presumed) is limited to the amount which it has agreed to contribute to the fund which manages contributions and provides benefits. Consequently, the amount of benefits which the employee will receive is determined by the amount the Group (and/or the employee) pays and the investments on those contributions payable. The contribution payable by the Group towards a defined contributions plan is recognised as a liability after deducting the contribution paid as the corresponding expense.

### 2.12.2.2 Defined benefit plans: Staff termination liabilities

Obligations to pay retirement compensation are calculated on the discounted value of future benefits which have accumulated at the end of the year based on recognition of an employee's right to benefits during his expected working life. These obligations are calculated based on the financial and actuarial assumptions which are explained in Note 13 and are specified using the actuarial valuation method called the projected unit method. The net cost of retirement in the period includes the cost of payrolling in the attached financial statements.

The obligation to compensate for retirement is recognised in the statement of financial position and is the present value of future cash flows using the interest rates of high quality corporate bonds or treasury bonds whose duration is similar to that of the obligation, as the discount rate.

The cost of past service is recognised in the income statement on which of the following dates falls first:
-The date on which it is amended or cut and
-The date the company and Group recognise restructuring-related costs.

The financial cost is determined using the discount rate used to measure the defined benefit liability (or asset). The Company and Group recognise the following changes in the defined benefit obligation in payrolling costs and financial expenses:
-The cost of service which consists of the current cost of service and the cost of past service, gains and losses from cuts and extraordinary changes in the defined benefits plan
- Net financial expenses or revenues.

Re-assessments to actuarial gains or losses are directly recognised in the statement of financial position by debiting or crediting the retained earnings account accordingly, through other comprehensive income for the period in which those gains or losses are incurred. The re-assessments are not reclassified in the income statement in subsequent periods..

## 2.13 Other provisions

Provisions are certificated when a present commitment is likely to lead to an outflow of financial resources for the Group and that can be reliably assessed. The timing and size of the outflow may be uncertain. A present commitment arises from the presence of a legal or presumed obligation arising from past events. Every provision

formed is only used for the expenses for which it had initially been formed. Provisions are re-examined on each balance sheet date and are adjusted in order to present the current best estimate.
Provisions are valued at the expected cost required to settle the current commitment based on the most reliable presumptions which are available on the balance sheet date including the risks and uncertainties relating to the current commitment. When the impact on the value of money over time is significant, the amount of the provisions is the current value of the expenses expected to be required in order to settle the liability.
When the discounting method is used, the book value of a provision is increased in each period so as to reflect the passage of time. This increase is recognised as a financial expense in the income statement. When there are a number of similar commitments, the likelihood that an outflow will be required to settle them is determined taking into account the category of commitments overall. A provision is also recognised when the likelihood of an outflow for an asset including in a pool of commitments is small. If it is no longer likely that an outflow of resources which reflect economic benefits will be required to settle the liability, the provision is reversed.

## 2.14 Contingent liabilities

Provisions are recognised when the Group or Company have a current legal or statutory obligation deriving from past events, which is likely to require an outflow of resources reflecting economic benefits to settle the obligation and the size of the obligation (the liability) can be reliably estimated. Provisions are revised on the date of each statement of financial position and adjusted to reflect the present value of the expenses expected to be required to settle the liability.

If the impact of the value of money over time is significant, the provisions are calculated by discounting expected future cash flows using a pre-tax rate which expresses current market estimates about the value of money over time, and where necessary, the risks specifically associated with the liability.

Contingent liabilities are not recognised in the financial statements but are disclosed unless there the likelihood of a resource outflow incorporating financial benefits is minimal. Contingent assets are not recognised in the financial statements but are disclosed where the inflow of financial gains is likely.

## 2.15 Contingent assets

Possible outflows from economic benefits for the Group which do not meet the criteria of an asset are considered to be contingent assets and are disclosed when the outflow of economic benefits is likely.

## 2.16 Leases

The assessment of to what extent an agreement contains a lease is done at the start of the arrangement taking into account all particulars and conditions which prevail.

### 2.16.1 A company in the Group as lessee

#### 2.16.1.1 Finance Leases

Ownership of a leased asset is transferred to the lessee if in effect all risks and rewards associated with the leased asset are transferred to him, notwithstanding the legal format of the contract. When the lease starts, the assets is recognised at its fair value or if lower, the present value of minimum lease payments including additional payments covered by the lessee, if there are any. A similar amount is recognised as a liability under a finance lease regardless of whether some of the rent payments are payable in advance at the start of the lease.
Subsequent accounting for assets acquired under finance leases (such as the depreciation method use and determination of the useful life) is the same as that used for comparable assets not acquired under leases. The corresponding liability is accounted for by gradually writing it down based on the minimum rent payments, less financial charges, which are recognised as an expense in the financial expenses account. Financial charges are allocated over the duration of the lease and represent a fixed periodic interest rate on the outstanding balance of the liability..

### 2.16.1.2 Operating Leases

All other leases are treated as operating leases. Payments under operating leases are recognised as expenses in the income statement using the straight line method (income for the year matched to expenses). The relevant expenses such as maintenance and insurance are recognised as expenses when incurred.

## 2.16.2 A company in the Group as lessor

### 2.16.2.1 Operating Leases

Leases where the Group does not transfer substantially all the risks and rewards of the asset are classified as operating leases. Initial direct costs incurred by lessors in negotiating and arranging an operating lease are added to the book value of the leased asset and recognized throughout the lease term as lease revenues.

## 2.17 Revenue recognition

- Revenue is recognized to the extent that it is likely that the financial benefits will accrue to the Group and the relevant amounts can be reliably quantified. Revenues are net of VAT, discounts and refunds. Revenues generated in transactions between companies in the Group consolidated using the total consolidation method are fully crossed out. Revenue is recognized as follows:
- Sales of goods: Revenue is recognized when the material risks and rewards deriving from ownership of the goods have been transferred to the purchaser and collection of the receivable is reasonably secured. Goods sold on a wholesale basis are primarily sold on credit.
- Provision of services: Revenues from fixed rate services agreements are recognized based on the stage of completion of the service on the balance sheet date. Using this method, revenues are recognized based on the proportion of the service provided up to the date of the financial statements compared to the total services to be provided. When the result of the transaction relating to service provision cannot be firmly estimated, the revenue is only recognized to the extent that the recognized expenses are recoverable. In cases where the relevant revenue estimates, the expenses or degree of completion change, those changes can lead to increases or decreases in the estimated revenues or expenses and are presented in the revenues for the period.
- Dividends: Dividends are recognized as income when the right to receive payment is established.
- Interest income: Interest income is recognized on a time proportion basis using the effective interest method.
- Income from rents: Income from building rents is accounted for on an accrued basis, in line with the points contained in the relevant contracts / agreements.

# 3. Segmental Reporting

For administrative purposes, the Group has organised into 4 main business segments: a) airports, b) ports, c) borders and d) wholesales. IFRS 8 (Operating Segments) states that Management must monitor the operating result of business segments separately in order to take decisions about the distribution of resources and to evaluate performance. A segment's performance is evaluated based on operating results which are corrected to cross out intra-group transactions.

Group operations which do not meet the quantitative thresholds in IFRS 8 for presentation as a separate operating segment are combined and presented in the 'Other' category. This category includes the head office expenses. Group results per segment can be broken down as follows:

**BREAKDOWN OF GROUP OPERATING RESULTS PER OPERATING SEGMENT AS AT 31.12.16**

| **(Amounts in € '000)**<br>**1/1-31/12/2016** | **AIRPORTS** | **PORTS** | **BORDERS** | **ΧΟΝΔΡΙΚΗ** | **ΛΟΙΠΑ** | **ΟΜΙΛΟΣ** |
|---|---|---|---|---|---|---|

| | | | | | | |
|---|---|---|---|---|---|---|
| **Sales** | 170.956 | 13.061 | 86.911 | 15.538 | 5.022 | 291.488 |
| Intra-group Sales | | | | (3.681) | | (3.681) |
| Marketing revenues | 8.216 | 79 | 783 | | 14 | 9.092 |
| **Turnover** | **179.172** | **13.140** | **87.694** | **11.857** | **5.036** | **296.899** |
| Cost of Goods Sold | (80.806) | (5.578) | (35.292) | (13.994) | (2.877) | (138.547) |
| Intra-group cost of goods sold | | | | 3.670 | | 3.670 |
| **Gross profit** | **98.366** | **7.562** | **52.402** | **1.533** | **2.159** | **162.022** |
| **Earnings before taxes, financial and investment results and depreciation (EBITDA)** | **41.587** | **4.259** | **42.108** | **(2)** | **(10.631)** | **77.321** |
| Depreciation | (2.270) | (405) | (1.377) | (34) | (12.292) | (16.378) |
| Other operating results | (1.886) | (195) | (688) | (194) | (1.743) | (4.706) |
| **Earnings before interest and financial results (EBIT)** | **37.431** | **3.659** | **40.043** | **(230)** | **(24.666)** | **56.237** |

**BREAKDOWN OF GROUP OPERATING RESULTS PER OPERATING SEGMENT AS AT 31.12.15**

| **(Amounts in € '000)**<br>**1/1-31/12/2015** | **AIRPORTS** | **PORTS** | **BORDERS** | **WHOLESALE** | **OTHER** | **GROUP** |
|---|---|---|---|---|---|---|
| **Sales** | 171.654 | 14.498 | 93.868 | 15.552 | 5.522 | 301.094 |
| Intra-group sales | | | | (5.188) | | (5.188) |
| Marketing revenues | 7.363 | 62 | 904 | - | 3 | 8.332 |
| **Turnover** | **179.017** | **14.560** | **94.772** | **10.364** | **5.525** | **304.238** |
| Cost of Goods Sold | (80.047) | (6.471) | (39.860) | (13.634) | (3.343) | (143.355) |
| Intra-group cost of goods sold | | | | 5.257 | | 5.257 |
| **Gross profit** | **98.970** | **8.089** | **54.912** | **1.987** | **2.182** | **166.140** |
| **Earnings before taxes, financial and investment results and depreciation (EBITDA)** | **42.763** | **4.706** | **44.119** | **686** | **(9.760)** | **82.514** |
| Depreciation | (1.857) | (385) | (1.365) | (82) | (12.294) | (15.983) |
| Other operating results | (187) | (31) | (34) | (177) | (276) | (705) |
| **Earnings before interest and financial results (EBIT)** | **40.719** | **4.290** | **42.720** | **427** | **(22.330)** | **65.826** |

## BREAKDOWN OF GROUP ASSETS – LIABILITIES PER OPERATING SEGMENT AS AT 31.12.16

| (Amounts in € '000)<br>1/1-31/12/2016 | AIRPORTS | PORTS | BORDERS | WHOLESALE | OTHER | GROUP |
|---|---|---|---|---|---|---|
| Tangible and intangible assets | 314.561 | 20.642 | 64.716 | 2.256 | 179.723 | 581.898 |
| Other long-term assets | | | | | 4.587 | 4.587 |
| Inventories | 21.782 | 2.183 | 5.539 | 7.857 | 551 | 37.912 |
| Customers and other receivables | | | | 5.378 | 7.084 | 12.462 |
| Cash and cash equivalents | 292 | 77 | 539 | - | 8.642 | 9.550 |
| **Total** | **336.635** | **22.902** | **70.794** | **15.491** | **200.587** | **646.409** |
| Suppliers | 11.759 | 1.179 | 2.990 | 4.242 | 296 | 20.466 |
| Other non-allocated liabilities | | | | | | 625.943 |
| **Total** | **11.759** | **1.179** | **2.990** | **4.242** | **296** | **646.409** |

## BREAKDOWN OF GROUP ASSETS – LIABILITIES PER OPERATING SEGMENT AS AT 31.12.15

| (Amounts in € '000)<br>1/1-31/12/2014 | AIRPORTS | PORTS | BORDERS | WHOLESALE | OTHER | GROUP |
|---|---|---|---|---|---|---|
| Tangible and intangible assets | 322.471 | 21.222 | 66.481 | 2.256 | 182.866 | 595.296 |
| Other long-term assets | | | | | 4.449 | 4.449 |
| Inventories | 23.496 | 2.916 | 7.013 | 8.630 | 560 | 42.615 |
| Customers and other receivables | | | | 4.884 | 6.991 | 11.875 |
| Cash and cash equivalents | 148 | 64 | 389 | 3.932 | 7.787 | 12.320 |
| **Total** | **346.115** | **24.202** | **73.883** | **19.702** | **202.653** | **666.555** |
| Suppliers | 8.561 | 1.063 | 2.555 | 3.145 | 206 | 15.530 |
| Other non-allocated liabilities | | | | | | 651.025 |
| **Total** | **8.561** | **1.063** | **2.555** | **3.145** | **206** | **666.555** |

## 4. Property, plant and equipment – Investment properties (consolidated and separate)

The changes in Group and Company tangible assets (PPE) and investment property are outlined below

| Group | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Land | Buildings – facilities | Machinery - mechanical equipment | Transportation Equipment | Furniture and other equipment | Fixed assets under construction | Total |
| ***Acquisition cost*** | | | | | | | |
| **Opening balance as at 01.01.2015** | **92** | **23.626** | **1.494** | **172** | **6.661** | **1.309** | **33.354** |
| Additions | - | 1.756 | 125 | 477 | 2.736 | 64 | 5.158 |
| Sales – Decreases | - | - | - | - | - | - | 0 |
| Transport | - | 967 | - | - | 335 | (1.309) | (7) |
| **Balance on 31.12.2015** | **92** | **26.349** | **1.619** | **649** | **9.732** | **64** | **38.505** |
| **Opening balance as at 01.01.2016** | **92** | **26.349** | **1.619** | **649** | **9.732** | **64** | **38.505** |
| Additions | 3 | 191 | 342 | 19 | 1.230 | 1.717 | 3.502 |
| Sales – Decreases | - | (954) | (10) | (3) | (30) | - | (997) |
| Transport | - | (38) | - | - | 38 | - | 0 |
| **Balance on 31.12.2016** | **95** | **25.548** | **1.951** | **665** | **10.970** | **1.781** | **41.010** |
| | | | | | | | |
| ***Accumulated depreciation*** | | | | | | | |
| **Opening balance as at 01.01.2015** | **-** | **4.608** | **296** | **41** | **1.982** | **-** | **6.927** |
| Depreciation for the year | - | 2.475 | 156 | 40 | 1.157 | - | 3.828 |
| Transport | - | - | - | - | - | - | 0 |
| **Balance on 31.12.2015** | | **7.083** | **452** | **81** | **3.139** | **-** | **10.755** |
| **Opening balance as at 01.01.2016** | **-** | **7.083** | **452** | **81** | **3.139** | **-** | **10.755** |
| Depreciation for the year | - | 2.631 | 197 | 76 | 1.320 | | **4.224** |
| Decreases in depreciation | 0 | (382) | (3) | - | (10) | - | **(395)** |
| Transport | - | (1) | - | - | - | - | **(1)** |
| **Balance on 31.12.2016** | **0** | **9.331** | **646** | **157** | **4.449** | **-** | **14.583** |
| | | | | | | | |
| ***Carried value on 31.12.2015*** | **92** | **19.266** | **1.167** | **568** | **6.593** | **64** | **27.750** |
| | | | | | | | |
| ***Carried value on 31.12.2016*** | **95** | **16.217** | **1.305** | **508** | **6.521** | **1.781** | **26.427** |

| Company | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Land | Buildings – facilities | Machinery - mechanical equipment | Transportation Equipment | Furniture and other equipment | Fixed assets under construction | Total |
| ***Acquisition cost*** | | | | | | | |
| **Opening balance as at 01.01.2015** | **92** | **23.481** | **1.459** | **145** | **6.195** | **1.310** | **32.682** |
| Additions | - | 1.700 | 125 | 446 | 2.725 | 67 | 5.063 |
| Sales – Decreases | - | - | - | - | - | - | - |
| Transport | - | 966 | - | - | 334 | (1.310) | (10) |
| **Balance on 31.12.2015** | **92** | **26.147** | **1.584** | **591** | **9.254** | **67** | **37.735** |
| **Opening Balance as at 01.01.2016** | **92** | **26.147** | **1.584** | **591** | **9.254** | **67** | **37.735** |
| Additions | 2 | 190 | 326 | 18 | 1.227 | 1.717 | 3.480 |
| Sales – Decreases | - | (939) | (10) | (3) | (30) | - | (982) |
| Transport | - | - | - | - | - | - | - |
| **Balance on 31.12.2016** | **94** | **25.398** | **1.900** | **606** | **10.451** | **1.784** | **40.233** |
| ***Accumulated depreciation*** | | | | | | | |
| **Opening balance as at 01.01.2015** | **-** | **4.567** | **289** | **36** | **1.779** | **-** | **6.671** |
| Depreciation for the year | - | 2.468 | 152 | 34 | 1.105 | - | 3.759 |
| **Balance on 31.12.2015** | **0** | **7.035** | **441** | **70** | **2.884** | **0** | **10.430** |
| **Opening balance as at 01.01.2016** | **0** | **7.035** | **441** | **70** | **2.884** | **0** | **10.430** |
| Depreciation for the year | - | 2.618 | 179 | 71 | 1.267 | - | **4.135** |
| Decreases in depreciation | | (382) | (3) | 0 | (10) | - | **(395)** |
| **Balance on 31.12.2016** | **0** | **9.271** | **617** | **141** | **4.141** | **0** | **14.170** |
| | | | | | | | |
| ***Carried value on 31.12.2015*** | **92** | **19.112** | **1.143** | **521** | **6.370** | **67** | **27.305** |
| | | | | | | | |
| ***Carried value on 31.12.2016*** | **94** | **16.127** | **1.283** | **465** | **6.310** | **1.784** | **26.063** |

The depreciation charged to the results is presented in Note 22. There are no mortgages or mortgage liens or other encumbrances registered in respect of the assets to cover loans.

## 5. Intangible assets (consolidated and separate)

| Group | | | | | |
|---|---|---|---|---|---|
| | **Software Applications** | **Leases** | **Concessions and industrial property rights** | **Total** | **Goodwill** |
| ***Acquisition cost*** | | | | | |
| **Opening balance as at 01.01.2015** | **856** | **-** | **418.600** | **419.456** | **181.100** |
| Additions | 54 | - | - | **54** | 0 |
| Additions due to acquisition of subsidiary | 0 | - | - | - | 264 |
| Impairment loss | 0 | - | - | - | (264) |
| Absorption of sector | 0 | - | - | - | 0 |
| **Balance on 31.12.2015** | **910** | - | **418.600** | **419.510** | **181.100** |
| **Opening balance as at 01.01.2016** | **910** | - | **418.600** | **419.510** | **181.100** |
| Additions | 79 | - | - | **79** | - |
| **Balance on 31.12.2016** | **989** | - | **418.600** | **419.589** | **181.100** |
| | | - | | | |
| ***Accumulated depreciation*** | | - | | | |
| **Opening balance as at 01.01.2015** | **335** | - | **20.574** | **20.909** | - |
| Depreciation for the year | 180 | - | 11.975 | **12.155** | - |
| Depreciation on absorption of sector | 0 | - | 0 | **0** | - |
| **Balance on 31.12.2015** | **515** | - | **32.549** | **33.064** | - |
| **Opening balance as at 01.01.2016** | **515** | - | **32.549** | **33.064** | - |
| Depreciation for the year | 182 | - | 11.972 | **12.154** | - |
| **Balance on 31.12.2016** | **697** | - | **44.521** | **45.218** | - |
| | | - | | | |
| ***Carried value on 31.12.2015*** | **395** | - | **386.051** | **386.446** | **181.100** |
| | | - | | | |
| ***Carried value on 31.12.2016*** | **292** | - | **374.079** | **374.371** | **181.100** |

| Company | | | | | |
|---|---|---|---|---|---|
| | Software Applications | Leases | Concessions and industrial property rights | Total | Goodwill |
| ***Acquisition cost*** | | | | | |
| **Opening balance as at 01.01.2015** | **751** | - | **418.600** | **419.351** | **181.100** |
| Additions | 49 | - | - | **49** | - |
| Absorption of sector | 1 | - | - | **1** | - |
| **Balance on 31.12.2015** | **801** | - | **418.600** | **419.401** | **181.100** |
| **Opening balance as at 01.01.2016** | **801** | - | **418.600** | **419.401** | **181.100** |
| Additions | 79 | - | 0 | **79** | - |
| **Balance on 31.12.2015** | **880** | - | **418.600** | **419.480** | **181.100** |
| | | - | | | |
| ***Accumulated depreciation*** | | - | | | |
| **Opening balance as at 01.01.2015** | **308** | - | **20.552** | **20.860** | - |
| Depreciation for the year | 158 | - | 11.972 | **12.130** | - |
| Absorption of sector | 0 | - | 0 | **0** | - |
| **Balance on 31.12.2015** | **466** | - | **32.524** | **32.990** | - |
| **Opening balance as at 01.01.2016** | **466** | - | **32.524** | **32.990** | - |
| Depreciation for the year | 161 | - | 11.972 | **12.133** | - |
| **Balance on 31.12.2016** | **627** | - | **44.496** | **45.123** | - |
| | | - | | | |
| ***Carried value on 31.12.2015*** | **335** | - | **386.076** | **386.411** | **181.100** |
| | | | | | |
| ***Carried value on 31.12.2016*** | **253** | **0** | **374.104** | **374.357** | **181.100** |

The depreciation charged to the results is presented in Note 22.

## 6. Other long-term financial receivables

| **(Amounts in € '000)** | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| **Other long-term assets** | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| *Guarantees for Rents* | 4.171 | 4.097 | 3.472 | 3.500 |
| *Long-term receivable for staff leaving provision of outsourced staff on loan* | 312 | 265 | - | - |
| *Other guarantees* | 104 | 87 | 97 | 80 |
| **Σύνολο** | **4.587** | **4.449** | **3.569** | **3.580** |

## 7. Inventories

Inventories are measured at either acquisition value or net realisable value whichever is lower, as specified in IAS 2.

| (Amounts in € '000) | GROUP | | COMPANY | |
|---|---|---|---|---|
| **Inventories** | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| ***Merchandise*** | 41.652 | 46.131 | 38.178 | 42.068 |
| ***Less:*** *Provisions for financially obsolete and damaged merchandise* | (3.740) | (3.516) | (3.322) | (3.322) |
| **Σύνολο** | **37.912** | **42.615** | **34.856** | **38.746** |

## 8. Trade receivables and other current assets

| (Amounts in € '000) | GROUP | | COMPANY | |
|---|---|---|---|---|
| **Trade receivables** | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| Trade receivables (customers) | 5.616 | 5.356 | 840 | 1.678 |
| Trade receivables (related parties) | - | - | 707 | 64 |
| Trade receivables (credit cards) | 234 | 16 | 233 | 16 |
| Cheques receivable (post-dated) | 1 | 1 | - | - |
| Provision for bad debt | (473) | (489) | (55) | (55) |
| **Total** | **5.378** | **4.884** | **1.725** | **1.703** |

| (Amounts in € '000) | GROUP | | COMPANY | |
|---|---|---|---|---|
| **Other current assets** | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| Receivables from marketing services | 5.474 | 5.054 | 3.334 | 3.367 |
| Prepayments for stocks | 445 | 645 | 445 | 645 |
| Prepaid expenses | 278 | 763 | 275 | 757 |
| Advances to staff | 186 | 179 | 174 | 170 |
| Receivables from the State | 30 | 12 | 19 | 5 |
| Other receivables | 641 | 308 | 428 | 78 |
| **Σύνολο** | **7.054** | **6.961** | **4.675** | **5.022** |

A provision for bad debt was formed after examining each customer / debtor's ability to pay its balance, taking into account the age of that debt. The trade receivables of the company and most of the Group come from marketing and advertising service revenues.

The trade receivables and other receivables ageing is presented below:

**GROUP**

| Trade receivables turnover ratio (Amounts in € '000) | Receivables due but not impaired 0 - 3 months | 3 - 6 months | 6-12 months | > year | Receivables not due and not impaired | Total |
|---|---|---|---|---|---|---|
| 2016 | 1.309 | 437 | 667 | 528 | 9.493 | **12.432** |
| 2015 | 105 | 88 | 61 | 939 | 10.652 | **11.845** |

**COMPANY**

| Trade receivables turnover ratio (Amounts in € '000) | Receivables due but not impaired 0 - 3 months | 3 - 6 months | 6-12 months | > year | Receivables not due and not impaired | Total |
|---|---|---|---|---|---|---|
| 2016 | 231 | 71 | 35 | 500 | 5.564 | **6.400** |
| 2015 | - | - | - | 602 | 6.123 | **6.725** |

## 9. Cash and cash equivalents

| **(Amounts in € '000)** | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| **Cash and cash equivalents** | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| *Cash on hand* | 1.087 | 4.923 | 1.022 | 3.807 |
| *Cash at Bank and time deposits* | 8.463 | 7.397 | 5.259 | 4.708 |
| **Total** | **9.550** | **12.320** | **6.281** | **8.515** |

## 10. Equity attributable to Group – Company shareholders

The Company's share capital thus stood at € 500,000 divided into 10,000 shares with a nominal value of € 50 each.

On 15.11.2012 the Company's Extraordinary General Meeting of Shareholders decided to increase the Company's share capital by € 11,000,000 by issuing 220,000 new shares with a nominal value of € 50 each.

The Board of Directors decision of 24.1.2013 confirmed that part of the share capital increase decided on by the Extraordinary General Meeting of 15.11.2012 had been paid (namely € 6,500,000) and 130,000 new ordinary registered shares with a nominal value of € 50 each were issued.

The Company's Extraordinary General Meeting decided on 19.3.2013 to increase the share capital by a contribution in kind of the travel retail sector of the company with the corporate name Folli-Follie Trading, Manufacturing and Construction Co. S.A., trading as Folli-Follie Group in accordance with the provisions of Legislative Decree 1297/1972, which sector was worth € 390,534,600 plus a payment of € 400 in cash, bring the Company's share capital to € 397,535,000 divided into 7,950,700 registered shares with a nominal value of € 50 each.

The 'Other reserves' relate to the Group and Company and primarily involve capital gains tax of € 3,965 thousand for the Group and € 3,901 thousand for the Company, which is presented as reducing equity but also involve the formation of a statutory reserve for 2014 and 2015.

## 11. Borrowings

Borrowings can be broken down as follows:

| | Group | | Company | |
|---|---|---|---|---|
| **Borrowings** | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| **Δανειακά κεφάλαια** | | | | |
| Intercompany loan | 101.100 | 166.600 | 101.100 | 166.600 |
| Less: Loan arrangement fees | (619) | (1.240) | (619) | (1.240) |
| Short-term bank loans | 39.471 | 30.114 | 39.471 | 30.114 |
| **Total** | **139.952** | **195.474** | **139.952** | **195.474** |
| Long-term loan obligations | - | 99.860 | - | 99.860 |
| Short-term loan obligations | 139.952 | 95.614 | 139.952 | 95.614 |
| **Total** | **139.952** | **195.474** | **139.952** | **195.474** |
| **Bank Loans** | | | | |
| Over 5 years | | | | |
| From 1 to 5 years | - | 99.860 | - | 99.860 |
| Up to 1 year | 139.952 | 95.614 | 139.952 | 95.614 |
| **Total** | **139.952** | **195.474** | **139.952** | **195.474** |

On 11.4.2013 when the travel retail sector of Folli-Follie S.A. was absorbed, the Company assumed loans of € 335,000,000 but on 22.4.2013 these were substituted by a corporate bond for the same amount. On 12.12.2013 when the Company's entire share capital was acquired by DUFRY, the parent company issued a new loan of € 287,508,000 to HDFS S.A., € 285,000.000 of which was used to repay the balance of the corporate bond and € 2,508,000 relates to the parent company's expenses for issuing the loan. The new loan is for 4 years at the Euribor rate + a 575 BP margin. During the year, instalments are being repaid of total amount € 65,5 million and the interest incurred during the use amounted to € 8 million.

In 2015 , after the imposition of restrictions on movement of capital (Capital controls) the Company received short-term lending through overdraft bank account, so to be able to meet its financial obligations to suppliers . That borrowing amounted ,on 31.12.2016 σε € 39,4 million. This rate is 2%. The interest of this short-term loan that burdened the income statement amounted to € 706 thousand.

On 3.4.2016 the parent company issued a new loan of €90 million to HDFS S.A, € 40 million of which was used to repay short-term loan obligations and € 50 ,millions of which was used to pay in advance to FRAPORT ως προκαταβολή due to future leases. The new loan is for 2 years. This rate is 5,75%. For all related party borrowings, the company received confirmation from parent company Dufry AG for its financial support through prolongation of repayment of intra-group loan installments if and when deemed necessary.

## 12. Staff retirement liabilities

| | Group | | Company | |
|---|---|---|---|---|
| | **01.01. - 31.12.2016** | **01.01. - 31.12.2015** | **01.01. - 31.12.2016** | **01.01. - 31.12.2015** |
| **Amounts recognised in the balance sheet** | | | | |
| Present value of liabilities | 5.389 | 5.273 | 5.006 | 4.926 |
| Fair value of plan assets | - | - | - | - |
| **Net liability recognised in balance sheet** | **5.389** | **5.273** | **5.006** | **4.926** |
| **Amounts recognised in income statement** | | | - | - |
| Cost of current employment | 162 | 169 | 127 | 131 |
| Net interest on liability / (assets) | 89 | 74 | 81 | 67 |
| Recognition of past service cost | 816 | 19 | 816 | 19 |
| Cost of cutbacks / settlements / termination of service | 2.441 | 140 | 2.286 | 101 |
| **Total expenses in income statement** | **3.508** | **402** | **3.310** | **318** |
| **Change in present value of liability** | | | | |
| Present value of liability at start of period | 5.273 | 5.192 | 4.926 | 4.854 |
| Present value of liability from absorption of sector | 162 | 169 | 127 | 131 |
| Cost of current employment | 89 | 74 | 81 | 67 |
| Cost of interest | (3.624) | (307) | (3.431) | (255) |
| Benefits paid by employer | 2.441 | 140 | 2.286 | 100 |
| Cost of cutbacks / settlements / termination of service | 816 | 19 | 816 | 19 |
| Cost of past service during the period | 168 | (89) | 129 | (69) |
| Actuarial losses / (gains) – financial assumptions | - | - | - | - |
| Actuarial losses / (gains) – demographic assumptions | 64 | 75 | 72 | 79 |
| **Actuarial losses / (gains) – experience from period** | **5.389** | **5.273** | **5.006** | **4.926** |
| **Adjustments** | | | | |
| Adjustments to liabilities from changes in hypotheses | (168) | 89 | (129) | 69 |
| Empirical adjustments to liabilities | (64) | (75) | (72) | (79) |
| **Total Actuarial gains/(losses) in equity** | **(232)** | **14** | **(201)** | **(10)** |
| Other adjustments in equity | - | - | | |
| **Total amount recognised in equity** | **(232)** | **14** | **(201)** | **(10)** |
| **Changes in net liability recognised in the balance sheet** | | | | |
| Net liability at beginning of period | 5.273 | 5.192 | 4.926 | 4.854 |
| Benefits paid by employer | (3.624) | (307) | (3.431) | (255) |
| Total expense recognised in income statement | 3.508 | 402 | 3.310 | 317 |
| Total amount recognised in equity | 232 | (14) | 201 | 10 |
| **Net liability at end of period** | **5.389** | **5.273** | **5.006** | **4.926** |
| **Cash flows** | | | | |
| Expected benefits from plan over next year | 104 | 627 | 100 | 623 |
| **Actuarial assumptions** | | | | |
| Discount Rate | 1,61% | 1,76% | | |
| Future salary increases | 0,00% | 0,00% | | |
| Duration of liabilities | 10 | 7,16 | | |

## 13. Other long-term provisions

| (Amounts in € '000) | GROUP | | company | |
|---|---|---|---|---|
| **Other long-term provisions** | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| *Provision for additional taxes & duties* | 1.553 | 2.098 | 1.553 | 2.098 |
| *Provisions for contingencies & expenses* | 63 | 63 | 63 | 63 |
| **Total** | **1.616** | **2.161** | **1.616** | **2.161** |

**<u>Provision for additional taxes & duties</u>**

### A) Provisions for pending customs cases

**I.** Petitions for stays of proceedings filed by the Company and its executives before the Thessaloniki Administrative Court of First Instance / Court of Appeal against decisions of the Thessaloniki Airport 5th Customs Office concerning retail sale receipts for duty-free items which were purported to have been wrongly issued by the company's shop at the Macedonia Airport in the period from July 2001 to June 2005 are pending. The contested decisions have imposed tax liabilities (excise duty and VAT) on the Company and the natural persons cited therein (as estimated by the authority which issued them) as well as duties which are 3 times the tax charges (multiplier fines) as well as duties payable to the Special Fund for the Quality Control and Production of Alcohol and Alcoholic Drinks (ETEPPAA) and stamp duty, in accordance with the law. The total amount involved is € 9.608 thou.

Exercising its lawful rights the Company sought to an order staying the collection of 70% of those multiplier duties and 50% of the tax charges imposed and paid the Greek State a total of € 4.666 thou. in relation to those decisions, and has formed a provision of € 4.980 thou. to cover any potential loss arising from those decisions.

Moreover, having audited the months of February, March and May 2001 the Thessaloniki Airport 5th Customs Office entirely accepted the Company's views and imposed significantly lower tax charges than those specified in the audit reports prepared by the Thessaloniki Customs Audit Unit.

Note that it was not considered necessary to file additional petitions for stays of proceedings due (a) to the publication of Law 3900/2010 and (b) the fact that the Company is clearly able to pay the suspended multiplier fines and tax charges imposed by law or otherwise.

Finally, it is noted that in 2014, were heard 18 of the 48 cases in which the courts have confirmed that there was at the time, right to make tax-free sales to passengers with direct destination within EU and a final destination outside the EU and in one of these cases the court upheld the company's appeal. Following the above, the Management of the Company believes that it will be successful in its bid to annul the detriment of issued imputation acts and considers ultimately that the amount that should be paid by the Company will not exceed the 30% of the total expected amounts charged. Allocated for the therefore, the company reversed in the income statement the provision of € 2.882 thou.. Two decisions of the Administrative Court of Appeal of Thessaloniki were issued in 2016, which rejected two of the company's appeals respectively. As a result, the company paid € 544,372.93 in favour of Thessaloniki Airport Customs. This amount was covered by the provision made, the balance of which at 31.12.2016 amounted to € 1.553 thousand.

### B) Provisions for contingent tax liabilities.

The Company has settled old tax affairs up to 2009. The year 2010 has not yet been audited by the tax authorities.

From 2011 onwards, pursuant to Article 82(5) of Law 2238/1994 companies in the Group whose financial statements must be audited by a statutory auditor or auditing firm in line with the provisions of Law 2190/1920 undergo a tax audit by the statutory auditor or auditing firm and receive an annual Tax Certificate. The provisions of Article 6 (1a) of Ministerial Decision 1159/2011 have to apply for that year to be considered settled.

Within the years 2014, 2015 and 2016 unqualified Tax Certificates were issued in line with Article 82(5) of Law 2238/94 for the tax audits carried out on the company for fiscal years 2013,2014 and 2015 . In 2014 the Tax Certificate was issued regarding the fiscal year 2013 with unqualified audit opinion with emphasis of a matter. This opinion (matter that do not affect auditor's opinion) states that in terms of the spin-off in travel retail sector from Folli Follie SA (the contributor) and contribution thereby to the Company (the absorbing company), the assets were valued in compliance with the relevant provisions of Law 1297/1972 and Article 9 of Codified Law 2190/1920. The valuation report prepared by the certified public accountants included, inter alia, the staff compensation provision account (worth around € 5.7 million) and the deferred tax liability account (worth around € 7.1 million) which did not pre-date the spin-off and contribution of the sector in the tax records kept by the contributor. Those accounts were included in the absorbing company's tax records but were not valued on 31.12.2013, 31.12.2014, 31.12.2015, and 2016 since the Company considers that that is not required by any provision of tax law and secondly any valuation would not give rise to any present or future contingent tax liability.The same unqualified Tax Certificate issued in 2014 also adopted in 2015..

In 2016 the Company and its subsidiary underwent a tax audit by certified public accountants as required by the provisions of Article 82(5) of Law 2238/1994. That audit is under way and the relevant tax certificate is expected to be issued after the 2016 financial statements are published. Upon completion of the tax audit, the management of both the Company and the subsidiary are not expecting major tax liabilities to arise other than those recorded and disclosed in the financial statements.

**Provisions for contingencies & expenses**

The company has formed a provision of € 63 thousand for various pending cases.

## 14. Trade and other liabilities

| (Amounts in € '000) | GROUP | | COMPANY | |
|---|---|---|---|---|
| **Trade and other liabilities** | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| Trade liabilities | 20.355 | 15.530 | 18.710 | 12.833 |
| Cheques payable – notes & promissory notes payable | 111 | - | - | - |
| **Trade liabilities** | **20.466** | **15.530** | **18.710** | **12.833** |
| Rent liabilities | 4.892 | 4.240 | 4.677 | 4.155 |
| Other liabilities | 6.160 | 5.495 | 5.554 | 4.347 |
| Staff expenditure liabilities | 3.867 | 4.099 | 3.510 | 3.693 |
| Other tax liabilities | 2.112 | 1.785 | 1.855 | 1.666 |
| **Other liabilities** | **17.031** | **15.619** | **15.596** | **13.861** |

## 15. Income tax

The income tax expense/(income) shown in the attached consolidated and separate financial statements can be broken down as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31/12 | | 31/12 | |
| | 2016 | 2015 | 2016 | 2015 |
| **Continuing Operations** | | | | |
| Cost of current income tax | 16.968 | 15.664 | 16.427 | 15.122 |
| Deferred income tax cost/(gain) | (3.354) | 5.939 | (3.307) | 6.048 |
| **Total provision for income tax shown in the financial statements** | **13.614** | **21.603** | **13.120** | **21.170** |

The provision for income tax (calculated by applying the Greek tax rate application to earnings before tax) can be summarised as follows:

| | THE GROUP | | H ETAIPEIA | |
|---|---|---|---|---|
| | 31/12 | | 31/12 | |
| | 2016 | 2015 | 2016 | 2015 |
| **Earnings / (losses) before tax** | **45.209** | **52.160** | **43.921** | **51.120** |
| Income tax cost/(gain) calculated at current tax rate (29% for 2015 and 26% for 2014) | 13.111 | 15.126 | 12.737 | 14.825 |
| Tax effect on deferred tax liability of rate change to 29% from 26% | - | 9.013 | - | 9.013 |
| Tax effect of reversal provision for unaudited tax years as unused (Note. 13) | - | (2.724) | - | (2.724) |
| Tax effect of reversing provisions for which no deferred tax asset had been recognized as deductible. | - | (312) | - | (312) |
| Tax effect of crossing out intra-group profits | 3 | (19) | - | - |
| Tax effect of non taxable income and expenses not deductible for tax purposes | 415 | 432 | 383 | 368 |
| Dividends in the form of bonuses to staff on which no tax was calculated but withheld in the liquidation | 85 | 87 | - | - |
| **Provision for Income Tax** | **13.614** | **21.603** | **13.120** | **21.170** |
| **Effective income tax rate** | **29%** | **41%** | **29%** | **41%** |

Greek tax legislation and the relevant provisions are interpreted by the tax authorities. Income tax returns are submitted each year but the profits and losses declared for taxation purposes are considered temporary until the tax authorities audit the tax returns and books of the taxpayer at which time the relevant tax obligations will be finalised. Tax losses, to the extent they are recognised by tax authorities, may be used to offset the profits of the five years following the respective financial year.

**Tax Compliance Report:**

From 2011 onwards, Greek societies anonym and limited liability companies whose annual financial statements must be audited by a statutory auditor or auditing firm in accordance with the provisions of Law 2190/1920 or Law 3190/1955 respectively are obliged to obtain the annual tax certificate specified in Article 82(5) of Law 2238/1994 issued after a tax audit is carried out by the statutory auditor or auditing firm which audits their annual financial statements. After the tax audit is completed, the statutory auditor or auditing firm will provide the company with a tax compliance report and then the statutory auditor or auditing firm will submit it online to the Ministry of Finance within 10 days from the last date for approval of the Company's financial statements by the General Meeting of Shareholders. The Ministry of Finance will then select a sample of companies (around 9%) to be audited by the Ministry's competent auditing authorities. That audit must be completed within a period of no more than 18 months from the date on which the tax compliance report was submitted to the Ministry of Finance.

For the year 2016, the Company and its subsidiary are subject to tax audit of Certified Auditors, in line with Article 82(5) of Law 2238/1994. This audit is in progress and the related tax certificate is to be granted after publication of the financial statements for the year 2015. Upon completion of the tax audit, the management of both the Company and the subsidiary are not expecting major tax liabilities to arise other than those recorded and disclosed in the financial statements.

## 16. Deferred income tax

Deferred taxes relate to temporary differences between the book value and tax basis of assets and liabilities and are calculated using the official tax rates.

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31/12 | | 31/12 | |
| | 2016 | 2015 | 2016 | 2015 |
| **(Amounts in € '000)** | | | | |
| Opening balance (net deferred tax asset/liability | (87.119) | (81.179) | (87.291) | (81.246) |
| Debit)/credit in consolidated income statement | 3.354 | (5.939) | 3.307 | (6.048) |
| Directli recognised in other comprehensive income | 60 | (1) | 58 | 3 |
| **Closing balance (net deferred tax asset)** | **(83.705)** | **(87.119)** | **(83.926)** | **(87.291)** |

The deferred tax assets and liabilities recognised in the attached consolidated and separate statements of financial position and consolidated and separate income statements can be broken down as follows:

| | Statement of Financial Position | | | | |
|---|---|---|---|---|---|
| | THE GROUP | | THE GROUP | THE GROUP | |
| | 31/12 | | 31/12 | 31/12 | |
| **(Amounts in € '000)** | **2016** | **2015** | | **2016** | **2015** |
| **Deferred tax liabilities** | | | | | |
| - Property, plant and equipment | (830) | (435) | | (821) | (428) |
| - Intangible assets | 86.683 | 89.493 | | 86.694 | 89.506 |
| - Loan expenses | 180 | 359 | | 180 | 359 |
| - for liabilities | 687 | 687 | | 656 | 656 |
| **Gross deferred tax liabilities** | **86.720** | **90.104** | | **86.709** | **90.093** |
| **Deferred tax assets** | | | | | |
| - Staff leaving compensation | 1.474 | 1.459 | | 1.445 | 1.421 |
| - Provisions | 1.530 | 1.515 | | 1.328 | 1.371 |
| - Other | 11 | 11 | | 10 | 10 |
| **Gross deferred tax assets** | **3.015** | **2.985** | | **2.783** | **2.802** |
| **Net deferred tax liabilities** | **83.705** | **87.119** | | **83.926** | **87.291** |

| | Income statement | | | | |
|---|---|---|---|---|---|
| | THE GROUP | | THE GROUP | THE GROUP | |
| | 31/12 | | 31/12 | 31/12 | |
| **(Amounts in € '000)** | **2016** | **2015** | | **2016** | **2015** |
| **Deferred tax liabilities** | | | | | |
| - Property, plant and equipment | 395 | 302 | | 393 | 299 |
| - Intangible assets | 2.810 | (6.773) | | 2.812 | (6.772) |
| - Loan expenses | 179 | 124 | | 179 | 124 |
| - for liabilities | - | (70) | | - | (67) |
| **Deferred tax assets** | | | | | |
| - Staff leaving compensation | (45) | 178 | | (34) | 163 |
| - Provisions | 15 | 298 | | (43) | 204 |

| | | | | |
|---|---|---|---|---|
| - Other | - | 2 | - | 1 |
| **Deferred income tax cost/(gain) in Income Statement** | **3.354** | **(5.939)** | **3.307** | **(6.048)** |
| **Amounts entered direct in other comprehensive income** | | | | |
| **Actuarial gains / (losses)** | **60** | **2** | **58** | **3** |

## 17. Sales

Turnover per operating segment shown in paragraph 3 of the notes to the financial statements can be broken down as follows. The table below shows the breakdown of sales per market category:

| **(Amounts in € '000)** | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| **Sales** | **1/1-31/12/2016** | **1/1-31/12/2015** | **1/1-31/12/2016** | **1/1-31/12/2015** |
| Duty free sales | 168.724 | 174.278 | 160.969 | 166.215 |
| Taxed sales | 119.083 | 121.628 | 107.668 | 110.428 |
| **Σύνολο** | **287.807** | **295.906** | **268.637** | **276.643** |

## 18. Cost of Goods Sold

| **(Amounts in € '000)** | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| **Κόστος Πωληθέντων** | **1/1-31/12/2016** | **1/1-31/12/2015** | **1/1-31/12/2016** | **1/1-31/12/2015** |
| **Cost of Goods Sold** | 133.483 | 136.933 | 120.348 | 124.066 |
| Cost of merchandise | 1.165 | 893 | 916 | 758 |
| Merchandise valuation differences | 230 | 272 | 164 | 195 |
| **Total** | **134.878** | **138.098** | **121.428** | **125.019** |

## 19. Selling expenses

| **(Amounts in € '000)** | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| **Marketing costs** | **1/1-31/12/2016** | **1/1-31/12/2015** | **1/1-31/12/2016** | **1/1-31/12/2015** |
| Concessions | (31.350) | (31.913) | (29.099) | (29.457) |
| Advertising commission and expenses | (1.697) | (1.193) | (1.631) | (1.146) |

| | | | | |
|---|---|---|---|---|
| Credit card commission | (1.157) | (1.182) | (1.109) | (1.142) |
| Packaging materials | (575) | (668) | (505) | (619) |
| Other | (329) | (222) | (319) | (210) |
| **Selling expenses** | **(35.108)** | **(35.178)** | **(32.663)** | **(32.574)** |
| Commission Income | 426 | 196 | 294 | 196 |
| Other | 306 | 200 | 119 | 88 |
| **Sales revenues** | **732** | **396** | **413** | **284** |
| **Total** | **(34.376)** | **(34.782)** | **(32.250)** | **(32.290)** |

## 20. Staff expenses

| **(Amounts in € '000)** | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| **Staff expenses** | **1/1-31/12/2016** | **1/1-31/12/2015** | **1/1-31/12/2016** | **1/1-31/12/2015** |
| Staff salaries | 31.098 | 32.611 | 26.677 | 27.751 |
| Staff social security contributions | 7.379 | 7.594 | 6.409 | 6.545 |
| Retirement compensation | 222 | 498 | 130 | 362 |
| Staff benefits and expenses | 786 | 846 | 756 | 817 |
| **Σύνολο** | **39.485** | **41.549** | **33.972** | **35.475** |

## 21. Overheads

| **(Amounts in € '000)** | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| **General** | **1/1-31/12/2016** | **1/1-31/12/2015** | **1/1-31/12/2016** | **1/1-31/12/2015** |
| Repairs, maintenance and building utilities | 2.428 | 2.596 | 2.342 | 2.477 |
| Electronic equipment costs | 436 | 403 | 423 | 387 |
| Building and warehouse rents | 3.319 | 2.461 | 3.271 | 2.420 |
| Fees for legal and consulting services | 1.212 | 1.401 | 1.145 | 1.281 |
| Travel, car and PR costs | 1.237 | 1.344 | 1.176 | 1.287 |
| Advertising costs | 1 | 4 | 1 | 4 |
| Bank expenses | 262 | 273 | 191 | 178 |
| Insurance | 296 | 268 | 269 | 241 |
| Other office expenses | 1.064 | 1.033 | 1.021 | 990 |
| Taxes & duties | 584 | (589) | 552 | (623) |
| **Total** | **10.839** | **9.194** | **10.391** | **8.642** |

## 22. Depreciation

| (Amounts in € '000) Depreciation | GROUP 1/1-31/12/2016 | GROUP 1/1-31/12/2015 | COMPANY 1/1-31/12/2016 | COMPANY 1/1-31/12/2015 |
|---|---|---|---|---|
| Depreciation of tangible assets | 4.224 | 3.828 | 4.135 | 3.762 |
| Amortization of intangible assets | 12.154 | 12.155 | 12.133 | 12.130 |
| **Σύνολο** | **16.378** | **15.983** | **16.268** | **15.892** |

## 23. Other operating results

| (Amounts in € '000) Other operating expenses | GROUP 1/1-31/12/2016 | GROUP 1/1-31/12/2015 | COMPANY 1/1-31/12/2016 | COMPANY 1/1-31/12/2015 |
|---|---|---|---|---|
| Ancillary income from services to third parties | 1 | 5 | 1 | 5 |
| Other extraordinary income | 40 | 206 | 25 | 188 |
| Prior period income | 32 | 49 | 32 | 49 |
| **Total** | **73** | **260** | **58** | **242** |
| **(Amounts in € '000) Other operating expenses** | **GROUP 1/1-31/12/2016** | **GROUP 1/1-31/12/2015** | **COMPANY 1/1-31/12/2016** | **COMPANY 1/1-31/12/2015** |
| Losses from sale/impairment of assets | (540) | 46 | (540) | 46 |
| Other extraordinary expenses | (685) | (770) | (636) | (725) |
| Staff restructuring costs | (3.540) | - | (3.454) | - |
| Other taxes & duties | - | (24) | - | (25) |
| Writing off of receivables | (14) | (217) | (8) | (54) |
| **Total** | **(4.779)** | **(965)** | **(4.638)** | **(758)** |
| **Other operating results** | **(4.706)** | **(705)** | **(4.580)** | **(516)** |

Asset impairment losses arose due to removal and destruction of fixed assets in the Extra Schengen area of the terminal at the El. Venizelos Athens International Airport, due to refurbishment and renovation of facilities there.

## 24. Financial expenses and income

| (Amounts in € '000) Financial income | GROUP 1/1-31/12/2016 | GROUP 1/1-31/12/2015 | COMPANY 1/1-31/12/2016 | COMPANY 1/1-31/12/2015 |
|---|---|---|---|---|
| Interest on cash assets | 145 | 45 | 126 | 30 |
| Other interest | - | - | - | - |
| Other financial income | - | - | - | - |
| **Total** | **145** | **45** | 126 | **30** |

| (Amounts in € '000) Financial Expenses | GROUP 1/1-31/12/2016 | GROUP 1/1-31/12/2015 | COMPANY 1/1-31/12/2016 | COMPANY 1/1-31/12/2015 |
|---|---|---|---|---|
| Interest and amortization of borrowing costs | (11.145) | (13.664) | (11.145) | (13.664) |
| Actuarial report finance costs | (83) | (68) | (81) | (67) |
| **Σύνολο** | **(11.228)** | **(13.732)** | **(11.226)** | **(13.731)** |

## 25. Earnings per share

| (Amounts in € '000) | GROUP | | COMPANY | |
|---|---|---|---|---|
| **Earnings per share** | **1/1-31/12/2016** | **1/1-31/12/2015** | **1/1-31/12/2016** | **1/1-31/12/2015** |
| *Net profits / losses for the period* | 31.449 | 30.533 | 30.658 | 29.943 |
| ***Allocated to:*** | | | | |
| *Parent company shareholders* | 31.449 | 30.533 | 30.658 | 29.943 |
| *Minority interests* | - | - | | |
| *Weighted average number of shares* | 7.951 | 7.951 | 7.951 | 7.951 |
| **Total** | **3,95** | **3,84** | **3,85** | **3,77** |

## 26. Transactions and balances with related parties

The transactions below are transactions with related parties as defined in IAS 24.

| Transactions between the parent company and subsidiaries | | |
|---|---|---|
| **(Amounts in € '000)** | **1/1-31/12/2016** | **1/1-31/12/2015** |
| Sales of goods | 4.210 | 5.546 |
| Sales of services | - | - |
| Rents – other | 18 | 12 |
| Purchases of goods | 560 | 493 |
| Receipt of services – other expenses | 4 | 7 |

| Parent company transactions with other related parties | | |
|---|---|---|
| **(Amounts in € '000)** | **1/1-31/12/2016** | **1/1-31/12/2015** |
| Sales of goods | 621 | 136 |
| Sale of services – other income | 34 | 52 |
| Purchases of goods | 36.833 | 27.065 |
| Receipt of services – other expenses | 10.037 | 12.890 |

| Group transactions with other related parties | | |
|---|---|---|
| **(Amounts in '000)** | **1/1-31/12/2016** | **1/1-31/12/2015** |
| Sales of goods | 775 | 227 |
| Sale of services – other income | 34 | 52 |
| Purchases of goods | 36.913 | 27.065 |
| Receipt of services – other expenses | 10.037 | 12.890 |

| Closing balance | **31/12/2016** | **31/12/2015** |
|---|---|---|
| **Parent company** | | |
| **From subsidiaries** | | |
| Receivables | 64 | 64 |
| Liabilities | 633 | 243 |
| **From other related parties** | | |
| Receivables | 643 | 4 |
| Liabilities | 110.420 | 169.558 |
| **Group** | | |
| **From other related parties** | | |
| Receivables | 970 | 236 |
| Liabilities | 110.420 | 169.558 |

Management fees for the years 2016 and 2015 amounted to: For the Group at € 2.005 thousand and € 1.781 thousand. And for the company at € 1,678 thousand and € 1,472 thousand, respectively.

## 27. Contingent liabilities and liens

The Group and Company and provided third parties with guarantee letters of € 14,2 million and € 10,9 million respectively to secure contingent liabilities to those parties, which are not shown in the consolidated balance sheet. These are primarily guarantee letters to customs offices to secure excise duty and to lessors of premises where the Group operates its shops..

There are no mortgages or mortgage liens or other encumbrances registered in respect of the assets to cover loans.

## 28. Number of staff employed

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| Permanent staff | 1.133 | 1.165 | 982 | 1.002 |
| Seasonal staff | 104 | 145 | 98 | 130 |
| **Total** | **1.237** | **1.310** | **1.080** | **1.132** |

## 29. Financial risk management

### 29.1 Liquidity Risk

Prudent management of liquidity risk requires (a) adequate cash collateral and (b) the availability of financing via adequate credit facilities. Due to the dynamic nature of its activities, the Group has flexible financing in place with large un-used credit limits from short-term bank loans. The Treasury prepares expected cash flow statements which are reviewed by Management in order to better plan liquidity management.
Despite the financial crisis and the restricted amount of liquidity worldwide, the Group has maintained high liquidity thanks to the fact that most of its sales are retail and has ensured that liquidity has improved by keeping costs down and by successfully managing inventories.

The borrowings and other liabilities of the Group and Company, classified by maturity date, are presented in the table below:

| **The Group** | | | | | |
|---|---|---|---|---|---|
| **Liquidity analysis** | | | | | |
| **on 31.12.16** | ***Average interest rate*** | ***Up to 1 year*** | ***From 1 to 5 years*** | ***Over 5 years*** | ***Total*** |
| Floating rate loans | 5,51% | 100.481 | - | - | 100.481 |
| Constant rate loans | 2,00% | 39.471 | | | 39.471 |
| Suppliers, etc., interest-free liabilities | | 37.497 | - | - | 37.497 |
| | | **177.449** | **-** | **-** | **177.449** |

| The Group | | | | | |
|---|---|---|---|---|---|
| **Liquidity analysis** | | | | | |
| **on 31.12.16** | ***Μέσο επιτόκιο*** | ***Έως 1 έτος*** | ***Από 1 έως 5 έτη*** | ***Άνω των 5 ετών*** | ***Σύνολα*** |
| Floating rate loans | 5,51% | 100.481 | - | - | 100.481 |
| Constant rate loans | 2,00% | 39.471 | | | 39.471 |
| Suppliers, etc., interest-free liabilities | | 34.306 | - | - | 34.306 |
| | | **174.258** | **-** | **-** | **174.258** |

**Fair value scale**

The Group and Company use the following scale to determine and disclose the fair value of financial instruments for each valuation technique:

Level 1: Negotiable (non-adjusted) prices on active markets for similar assets or liabilities.

Level 2: Other techniques for which all data with a major impact on recorded fair value are directly or indirectly observable.

Level 3: Techniques that use data with a major impact on recorded fair value not based on observable market data.

During the year, there were no transfers between these levels.

| | GROUP AND COMPANY | | |
|---|---|---|---|
| | **Fair value** | | **Fair value scale** |
| **(Amounts in '000)** | **2016** | **2015** | |
| Financial Assets | | | |
| Investments in CretaNet Available for Sale | 30 | 30 | Level 3 |

**Financial assets presented at fair value through P&L:**

The financial assets at fair value through profit and loss can be broken down as follows:

| | GROUP AND COMPANY | |
|---|---|---|
| | **31/12** | |
| **(Amounts in '000)** | **2016** | **2015** |
| Unlisted shares: | | |
| CRETANET: | 30 | 30 |
| Total financial assets presented at fair value through P&L | 30 | 30 |

Financial assets at fair value through profit and loss consist of investments in ordinary shares. These investments have been classified as financial assets at fair value through profit and loss while the difference in fair values is entered in the income statement. In the year which ended on 31.12.2016 the value of such investments was € 30.

## 29.2 Capital management

The Group's capital management objective is to ensure uninterrupted operation of its business activities and implementation of its growth plans while also ensuring excellent credit ratings. To manage its capital the Group monitors Net Debt / EBITDA and Net Debt / Total Equity. Group net debt is defined as all interest-bearing loan obligations less total cash assets. As net borrowings, the Group defines all interest bearing debt less all of its cash. The Group manages the indices in such a way that it ensures creditworthiness consistent with its development strategy.

The ratios/indicators for the years ended on 31.12.2015 and 31.12.2016 were as follows:

| (Amounts in € '000) | GROUP | | COMPANY | |
|---|---|---|---|---|
| **Leverage ratio** | **31/12/2016** | **31/12/2015** | **31/12/2016** | **31/12/2015** |
| Δανειακά κεφάλαια | 139.952 | 195.474 | 139.952 | 195.474 |
| Μείον: Χρηματικά διαθέσιμα | 9.550 | 12.320 | 6.281 | 8.515 |
| **Net borrowing** | **130.402** | **183.154** | **133.671** | **186.959** |
| Earnings before taxes, financial and investment results and depreciation (EBITDA) | 77.321 | 82.514 | 75.821 | 81.216 |
| Equity | 376.360 | 344.911 | 372.632 | 341.974 |
| **Net debt / EBITDA** | **1,69** | **2,22** | **1,76** | **2,30** |
| **Net debt / equity** | **0,35** | **0,53** | **0,36** | **0,55** |

## 30. Events occurring after the balance sheet date

As part of the 14 concessions granted by the Greek state to FRAPORT Greece, the Company on March 23, 2017 signed with FRAPORT Greece a 40-year concession contract for the operation and development of the stores at these airports. Based on this agreement, the Company paid FRAPORT Greece an advance against future lease payments of € 50 million.

On 3 April, the parent company DUFRY issued to OE SA a new loan of € 90 million of which € 40 million. Was used to repay short-term borrowings and an amount of € 50 million was paid to FRAPORT as an advance against future lease payments. The duration of the new loan is 2 years at an interest rate of 5.75%.

There are no further events subsequent to the financial statements, which concern either the Group or the Company, to which reference is made by the International Financial Reporting Standards (IFRS).

**THE CHAIRMAN OF THE BOARD**

GEORGIOS KOUTSOLIOUTSOS
ID CARD No: 593469

**THE VICE-CHAIRMAN OF THE BOARD**

JULIAN DIAZ GONZALEZ
PAS. No:PAB191985

**THE CEO**

GEORGIOS VELENTZAS

ID CARD No AB285760

**THE CFO**

MARIA IOANNIDOU
ID CARD No: Φ045430

**THE CHIEF ACCOUNTANT**

APOSTOLAKIS EMMANOUIL
ID CARD No: AE 604843