Mitsides Public Company Limited

Report and financial statements
31 December 2016

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Mitsides Public Company Limited

Board of Directors and other officers

Board of Directors

Constantinos P Mitsides (Chairman and Managing Director)
Chrysostomos P Mitsides (Executive Director)
Stelios Chr Mitsides (Executive Director)
Marios Ph Demetriades (Executive Director)
Mikis Michaelides (Independent non-executive Director) (resigned 9 January 2017)
Nicolas Ph Epiphaniou (Independent non-executive Director)
Achilleas L Demetriades (Independent non-executive Director)
Alexandros N Lysandrou (Executive Director) (appointed 26 October 2016)
Stephos D Stephanides (Independent non-executive Director) (appointed 26 October 2016)

Company Secretary

Marios Ph Demetriades
Nikiforos Fokas avenue 34-38
P.O.Box 21778
1513 Nicosia
Cyprus

Registered Office

Nikiforos Fokas avenue 34-38
1513 Nicosia
Cyprus

Mitsides Public Company Limited

Statement of the members of the Board of Directors and other Company Officials for the drafting of the financial statements

According to article 9, section (3)(c) and (7) of the Transparency Conditions (Marketable values for negotiation in an Adjustable Market) Law of 2007 ('Law'), we the members of the Board of Directors and other Company officials responsible for the drafting of the consolidated financial statements of Mitsides Public Company Limited for the year ended 31 December 2016, based on our knowledge we confirm that:

(a) The Annual financial statements that are presented in pages 16 to 62:

(i) Have been prepared according to International Financial Reporting Standards, as adopted by the European Union and according to section (4) of the Law, and

(ii) give a true and fair view of the assets and liabilities, financial position and loss of Mitsides Public Company Limited.

(b) The Report of the Board of Directors gives a fair overview of the developments and the performance as well as the financial position of Mitsides Public Company Limited with a description of the principal risks and uncertainties that are encountering.

Members of the Board of Directors	**Signature**
Name and title	
Chairman and Managing Director	
Constantinos P Mitsides	………………………………………
Executive Directors	
Chrysostomos P Mitsides	……………………………………..
Stelios Chr Mitsides	……………………………………..
Marios Ph Demetriades (Chief Financial Officer)	…………………………………….
Alexandros N Lysandrou	……………………………………..
Non-Executive Directors	
Stephos D Stephanides	……………………………………..
Nicolas Ph Epiphaniou	……………………………………..
Achilleas L Demetriades	……………………………………..

Nicosia, 27 April 2017

Mitsides Public Company Limited

Management Report

1 The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2016.

Principal activities

2 The principal activities of the Company, which are unchanged from last year, are the production and sale of pasta and flour, the import and distribution of foodstuff, the import and distribution of raw materials used in bakeries and confectioneries and the import and trade of grain.

Review of developments, current position and performance of the Company's business

3 During the year ended 31 December 2016, the Company decreased its turnover by 4, 4% as a result of which its turnover amounted to €27.827.987 compared to €29.100.570. This was mainly the result of a decrease in selling prices. This was the result of the reduced grain purchase price that were passed on to product sales prices. Despite the decrease in its turnover, the Company's gross and net profit increased by €68.003 and €1.046.413 respectively, as a result of which, the Company's gross profit for the year amounted to €6.743.398 relative to €6.675.395 for the year 2015, and the Company's operating profit for the year amounted to €1.106.739 relative to €60.326 for the year 2015. The increase in the operating profit was mainly the result of income from dividends received from a subsidiary and reduced provision for impairment of receivables compared to the prior year. The Company's net loss amounted to €1.562.398 compared to €3.413.843 for prior year. The net loss includes an impairment loss on cost of investment in subsidiary amounting to €2.200.000 compared to €2.972.980 for the year 2015.

4 During the year ended 31 December 2016, the Company invested in new plant and equipment amounting to €203.446, which was financed by cash generated from operations. The Company, also, invested in investment properties amounting to €796.249, which was financed by reducing receivable's balances. As at 31 December 2016, the Company's total assets amounted to €36.584.614 (2015: €38.083.085) and its net assets amounted to €16.762.662 (2015: €18.317.492). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory under the circumstances.

Principal risks and uncertainties

5 The principal risks and uncertainties faced by the Company are the collection of accounts receivable balances and the continuous fluctuations in the prices of raw materials and mainly grain, the competition derived from European Union countries and the financial risk factors as disclosed in Notes 1, 3, 4 and 31 of the financial statements.

Management Report (continued)

Principal risks and uncertainties (continued)

6 Following a long and relatively deep economic recession, the Cyprus economy began to record positive growth in 2015 which accelerated during 2016. The restrictive measures and capital controls which were in place since March 2013 were lifted in April 2015 and on the back of the strength of the economy's performance and the strong implementation of required measures and reforms, Cyprus exited its economic adjustment programme in March 2016. In recognition of the progress achieved on the fiscal front and the economic recovery, as well as the enactment of the foreclosure and insolvency framework, the international credit rating agencies have proceeded with a number of upgrades of the credit ratings for the Cypriot sovereign, and although the rating continues to be "non-investment grade", the Cyprus government has regained access to the capital markets. The outlook for the Cyprus economy over the medium term remains positive, however, there are downside risks to the growth projections emanating from the high levels of non performing exposures, uncertainties in the property markets, as well as potential deterioration in the external environment for Cyprus, including continuation of the recession in Russia in conditions of protracted declines in oil prices; weaker than expected growth in the euro area as a result of worsening global economic conditions; slower growth in the UK with a weakening of the pound as a result of uncertainty regarding the result of the Brexit referendum; and political uncertainty in Europe in view of Brexit and the refugee crisis.

7 This operating environment may have a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

Use of financial instruments by the Company

8 The Company's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), credit risk and liquidity risk.

The Company's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by a central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides principles for overall risk management, as well as oral policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

Cash flow interest rate risk

9 The Company's interest rate risk arises from long-term borrowings. Borrowings at variable rates expose the Company to cash flow interest rate risk.

10 At 31 December 2016, the Company's liabilities which bore variable interest rates amounted to €10.606.056. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly. The Company does not apply hedge accounting for cash flow interest rate risk.

Credit risk

11 Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to wholesale customers, including outstanding receivables and committed transactions.

12 For banks and financial institutions, only those which are positively evaluated, under the circumstances, by the Board of Directors are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Refer to Note 15 for further disclosures on credit risk.

13 The Company's credit risk arises from trade receivables amounting to €7.045.579, other receivables amounting to €365.546, loans receivable amounting to €2.840.988, and bank balances amounting to €398.645. As of 31 December 2016, trade receivables of €444.616 (2015: €1.071.913) were impaired and provided for. The individually impaired receivables mainly relate to wholesalers, which are in an unexpectedly difficult economic position.

Liquidity risk

14 Management monitors the current liquidity position of the Company based on expected cash flows and expected revenue receipts. On a long-term basis, liquidity risk is defined based on the expected future cash flows at the time of entering into new credit facilities or leases and based on budgeted forecasts. Management believes that it is successful in managing the Company's liquidity risk.

Future developments of the Group

15 The Board of Directors will continue its development policy through the implementation of an investment plan which includes the increase of Company's exports as well as maintaining the Company's leading position in the Cyprus market. The adverse economic developments which affect the international financial markets and the real economy, created a prolonged economic crisis. The difficult financial situation of the Company's subsidiary Mitsides Point d.o.o may affect the Company's liquidity.

16 As a result of the above developments, on the date of issue of the annual Audited Financial Statements there is a continuous uncertainly in the market, which may adversely affect the Company's results in the future.

Results

17 The Company's results for the year are set out on pages 16 and 17. The net loss for the year is transferred to reserves.

Dividend

18 The Board of Directors does not recommend the payment of a dividend.

Share capital

19 There were no changes in the share capital of the Company.

Board of Directors

20 The members of the Board of Directors on 31 December 2016 and on the date of this report are shown on page 1. All of them were members of the Board throughout the year 2016, except Mr Alexandros N Lysandrou and Mr Stephos D Stephanides who were appointed as Directors on 26 October 2016. Mr Mikis Michaelides, who held office at 1 January 2016, resigned on 9 January 2017.

21 According to the Company's Articles of Association, Messrs Stephos D Stephanides, Alexandros N Lysandrou and Marios Ph Demetriades retire at the next Annual General Meeting and being eligible offer themselves for re-election.

22 There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Directors' interests in the Group's share capital

23 The direct and indirect interests of the members of the Board of Directors in the share capital of the Company on 31 December 2016 and on the date of this report, were as follows:

	Share percentage %
Constantinos P Mitsides	19,49
Chrysostomos P Mitsides	18,25
Stelios Mitsides	19,49
Marios Ph Demetriades	0,15
Alexandros N Lysandrou	19,49
Nicolas Ph Epiphaniou	0,07
Achilleas L Demetriades	0,12
Stephos D Stephanides	-

Mitsides Public Company Limited

Management Report (continued)

Main shareholders

24 On 31 December 2016 and at the date of this report, the following shareholders held over 5% of the Company's issued share capital either directly or indirectly:

	Share percentage %
Constantinos P Mitsides	19,49
Chrysostomos P Mitsides	18,25
Chrysostomos St Mitsides	19,49
Olga Lysandrou	19,49

The percentage of Mrs Olga Lysandrou includes the attributable interest of her child. Alexandros N Lysandrou who is a member of the Board of Directors. The percentage of Mr Chrysostomos St Mitsides includes the attributable interest of his child, Stelios Mitsides, who is a member of the Board of Directors.

Contracts with Directors and related parties

25 On 31 December 2016 there were no other significant contracts with the Company within which a Director or related parties had a significant interest except the balances to and from related parties as disclosed in Note 33.

26 Related parties include the spouse, minor children and companies where a Director holds directly or indirectly at least 20% of the voting rights in a general meeting.

Events after the balance sheet date

27 There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

Branches

28 The Company did not operate through any branches during the year.

Independent Auditors

29 The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board

Constantinos P Mitsides
Chairman and Managing Director

Nicosia, 27 April 2017

Independent auditor's report

To the Members of Mitsides Public Company Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements of Mitsides Public Company Limited ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

What we have audited

We have audited the financial statements which are presented in pages 16 to 62 which comprise:

- the balance sheet as at 31 December 2016;
- the income statement for the year then ended;
- the statement of other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers Ltd is a member firm of PricewaterhouseCoopers International Ltd, each member firm of which is a separate legal entity. PricewaterhouseCoopers Ltd is a private company registered in Cyprus (Reg. No. 143594). A list of the company's directors including for individuals the present name and surname, as well as any previous names and for legal entities the corporate name, is kept by the Secretary of the company at its registered office at 3 Themistocles Dervis Street, 1066 Nicosia and appears on the company's web site. Offices in Nicosia, Limassol, Larnaca and Paphos.

Our audit approach

Overview
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we considered the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

- Overall materiality: € 200.000, which represents 0,75% of total revenue.

- We audited the complete financial information assessed as significant components.
- Our audit scope addressed 100% of the Company's revenues, 100% of the Company's absolute value of underlying profit and 100% of the Company's total assets

We have identified the following key audit matters, (KAM):

- Impairment assessment of investment in subsidiaries.
- Impairment assessment of accounts receivable and allowance for doubtful debts.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	€ 200.000
How we determined it	0, 75 % of total revenue
Rationale for the materiality benchmark applied	We chose total revenue as the benchmark, because in our view, it is the benchmark against which the performance of the Company is most commonly measured by the users, and is a generally accepted benchmark. We chose 0, 75% which based on our experience is within the range of acceptable quantitative materiality thresholds.

We agreed with the Audit Committee that we would report to them individual misstatements identified during our audit above €10.000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

How we tailored our audit scope

We tailored and performed our audit to ensure that we have performed sufficient work on the financial statements of the Company as a whole, taking into account the Company's operations, the structure of the Company, the accounting processes and controls and the industry in which the Company operates.

We have obtained sufficient and appropriate audit evidence regarding the financial information of the Company to provide a basis for our audit opinion on the financial statements.

Key audit matters

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of Investment in subsidiaries	
Refer to Note 2 "Summary of Significant accounting policies", Note 4 "Significant Accounting Estimates and Judgments", and Note 19 "Investment in subsidiaries". Investment in subsidiaries are carried at cost less impairment of €4.536.805 for the year ended 31 December 2016, as presented in the separate financial statements of Mitsides Public Company Limited, representing 12% of the total assets. The carrying value of	Our procedures in relation to Management's assessment for impairment of investment in subsidiaries included an evaluation of the impairment testing model including the main assumptions used. This encompassed assessing the forecasted margins, working capital, and the level of investment i.e. capital expenditure, discount rate and reperforming the calculation. The procedures performed included comparing assumptions to external and internal data. Furthermore, we analysed sensitivities, and compared the projected

Key Audit Matter	How our audit addressed the Key Audit Matter
investment in subsidiaries is tested annually for impairment at 31 December by comparing the carrying amount with the value in use. The value in use is measured using a discounted cash flow valuation technique for each subsidiary. Management's annual impairment test of investment in subsidiaries is considered complex and requires significant management judgement with respect to future market and economic conditions, developments in revenue, margins, working capital levels and investments i.e. capital expenditure, which individually may have a material effect on the result of the calculation. During the annual impairment testing of Management, the investment in subsidiary Mitsides Point d.o.o suffered an impairment of €2.200.000. The impairment was recognised in the income statement for the year ended 31 December 2016 (Note 19).	cash flows to budgets. Our team included in-house valuation experts to assess the valuation models and parameters used. Furthermore we evaluated the adequacy of the Company's disclosures regarding the impairment assessment of investment in subsidiaries.
Impairement assessment of accounts receivable and allowance for doubtful debts Refer to Note 2 "Summary of Significant accounting policies", Note 4 "Significant Accounting Estimates and Judgments", and Note 24 "Trade and other receivables". The Company has trade receivables with carrying values of €7.045.579 as at 31 December 2016 representing 19% of the Company's total assets. The valuation of trade receivables is a key matter in our audit as these include management estimates and judgment due to the specific risks associated with each individual trade receivable and the importance of cash collection in relation to the management of the Company's working capital.	We evaluated management's assessment for impairment of trade receivables by assessing the level and aging analysis of trade receivables and by reference to post year end receipts. In addition, we have evaluated the Company's previous experience in respect of its exposure in non – performing receivables and the general financial condition of the country where the company operates. Furthermore, we assessed the adequacy of the Company's disclosures in relation to the assessment of impairment of receivables and the allowances for doubtful debts.

Other information

The Board of Directors is responsible for the other information. The other information comprises the Management report. Other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the management report, whose preparation is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.
- In our opinion, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the management report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap, 113, and is consistent with the financial statements.
- In our opinion, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii) and (vi) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Andreas Th. Constantinides.

Andreas Th. Constantinides
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Nicosia, 27 April 2017

Mitsides Public Company Limited

Income statement
for the year ended 31 December 2016

	Note	**2016**	2015
		€	€
Revenue	5	**27.827.987**	29.100.570
Cost of sales		**(21.084.589)**	(22.425.175)
Gross profit		**6.743.398**	6.675.395
Other losses	7	**(34.949)**	(152.000)
Other income	6	**620.712**	113.713
Selling and marketing expenses		**(4.125.830)**	(3.987.235)
Administrative expenses		**(2.076.592)**	(2.589.547)
Operating profit		**1.106.739**	60.326
Finance costs	10	**(379.345)**	(515.581)
Impairment loss on cost of investment in subsidiary	19	**(2.200.000)**	(2.972.980)
Loss before tax		**(1.472.606)**	(3.428.235)
Income tax credit/(charge)	11	**(89.792)**	14.392
Loss for the year		**(1.562.398)**	(3.413.843)
Loss per share attributable to the equity holders of the Company (cents per share) – Basic	12	**(19,05)**	(41,63)

The notes on pages 22 to 62 are an integral part of these financial statements.

Mitsides Public Company Limited

Statement of comprehensive income
for the year ended 31 December 2016

	Note	2016 €	2015 €
Loss for the year		**(1.562.398)**	(3.413.843)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Impact of changes in tax rate on deferred tax	27	**9.654**	6.249
Items that will not be reclassified to profit or loss		**9.654**	6.249
Items that may subsequently be reclassified to profit or loss			
Change in value of available-for-sale financial assets, net of tax	27	**(2.086)**	(1.670)
Items that may subsequently be reclassified to profit or loss		**(2.086)**	(1.670)
Other comprehensive income for the year, net of tax		**7.568**	4.579
Total comprehensive loss for the year		**(1.554.830**	(3.409.264)

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

The notes on pages 22 to 62 are an integral part of these financial statements.

Mitsides Public Company Limited

Balance sheet
as at 31 December 2016

	Note	**2016**	2015
		€	€
Assets			
Non-current assets			
Property, plant and equipment	16	**12.708.650**	13.154.629
Investment property	17	**3.211.980**	2.472.980
Intangible assets	18	**3.559**	2.160
Investment in subsidiaries	19	**4.536.805**	6.736.805
Available-for-sale financial assets	20	**7.953**	10.039
		20.468.947	22.376.613
Current assets			
Inventories	23	**5.234.253**	5.004.135
Current position of non-current receivables	21	**24.205**	22.943
Loans to related parties	22	**2.816.783**	1.787.783
Trade and other receivables	24	**7.475.943**	8.298.641
Tax refundable		**165.838**	180.228
Cash and bank balances	25	**398.645**	412.742
		16.115.667	15.706.472
Total assets		**36.584.614**	38.083.085
Equity and liabilities			
Capital and reserves			
Share capital	26	**8.446.000**	8.446.000
Fair value reserve	27	**4.637.129**	4.706.861
Retained earnings		**3.679.533**	5.164.631
Total equity		**16.762.662**	18.317.492
Non-current liabilities			
Borrowings	28	**470.424**	60.850
Deferred income tax liabilities	29	**1.744.668**	1.772.376
		2.215.092	1.833.226
Current liabilities			
Trade and other payables	30	**7.332.678**	7.370.588
Current income tax liabilities		**138.550**	88.349
Borrowings	28	**10.135.632**	10.473.430
		17.606.860	17.932.367
Total liabilities		**19.801.952**	19.765.593
Total equity and liabilities		**36.584.614**	38.083.085

On 27 April 2017, the Board of Directors of Mitsides Public Company Limited authorised these financial statements for issue.

Constantinos P Mitsides, Chairman and Executive Director

Stelios Chr Mitsides, Executive Director

The notes on pages 22 to 62 are an integral part of these financial statements.

Mitsides Public Company Limited

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

	Note	Share capital €	Fair value reserve (2) €	Retained earnings (1) €	Total €
Balance at 1 January 2015		8.446.000	4.779.582	8.539.829	21.765.411
Comprehensive income					
Loss for the year		-	-	(3.413.843)	(3.413.843)
Other comprehensive income					
Land and buildings:					
Transfer of depreciation – net of tax		-	(77.300)	77.300	-
Deferred tax		-	6.249	-	6.249
Available-for-sale financial assets:					
Fair value gains		-	(1.670)	-	(1.670)
Total other comprehensive income for the year		-	(72.721)	77.300	4.579
Comprehensive income for the year		-	(72.721)	(3.336.543)	(3.409.264)
Transactions with owners					
Defence contribution on deemed dividend distribution		-	-	(38.655)	(38.655)
Total transactions with owners		-	-	(38.655)	(38.655)
Balance at 31 December 2015/ 1 January 2016		8.446.000	4.706.861	5.164.631	18.317.492
Comprehensive income					
Loss for the year				(1.562.398)	(1.562.398)
Other comprehensive income					
Land and buildings:					
Transfer of depreciation – net of tax	27	-	(77.300)	77.300	-
Deferred tax	27		9.654	-	9.654
Available for sale financial assets:					
Fair value losses	27		(2.086)	-	(2.086)
Total other comprehensive income for the year			(69.732)	77.300	7.568
Comprehensive income for the year			(69.732)	(1.485.098)	1.554.830
Balance at 31 December 2016		8.446.000	4.637.129	3.679.533	16.762.662

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

(2) The share premium reserve is not distributable in the form of dividends.

The notes on pages 22 to 62 are an integral part of these financial statements.

Mitsides Public Company Limited

Statement of cash flows
for the year ended 31 December 2016

	Note	2016 €	2015 €
Cash flows from operating activities			
Loss before tax		**(1.472.606)**	(3.428.235)
Adjustments for:			
Depreciation of property, plant and equipment	16	**649.425**	669.230
Amortisation of computer software	18	**2.32**	11.308
Impairment loss on cost of investment in subsidiary	19	**2.200.000**	2.972.980
Fair value loss on investment property	17	**57.249**	152.000
Dividend income	6	**(417.591)**	(36)
Interest income	6	**(2.107)**	(3.501)
Interest expense	10	**379.345**	515.581
Change in provision for impairment of trade receivables	24	**47.041**	488.308
Profit on sale of property, plant and equipment	16	**(2.300)**	-
		1.440.777	1.796.031
Changes in working capital:			
Inventories		**(230.118)**	83.230
Trade and other receivables		**73.638**	(361.718)
Trade and other payables		**(37.907)**	632.431
Cash generated from operations		**1.246.390**	1.731.578
Income tax paid		**(43.001)**	(45.991)
Net cash generated from operating activities		**1.203.389**	1.685.587
Cash flows used in investing activities			
Purchases of property, plant and equipment	16	**(203.446)**	(245.451)
Purchases of computer software	18	**(3.720)**	(3.240)
Purchases of investment properties	17	**(94.233)**	-
Proceeds from sale of property, plant and equipment	16	**2.300**	-
Loans granted to related parties	33 (iv)	**(1.029.000)**	(2.270.566)
Proceeds from decrease of share capital of investment in available-for-sale financial assets	20	**-**	46
Interest received		**591**	1.613
Dividend received		**417.501**	36
Net cash used in investing activities		**(909.917)**	(2.517.562)
Balance carried forward		**293.472**	(831.975)

Statement of cash flows
for the year ended 31 December 2015 (continued)

	Note	2016 €	2015 €
Balance brought forward		**293.472**	(831.975)
Cash flows used in financing activities			
Proceeds from bank borrowings		**1.500.000**	-
Repayments of bank borrowings		**(950.755)**	(190.193)
Interest paid		**(379.345)**	(515.581)
Defence contribution on deemed dividend distributions		**-**	(83.170)
Net cash from/(used in) financing activities		**169.900**	(788.944)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		**463.372**	(1.620.919)
Cash, cash equivalents and bank overdrafts at beginning of year		**(10.039.376)**	(8.418.457)
Cash, cash equivalents and bank overdrafts at end of year	25	**(9.576.004)**	(10.039.376)

The notes on pages 22 to 62 are an integral part of these financial statements.

Mitsides Public Company Limited

Notes to the consolidated financial statements

1 General information

Country of incorporation

The Company was incorporated and domiciled in Cyprus on 12 March 1970 as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. On 12 June 2000 the Company became a Public Company. The registered office of the Company is at Nikiforos Fokas Avenue 34-38, Nicosia, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the production and sale of pasta and flour, the import and distribution of foodstuff, the import and distribution of raw materials used in bakeries and confectioneries and the import and trade of grain.

Operating environment of the Company

Following a long and relatively deep economic recession, the Cyprus economy began to record positive growth in 2015 which accelerated during 2016. The restrictive measures and capital controls which were in place since March 2013 were lifted in April 2015 and on the back of the strength of the economy's performance and the strong implementation of required measures and reforms, Cyprus exited its economic adjustment programme in March 2016. In recognition of the progress achieved on the fiscal front and the economic recovery, as well as the enactment of the foreclosure and insolvency framework, the international credit rating agencies have proceeded with a number of upgrades of the credit ratings for the Cypriot sovereign, and although the rating continues to be "non-investment grade", the Cyprus government has regained access to the capital markets. The outlook for the Cyprus economy over the medium term remains positive, however, there are downside risks to the growth projections emanating from the high levels of non performing exposures, uncertainties in the property markets, as well as potential deterioration in the external environment for Cyprus, including continuation of the recession in Russia in conditions of protracted declines in oil prices; weaker than expected growth in the euro area as a result of worsening global economic conditions; slower growth in the UK with a weakening of the pound as a result of uncertainty regarding the result of the Brexit referendum; and political uncertainty in Europe in view of Brexit and the refugee crisis.

This operating environment, could affect (1) the ability of the Company to obtain new borrowings or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions, (2) the ability of the Company's trade and other debtors to repay the amounts due to the Company (3) the ability of the company to generate sufficient turnover, to sell its existing inventories and/or offer its services to customers, and (4) the cash flow forecasts of the Company's management in relation to the impairment assessment for financial and non-financial assets.

The Company's management has assessed whether any impairment allowances are deemed necessary for the Company's financial assets carried at amortized cost by considering the economic situation and outlook at the end of the reporting period. Impairment of trade receivables is determined using the "incurred loss" model required by International Accounting Standard 39 "Financial Instruments: Recognition and Measurement". This standard requires recognition of impairment losses for receivables that arose from past events and prohibits recognition of impairment losses that could arise from future events, no matter how likely those future events are.

1 General information (continued)

Operating environment of the Company (continued)

The Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113 and the Cyprus Stock Exchange Laws and Regulations.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2016 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, investment properties and available-for-sale financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

These financial statements show the results of Mitsides Public Company Limited. The Company has prepared separate consolidated financial statements which show the results of the Company and the Group.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2016. This adoption did not have a material effect on the accounting policies of the Company.

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company with the exception of the following:

- IFRS 16"Leases" (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019) *. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Company is currently assessing the impact of the amendments on its financial statements.

- Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12 (issued on 19 January 2016 and effective for annual periods beginning on or after 1 January 2017)*. The amendment has clarified the requirements on recognition of deferred tax assets for unrealised losses on debt instruments. The entity will have to recognise deferred tax asset for unrealised losses that arise as a result of discounting cash flows of debt instruments at market interest rates, even if it expects to hold the instrument to maturity and no tax will be payable upon collecting the principal amount. The economic benefit embodied in the deferred tax asset arises from the ability of the holder of the debt instrument to achieve future gains (unwinding of the effects of discounting) without paying taxes on those gains. The Company is currently assessing the impact of the amendments on its financial statements.

- Disclosure Initiative - Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017)*. The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities. The Company is currently assessing the impact of the amendment on its financial statements.

- IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Company is currently assessing the impact of the new standard on its financial statements.

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

- Amendments to IFRS 15, Revenue from Contracts with Customers (issued on 12 April 2016 and effective for annual periods beginning on or after 1 January 2018)*. The amendments do not change the underlying principles of the Standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; how to determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and how to determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard. The Company is currently assessing the impact of the amendment on its financial statements.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of Value Added Tax, returns and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases their estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenues earned by the Company are recognized on the following bases:

(i) Sale of goods

Sales of goods are recognised when significant risks and rewards of ownership of the goods have been transferred to the customer. This is usually when the Company have sold or delivered goods to the customer, the customer has accepted the goods and collectibility of the related receivable is reasonably assured.

(ii) Sale of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iii) Interest income

Interest income is recognised on a time proportion basis using the effective interest rate method.

(iv) Dividend income

Dividend income is recognised when the right of the Company to receive payment is established.

2 Summary of significant accounting policies (continued)

Employee benefits

The Company and the employees contribute to the Government Social Insurance Fund based on employees' salaries. In addition, the Company operates a defined contribution scheme the assets of which are held in a separate trustee – administered fund. The scheme is funded by payments from employees and by the Company. The contributions of the Company are expensed as incurred and are included in staff costs. The Company have no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the companies of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on each Company of the Group where there is an intention to settle the balances on a net basis.

2 Summary of significant accounting policies (continued)

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Company. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Company's shareholders.

Property, plant and equipment

Land and buildings which mainly includes factories and offices are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are carried out with sufficient regularity to ensure that the carrying amount at the balance sheet date does not differ materially from that which would be determined using fair value at the balance sheet date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other elements of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Increases in the carrying amount arising on revaluation of land and buildings are credited in other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to profit or loss. Every year, the difference between depreciation based on the revalued carrying amount of the assets that was charged to profit or loss and depreciation based on the original cost of the assets is transferred from the fair value reserve to retained earnings.

Land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

	%
Buildings	4
Plant and machinery	5 – 10
Tools	33 1/3
Furniture and fittings	10 - 20
Computer hardware	20
Motor vehicles	14 – 20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the profit or loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

2 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in “other losses” in profit or loss.

When revalued assets are sold, the amounts included in the other reserves are transferred to retained earnings.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Investments in subsidiaries

Subsidiaries are those companies and other entities (including special purpose entities) in which the Company directly or indirectly, has an interest of more than one half of the voting rights, or otherwise has the power to govern the financial and operating policies so as to obtain economic benefits. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are measured at cost less impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

Investment property

Investment property which includes mainly land, is held for capital appreciation and is not occupied by the Company. Investment property is carried at fair value, representing open market value determined annually by external independent valuers. Changes in fair value are included in other losses/income in the income statement.

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programmes are charged to the profit or loss of the year in which they were incurred. Computer software costs are amortised using the straight line method over their estimated useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use and is included within administration expenses and cost of sales.

2 Summary of significant accounting policies (continued)

Impairment of non-financial assets

Assets that have an indefinite useful life, including goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

(i) Classification

The Company classify their financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- **Loans and receivables**

  Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise "non-current receivables", "loans to related parties", "trade and other receivables" and "cash and bank balances" in the balance sheet.

- **Available-for-sale financial assets**

  Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless management intends to dispose of the investment within twelve months of the balance sheet date.

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company have transferred substantially all risks and rewards of ownership.

Available- for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

2 Summary of significant accounting policies (continued)

Financial assets (continued)

(ii) Recognition and measurement (continued)

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on “available-for-sale financial assets”.

Dividends on available-for-sale equity instruments are recognised in profit or loss as part of other income when the Company’s right to receive payments is established.

(iii) Impairment of financial assets

The Company assess at the balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measures as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

2 Summary of significant accounting policies (continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Inventories

Inventories are stated at the lower of cost and net realisable value, whichever of the two is the lower. Cost is determined using the weighted average cost method. The cost of finished and semi-finished products comprises raw materials, direct labour, other direct costs and related production costs based on normal operating capacity. It excludes borrowings costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade receivables

Trade receivables are amounts due from customers for the sale of goods or provision of services in the ordinary course of business. Trade receivables are classified as current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within ‘administrative expenses’. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against ‘administrative expenses’ in profit or loss.

Share capital

Ordinary shares are classified as equity.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 Summary of significant accounting policies (continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Financial Guarantee Contracts

Financial Guarantee Contracts are recognised as financial liabilities, when they are material, the date of the issuance of guarantee. Liabilities arising from financial guarantee contracts, including subsidiaries corporate guarantees, through contracts of mutual guarantee are initially recognised at fair value and subsequently at the higher of the amount determined by the accounting policy of provisions of the consolidated entity and the amount initially recognised minus depreciation. The fair value of financial guarantee contracts is determined by the net present value of the difference of the future cash flows between payments under contracts and payments that would be required without the guarantee, or the calculation of the amount that would have been payable to third parties to undertake the relative liability.

2 Summary of significant accounting policies (continued)

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks with original maturities of one month and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities.

Segment reporting

The Board of Directors (chief operating decision maker), takes the decisions for allocating resources and assessing the performance of the Company based on internal reports. This analysis is consistent with the IFRSs used in the preparation of the financial statements.

3 Financial risk management

(i) Financial risk factors

The Company's activities expose them to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The risk management programme of the Company focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company financial performance. Risk management is carried out by the treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the Company other operating units. The Board provides written principles for overall risk management, as well as oral policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

- **Market risk**

  Cash flow and fair value interest rate risk

  As the Company does not have significant interest – bearing assets, income and operating cash flows are independent of changes in market interest rates.

  Interest rate risk of the Company arises also from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk.

  At 31 December 2016, if interest rates on Euro-denominated borrowings had been 0,25% (2015: 0,25%) higher or lower with all other variables held constant, post-tax profit for the year would have been €30.719 (2015: €35.227) lower or higher respectively, as a result of higher/lower interest expense on floating rate borrowings.

  Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

- **Credit risk**

  Credit risk arises from deposits with banks and financial institutions as well as credit exposures to wholesale customers, including outstanding receivables and committed transactions.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

For banks and financial institutions, only organizations that are positively evaluated by the Board of Directors are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. See Note 15 for further disclosure on credit risks.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these parties.

The Company insured part of its trade receivables. In case that any of its insured trade receivables is unable to fulfil or delay the payment of its debts to the Company, the insurance company is obliged to cover these debts, always in accordance with the terms of the insurance contract.

- **Liquidity risk**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months (except borrowings) equal their carrying balances as the impact of discounting is not significant.

At 31 December 2015	Less than 1 year €	Between 1 to 2 years €	Between 2 to 5 years €	Over 5 years €
Borrowings	10.476.302	24.184	40.152	-
Trade and other payables	7.323.296	-	-	-
	17.799.598	24.184	40.152	-

At 31 December 2016	Less than 1 year €	Between 1 to 2 years €	Between 2 to 5 years €	Over 5 years €
Borrowings	10.150.207	73.249	211.860	245.325
Trade and other payables	7.157.871	-	-	-
	17.308.078	73.249	211.860	245.325

Prudent liquidity risk management implies maintaining sufficient cash and trading securities, the availability of funding through an adequate amount of committed credit facilities and the possibility of settlement market positions. The management maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity reserve (includes undrawn borrowing facilities (Note 28) and cash and bank balances (Note 25) on the basis of expected cash flows).

3 Financial risk management (continued)

(ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new share or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

During 2016, the Company's strategy, which was unchanged from 2015, was to maintain the gearing ratio between 25% and 40%. The gearing ratios at 31 December 2016 and 2015 were as follows:

	2016	2015
	€	€
Total borrowings (Note 28)	**10.606.056**	10.534.280
Less: Cash and cash balances (Note 25)	**(398.645)**	(412.742)
Net debt	**10.207.411**	10.121.538
Total equity	**16.762.662**	18.317.492
Total capital as defined by management	**26.970.073**	28.439.030
Gearing ratio	**38%**	36%

(iii) Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2015.

	Level 1	Level 3	Total
	€	€	€
31 December 2015			
Assets			
Available-for-sale financial assets:			
- Equity securities	7.561	2.478	10.039

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2016.

	Level 1	Level 3	Total
	€	€	€
31 December 2016			
Assets			
Available-for-sale financial assets:			
- Equity securities	5.476	2.478	7.953

3 Financial risk management (continued)

(iii) Fair value estimation (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Cyprus Stock Exchange equity investments and corporate debentures listed on the Cyprus Stock Exchange classified as trading securities or available-for-sale.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- Adjusted comparable multiple prices to the book value
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Refer to Notes 16 and 17 for disclosures of fair values for property, plant and equipment and investment property respectively carried at fair value.

(iv) Offsetting financial assets and liabilities

The Company does not have any financial assets or financial liabilities that are subject to offsetting, enforceable master netting arrangements or any similar agreements.

4 Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Calculated impairment on cost of investment in subsidiary**

  Each year the Company assesses whether the cost of investment in subsidiary has suffered an impairment in accordance with the accounting policy mentioned in Note 2. The recoverable amount of the cash generated units has been determined based on the calculations of value in use. These calculations require the use of estimates as disclosed in Note 19.

4 Critical accounting estimates and judgments (continued)

Critical accounting estimates and assumptions (continued)

- **Calculated impairment on cost of investment in subsidiary (continued)**

Below we present how the alteration of one or more of the main indicators used in the calculation of value in use, will affect the cost of investment in subsidiary.

Mitsides Point d.o.o.

	Revenue Growth 2017 - 2021 %	Average Gross Profit Margin 2017 - 2021 %	Weighted Average Cost of Capital %	Growth rate %	Impairment €000
Base scenario	7,0	18,6	13,7	4,0	-
Alteration of Main index:					
Revenue Growth	6,0	18,6	13,7	4,0	(759)
Average Gross Profit Margin	7,0	16,0	13,7	4,0	(1,000)
Weighted Average Cost of Capital	7,0	18,6	15,0	4,0	(1.000)
Combined scenario	6,0	16,0	15,0	3,0	(1,000)

Larnaca Flourmills 'Zenon' Limited

	Revenue Growth 2017 - 2021 %	Average Gross Profit Margin 2017 - 2021 %	Weighted Average Cost of Capital %	Growth rate %	Impairment €000
Base scenario	3,0	18,0	10,0	3,0	-
Alteration of Main index:					
Revenue Growth	1,5	18,0	10,0	3,0	-
Average Gross Profit Margin	3,0	17,4	10,0	3,0	-
Weighted Average Cost of Capital	3,0	18,0	11,0	3,0	-
Combined scenario	1,5	17,4	11,0	2,0	-

- **Income taxes**

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company recognise liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

- **Fair value of investment in property, plant and equipment**

The fair value of investment property and plant included in plant and equipment is determined by independent and qualified valuers. The estimation process and the sensitivity of the calculations are presented in Note 16 and 17.

5 Segment information

The Group has determined the operating segments based on reports that are evaluated by the Board of Directors and used in making strategic decisions.

The Board of Directors (chief operating decision maker) assesses the business according to the type of the products as shown in the following operating segments:

(a) production and sale of flour,
(b) production and sale of pasta,
(c) import and sale of raw materials for baking and confectionery industries, and
(d) import and sale of wheat.

The Board of Directors estimate the performance of each operating segment based on gross profit. This base eliminates interdepartmental sales and profit between the operating segments. The interdepartmental sales are made at a cost plus a margin percentage for the profit.

The selling and distribution expenses and the administration expenses relate to all operating segments and no specific distinction is made between them.

The information per segment given to the Board of Directors for the operating segments for the year ended 31 December 2016 was as follows:

	2016			
	Total	**Inter-departmental**	**Turnover**	**Gross profit**
	€	**€**	**€**	**€**
Operating segments				
Production and sale of flour	**14.039.128**	**(1.090.398)**	**12.948.730**	**2.911.829**
Production and sale of pasta	**7.873.151**	**-**	**7.873.151**	**2.675.249**
Import and sale of raw materials for baking and confectionary industries	**4.959.377**	**(102.776)**	**4.856.601**	**1.102.582**
Import and sale of wheat	**8.154.755**	**(6.005.250)**	**2.149.505**	**53.738**
	35.026.411	**(7.198.424)**	**27.827.987**	**6.743.398**

The information per segment for the year ended 31 December 2015 was as follows:

	2015			
	Total	**Inter-departmental**	**Turnover**	**Gross profit**
	€	**€**	**€**	**€**
Operating segments				
Production and sale of flour	15.575.482	(1.109.221)	14.466.261	2.971.202
Production and sale of pasta	7.647.029	-	7.647.029	2.703.527
Import and sale of raw materials for baking and confectionary industries	4.393.906	(90.965)	4.302.941	937.795
Import and sale of wheat	9.749.893	(7.065.554)	2.684.339	62.871
	37.366.310	(8.265.740)	29.100.570	6.675.395

5 Segment information (continued)

The reconciliation between gross profit and profit before tax was as follows:

	2016 €	2015 €
Gross profit of all operating segments	**6.743.398**	6.675.395
Other losses	**(54.949)**	(152.000)
Other income	**620.712**	113.713
Selling and marketing expenses	**(4.125.830)**	(3.987.235)
Administration expenses	**(2.076.592)**	(2.589.547)
Finance costs	**(379.345)**	(515.581)
Impairment loss on cost of investment in Subsidiary	**(2.200.000)**	(2.972.980)
Loss before tax	**(1.472.606)**	(3.428.235)

The Company's head office is in Cyprus. The income of the Company from exports from Cyprus and abroad were:

	2016 €	2015 €
Sale of flour	**3.800.631**	4.298.299
Sale of pasta	**441.159**	458.276
	4.241.790	4.756.575

All non-current assets are based in in Cyprus.

None of the Company's clients, exceeds in sales the 10% threshold of the Company's total sales.

Significant assets and liabilities of the Company are used in all operating segments without specific distinction between them and thus is not possible to provide a fair analysis by operating segment.

6 Other income

	2016 €	2015 €
Interest income:		
Bank balances	**845**	2.305
Loan to third party (Note 21)	**1.262**	1.196
Total interest income	**2.107**	3.501
Dividend income from subsidiary	**417.550**	-
Dividend income from available-for-sale financial assets (Note 20)	**41**	36
Consultancy services	**44.904**	44.743
Other income	**154.910**	65.433
Rental income	**1.200**	-
	620.712	113.713

7 Other losses

	2016 €	2015 €
Investment property:		
Fair value loss (Note 17)	**(57.249)**	(152.000)
Property, plant and equipment		
Profit on sale (Note 16)	**2.300**	-
Total other losses	**(54.949)**	(152.000)

8 Expenses by nature

	2016 €	2015 €
Depreciation of property, plant and equipment (Note 16):		
Privately owned	**649.425**	669.230
Amortisation of intangible assets (Note 18):		
Computer software	**2.321**	11.308
Repairs and maintenance	**189.404**	198.121
Operating lease rentals (Note 16)	**63.714**	63.736
Auditors' remuneration charged by statutory audit firm	**38.000**	34.200
Professional fees	**337.921**	323.532
Raw materials used	**10.645.396**	11.827.641
Purchases of finished goods	**7.943.672**	8.170.761
Changes in inventories of finished goods	**(208.421)**	(249.150)
Factory expenses (excluding staff costs, repairs and maintenance and depreciation charges)	**569.833**	600.203
Specific provision for impairment of receivables (Note 24)	**47.041**	488.308
Bad debts recovered (Note 24)	**(35.404)**	-
Bad debts written off	**273**	139.342
Staff costs (Note 9)	**4.471.582**	4.359.647
Advertising and marketing expenses	**433.941**	603.027
Car expenses	**467.110**	480.104
Export expenses	**781.480**	674.712
Bank charges	**96.881**	89.235
Other expenses	**792.842**	518.000
Total cost of goods sold, selling and marketing expenses and administrative expenses	**27.287.011**	29.001.957

The total fees charged by the Company's statutory auditor for the statutory audit of the annual financial statements of the Company for the year ended 31 December 2016 amounted to €38.000 (2015: €34.200). The total fees charged by the Company's statutory auditor for the year ended 31 December 2016 for tax advisory services amounted to €2.000 (2015: €1.350), for other assurance services amounted to €NIL (2015: €3.400) and for other non-assurance services amounted to €5.250 (2015: €22.250).

9 Staff costs

	2016 €	2015 €
Salaries	**3.146.762**	2.772.101
Wages	**798.765**	1.147.521
Social Insurance costs	**265.809**	263.408
Other contributions	**91.999**	91.104
Social Cohesion Fund contribution	**78.602**	77.876
Contribution to Provident Fund:		
Directors	**1.113**	1.113
Employees	**88.532**	6.524
	4.471.582	4.359.647
Average number of staff employed during the year	**154**	150

The Company operates a defined contribution plan, the Employees Provident Fund of Mitsides Public Company Limited which is financed separately and prepares its own separate financial statements and from which the employees are entitled to certain benefits upon retirement or early termination of service.

10 Finance costs

	2016 €	2015 €
Interest expense:		
Bank borrowings	**379.345**	515.581
	379.345	515.581

11 Income tax (credit)/charge

	2016 €	2015 €
Current tax:		
Corporation tax	**111.942**	27.279
Defence contribution	**281**	692
Total current tax	**112.223**	27.971
Prior year tax:		
Corporation tax	**(4.377)**	(28.849)
Total prior year tax	**(4.377)**	(28.849)
Deferred tax (Note 29)		
Origination and reversal of temporary differences	**(18.054)**	(13.514)
Total deferred tax	**(18.054)**	(13.514)
Income tax (credit)/charge	**89.792**	(14.392)

11 Income tax expense (continued)

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2016	2015
	€	€
Loss before tax	**(1.472.606)**	(3.428.235)
Tax calculated at the applicable corporation tax rate of 12,5%	**(184.076)**	(428.530)
Tax effect of expenses not deductible for tax purposes	**325.189**	448.787
Tax effect of allowances and income not subject to tax	**(52.584)**	(271)
Difference between income tax and Capital gains tax rates and indexation effect	**(2.545)**	(8.701)
Defence contribution	**281**	692
Corporation tax-prior years	**(4.377)**	(28.849)
10% Penalty	**7.904**	2.480
Income tax charge/(credit)	**89.792**	(14.392)

The Company is subject to corporation tax on taxable profits at the rate of 12,5% as from 1 January 2013.

As from tax year 2013 brought forward losses of only five years for the Cyprus registered Companies may be transferred and utilised against profits.

From 1 January 2009 onwards, under certain conditions interest may be exempt from income tax and only subject to defence contribution at the rate of 10%, increased to 15% as from 31 August 2011 and to 30% as from 29 April 2013.

In certain cases dividends from abroad may be subject to special defence contribution at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% from 1 January 2012 reduced to 17% as from 1 January 2014. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence.

The tax charge relating to components of other comprehensive income is as follows:

Tax effects of components of other comprehensive income

	Year ended 31 December 2016			Year ended 31 December 2015		
	Before tax	**Tax (charge)/ credit**	**After tax**	Before tax	Tax (charge)/ credit	After tax
	€	**€**	**€**	€	€	€
Land and buildings:						
Deferred tax adjustment	**-**	**9.654**	**9.654**	-	6.249	6.249
Available for sale financial assets:						
Fair value (loss)/gain	**(2.086)**	**-**	**(2.086)**	(1.670)	-	(1.670)
Other comprehensive income	**(2.086)**	**9.654**	**7.568**	(1.670)	6.249	4.579

12 Loss per share

The basic loss per share is calculated by dividing loss attributable to the shareholders by the weighted average number of issued shares during the year.

	2016 **€**	2015 €
Loss for the year attributable to shareholders	**(1.562.398)**	(3.413.843)
Weighted average number of issued shares	**8.200.000**	8 200 000
Basic loss per share - cents	**(19,05)**	(41,63)

13 Dividends per share

The Board of Directors does not recommend the payment of dividend.

14 Financial instruments by category

	Loans and receivables €	Available-for sale €	Total €
31 December 2016			
Assets as per balance sheet			
Available-for-sale financial assets	-	7.953	7.953
Non-current receivables	24.205	-	24.205
Loan to related party	2.816.783	-	2.816.783
Trade and other receivables (excluding prepayments)	7.411.125	-	7.411.125
Cash and bank balances	398.645	-	398.645
Total	10.650.758	7.953	10.658.711

	Financial liabilities €
Liabilities as per balance sheet	
Borrowings	10.606.056
Trade and other payables (excluding statutory liabilities)	7.157.871
Total	17.763.927

	Loans and receivables €	Available-for sale €	Total €
31 December 2015			
Assets as per balance sheet			
Available-for-sale financial assets	-	10.039	10.039
Non-current receivables	22.943	-	22.943
Loan to related party	1.787.783	-	1.787.783
Trade and other receivables (excluding prepayments)	8.234.421	-	8.234.421
Cash and bank balances	412.742	-	412.742
Total	10.457.889	10.039	10.467.928

	Financial liabilities €
Liabilities as per balance sheet	
Borrowings	10.534.280
Trade and other payables (excluding statutory liabilities)	7.284.641
Total	17.818.921

15 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable) or to historical information about counterparty default rates:

	2016	2015
	€	€
Trade receivables that are neither past due nor impaired		
Counterparties without external credit rating		
Group 1	**40.801**	222.838
Group 2	**2.137.871**	849.438
Group 3	**416.158**	1.208.441
Total trade receivables that are neither past due nor impaired	**2.594.830**	2.280.717

	2016	2015
	€	€
Other receivables that are neither past due nor impaired		
Group 4	**3.137.022**	1.999.931
Group 5	**45.307**	63.469
	3.182.329	2.063.400
Cash at bank and short-term bank deposits (1)		
Caa2	**147.098**	144.198
Caa3	**164.232**	203.528
Not rated	**39.585**	43.380
	350.915	391.106

(1) The rest of the balance sheet item 'cash and bank balances' is cash in hand.

Group 1 – new receivables (less than 6 months).

Group 2 - existing customers (more than 6 months) with no defaults in the past.

Group 3 - existing customers (more than 6 months) with some defaults in the past. Total defaults have been fully recovered.

Group 4 - companies within the group, common control companies and associates with no defaults in the past.

Group 5 - other receivables

None of the financial assets that are fully performing has been renegotiated in the last year.

None of the loans and receivables from related parties is past due or impaired.

16 Property, plant and equipment

	Land and buildings €	Plant machinery and tools €	Furniture, fixtures and computer hardware €	Motor vehicles €	Total €
At 1 January 2015					
Cost or valuation	11.275.786	4.627.304	1.141.415	1.891.013	**18.935.518**
Accumulated depreciation	(294.919)	(2.998.512)	(1.004.818)	(1.748.861)	**(6.047.110)**
Net book amount	10.980.867	1.628.792	136.597	142.152	**12.888.408**
Year ended 31 December 2015					
Opening net book amount	10.980.867	1.628.792	136.597	142.152	**12.888.408**
Additions	22.645	97.585	42.767	82.454	**245.451**
Transfer from investment property due to change in use (Note 17)	690.000	-	-	-	**690.000**
Depreciation charge (Note 8)	(303.104)	(226.607)	(51.031)	(88.488)	**(669.230)**
Closing net book amount	11.390.408	1.499.770	128.333	136.118	**13.154.629**
At 31 December 2015					
Cost or valuation	11.988.431	4.724.889	1.184.182	1.973.467	**19.870.969**
Accumulated depreciation	(598.023)	(3.225.119)	(1.055.849)	(1.837.349)	**(6.716.340)**
Net book amount	11.390.408	1.499.770	128.333	136.118	**13.154.629**
Year ended 31 December 2016					
Opening net book amount	11.390.408	1.499.770	128.333	136.118	**13.154.629**
Additions	728	165.638	25.936	11.144	**203.446**
Depreciation charge (Note 8)	(303.135)	(235.868)	(44.823)	(65.599)	**(649.425)**
Closing net book amount	11.088.001	1.429.540	109.446	81.663	**12.708.650**
At 31 December 2016					
Cost or valuation	11.989.159	4.890.527	1.210.118	1.952.148	**20.041.952**
Accumulated depreciation	(901.158)	(3.460.987)	(1.100.672)	(1.870.485)	**(7.333.302)**
Net book amount	11.088.001	1.429.540	109.446	81.663	**12.708.650**

Bank borrowings are secured on land and buildings of the Company (including investment properties Note 17) for €7.498.658 (2015: €7.498.658) (Note 28).

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2016 €	2015 €
Net book value	**-**	-
Profit on sale of property, plant and equipment (Note 7)	**2.300**	-
Proceeds from sale of property, plant and equipment	**2.300**	-

Operating lease rentals amounting to €63.714 (2015: €63.736) relating to the lease of property are included in profit or loss (Note 8).

Depreciation expense of €539.003 (2015: €529.711) has been charged in "cost of sales", €36.224 (2015: €51.374) in "selling and marketing expenses" and €74.198 (2015: €88.145) in "administrative expenses".

16 Property, plant and equipment (continued)

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2016 €	2015 €
Cost	**5.982.980**	5.982.252
Accumulated depreciation	**(3.375.183)**	(3.160.391)
Net book amount	**2.607.797**	2.821.861

Fair value of land and buildings

An independent valuation of land and buildings of the Company was performed by independent valuers to determine fair value of land and buildings as at 31 December 2013. The revaluation revealed no significant changes in the fair value of land and buildings. The following table analyses non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Fair value measurements at 31 December 2013 using (31 December 2016)		
	Quoted prices in active markets for identical assets (Level 1) €	**Significant other observable inputs (Level 2)** €	**Significant unobservable inputs (Level 3)** €
Recurring fair value measurements			
Land and buildings:			
Manufacturing sites - Cyprus	-	-	10.853.416
Flat - Serbia	-	-	234.585
	-	-	11.088.001

	Fair value measurements at 31 December 2013 using (31 December 2015)		
	Quoted prices in active markets for identical assets (Level 1) €	**Significant other observable inputs (Level 2)** €	**Significant unobservable inputs (Level 3)** €
Recurring fair value measurements			
Land and buildings:			
Manufacturing sites - Cyprus	-	-	11.116.725
Flat - Serbia	-	-	273.683
	-	-	11.390.408

16 Property, plant and equipment (continued)

Valuation processes of the Company

The Company engages at regular intervals, external, independent and qualified valuers to determine the fair value of land and buildings of the Company. On 31 December 2013 the fair values of the land and buildings were determined by D & M Axia Chartered Surveyors Limited, member of RICS.

The external valuations of the level 3 land and buildings have been performed using a sales comparison approach to determine the value of the land and the depreciated replacement cost method to determine the value of the buildings. However for manufacturing sites in Cyprus there have been a limited number of similar sales in the local market and the valuations have been performed using unobservable inputs. The external valuers, in discussion with the Company's management have determined these inputs based on the size, age and condition of the land and buildings, the state of the local economy and comparable prices in the corresponding area. The most important factor in these valuation methods is the price per square meter.

Information about fair value measurements using significant unobservable inputs (Level 3)

Description Manufacturing sites Cyprus and Flat-Serbia	**Fair value at 31 December 2016 €**	**Valuation technique**	**Unobservable inputs**	**Range of unobservable inputs (probability-weighted average)**	**Relationship of unobservable inputs to fair values**
Land	11.088.001	Προσέγγιση σύγκρισης πωλήσεων	Price per square meter	€200-€750 (€293)	The higher the price per square meter the higher the fair value
Buildings		Μέθοδος του αποσβεσμένου κόστους αντικατάστασης	Price per square meter	€479-€565 (€530)	The higher the price per square meter the higher the fair value

Description Manufacturing sites Cyprus and Flat- Serbia	**Fair value at 31 December 2015**	**Valuation technique**	**Unobservable inputs**	**Range of unobservable inputs (probability-weighted average)**	**Relationship of unobservable inputs to fair values**
Land	11.390.408	comparable prices	Price per square meter	€200-€750 (€293)	The higher the price per square meter the higher the fair value
Buildings		depreciated replacement cost	Price per square meter	€479-€565 (€530)	The higher the price per square meter the higher the fair value

There were no any movement between levels during the year.

The above mentioned amounts have been amended, after December 2013, to include depreciation and additions from 2014, 2015 and 2016.

17 Investment property

	2016	2015
	€	€
At beginning of the year	**2.472.980**	3.314.980
Additions	**796.249**	
Fair value loss (Note 7)	**(57.249)**	(152.000)
Transfer to property, plant and equipment due to change of use (Note 16)	**-**	(690.000)
At end of the year	**3.211.980**	2.472.980

Fair value is determined using comparable prices. The sales prices of comparable land and buildings in nearby locations are adjusted for differences in key characteristics like the size of the property.

Investment property of the Company comprises of idle land not used by the Company and has been classified at Level 3 of the fair value hierarchy.

Country	**Idle land-Cyprus**	**2016 Total**	2015 Total
	€	**€**	€
Fair value at 1 January	**2.472.980**	**2.472.980**	3.314.980
Additions	**796.249**	**796.249**	
Net loss from fair value adjustments on investment property	**(57.249)**	**(57.249)**	(152.000)
Transfer to property, plant and equipment due to change of use (Note 16)	**-**	**-**	(690.000)
Fair value at 31 December	**3.211.980**	**3.211.980**	2.472.980

Bank borrowings are secured on the Company's land and buildings (including land and buildings in property, plant and equipment (Note 16)) for €7.498.658 (2015: €7.498.658) (Note 28).

The above investment property additions amounting to €796.249 includes additions amounting to €702.016 which have been acquired against receivables subsidiaries balances.

17 Investment property (continued)

Valuation processes

The Company's investment properties were valued at 31 December 2016 by independent professionally qualified valuers, D&M Axia Chartered Surveyor Limited was responsible for the properties in Cyprus and Mr Milan Zarubica was responsible for the properties in Serbia. D & M Axia Chartered Surveyors Limited, member of RICS, hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use. The Group's finance department reviews the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between the CFO, Management and the independent valuers at least once every year. At each financial year end the Company's finance department:

- verifies all major inputs to the independent valuation report
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

Changes in Level 3 fair values are analysed at each reporting date during the annual valuation discussions between the CFO, Audit Committee and the independent valuer.

Information about fair value measurement using significant unobservable inputs (Level 3) – 31 December 2016

Property	Valuation	Valuation technique	Unobservable inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
	€		€	%	
Idle land	2.996.980	Comparable prices	Price per square meter	€155-€700	The higher the price per square meter the higher the fair value
Buildings rented	215.000	Comparable prices	Price per square meter	€837	The higher the price per square meter the higher the fair value
	3.211.980				

Information about fair value measurement using significant unobservable inputs (Level 3) – 31 December 2015

Property	Valuation	Valuation technique	Unobservable inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
	€		€	%	
Idle land	2.323.000	Comparable prices	Price per square meter	€140-€200 (€170)	The higher the price per square meter the higher the fair value
Buildings not used	149.980	Comparable prices	Price per square meter	€500	The higher the price per square meter the higher the fair value
	2.472.980				

Mitsides Public Company Limited

17 Investment property (continued)

Sensitivity of management's estimates – 31 December 2016

	(Decrease)/Increase in price per square meter					
	-15%	**-10%**	**-5%**	**5%**	**10%**	**15%**
	€	**€**	**€**	**€**	**€**	**€**
Idle land	(449.550)	(299.700)	(149.850)	149.850	299.700	449.550
Buildings rented (Serbia)	(32.250)	(21.500)	(10.750)	10.750	21.500	32.250
	(481.800)	(321.200)	(160.600)	160.600	321.200	481.800

Sensitivity of management's estimates – 31 December 2015

	(Decrease)/Increase in price per square meter					
	-15%	**-10%**	**-5%**	**5%**	**10%**	**15%**
	€	**€**	**€**	**€**	**€**	**€**
Idle land	(348.450)	(232.300)	(116.150)	116.150	232.300	348.450
Buildings rented (Serbia)	(22.500)	(15.000)	(7.500)	7.500	15.000	22.500
	(370.950)	(247.300)	(123.650)	123.650	247.300	370.950

The income from the rent of buildings amounts to €1.200 (2015: €Nil).

18 Intangible assets

	Computer software €
At 1 January 2015	
Cost	236.617
Accumulated amortization and impairment charges	(214.459)
Net book amount	10.228
Year ended 31 December 2015	
Opening net book amount	10.228
Additions	3.240
Amortisation charge (Note 8)	(11.308)
Closing net book amount	2.160
At 31 December 2015	
Cost	239.857
Accumulated amortization and impairment charges	(237.697)
Net book amount	2.160
Year ended 31 December 2016	
Opening net book amount	2.160
Additions	3.720
Amortisation charge (Note 8)	(2.321)
Closing net book amount	3.559
At 31 December 2016	
Cost	243.577
Accumulated amortization and impairment charges	(240.018)
Net book amount	3.559

Computer software is amortised using the straight line method over a 3 year period. Amortisation of €2.321 (2015: €11.308) is included in "administrative expenses" in profit or loss.

19 Investment in subsidiaries

	2016	2015
	€	€
At the beginning of the year	**6.736.805**	7.536.805
Impairment charge (1)	**(2.200.000)**	(2.972.980)
Increase in Share Capital of Mitsides Point d.o.o. (2) (Note 33 (iv))	**-**	2.172.980
At end of year	**4.536.805**	6.736.805

(1) On 31 December 2016, the Company recognised impairment loss on cost of investment of subsidiary company of €2.200.000 (2015: €2.972.980). The impairment loss was written off in the income statement and it relates to the investment in Mitsides Point d.o.o.

(2) On 26 June 2015, the subsidiary Mitsides Point d.o.o. increased its share capital to €5.705.378 from €3.532.398. The increase of share capital derived from the capitalisation of loans amounting to €2.172.980 (Note 33 (iv)) that were received from the parent company Mitsides Public Company Limited.

Impairment test for cost of investment in subsidiary Companies

The recoverable amount of the cash generating unit has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period.

The main indicators used in the calculation of value in use for the year ended 31 December 2016 are as follows:

	Average gross profit margin 2017 – 2021 %	Revenue growth 2017 - 2021 %	Weighted average cost of capital %
Mitsides Point d.o.o.	18,6	7,0	13,7
Larnaca Flourmills “Zenon” Limited	18,0	3,0	10,0

Management determines the budgeted gross profit margin based on past performance and its expectations for market development.

The weighted average growth rate used is consistent with provisions included in data and reports which relates to the sector in which the Company operates. The weighted average cost of capital used does not include the effects of tax and reflects specific risks relating to each cash generating unit. Based on the above assumptions , the amount of the impairment recognised in the accounts at 31 December 2016 is €2.200.000 (2015: €2.972.980).

The Company’s interests in its subsidiaries, all of which are unlisted were as follows:-

Name	**Country of incorporation**	**Principal activities**	**2016 % holding**	2015
Blue Azul Investments Limited	Cyprus	Parent Company of Larnaca Flourmills “Zenon” Limited	**100%**	100%
Mitsides Point d.o.o.	Serbia	Production of pasta, flour, bread, pastry products and storing of grain	**100%**	100%

20 Available-for-sale financial assets

	2016 €	2015 €
At the beginning of the year	**10.039**	11.755
Fair value gains/(losses) transferred to other comprehensive income (Note 27)	**(2.086)**	(1.670)
Capital reduction	**-**	(46)
At end of year	**7.953**	10.039

Available-for-sale financial assets are analysed as follows:

	2016 €	2015 €
Listed equity securities:		
Cyprus Stock Exchange	**5.475**	7.561
Unlisted equity securities	**2.478**	2.478
	7.953	10.039

In addition, during the year there was a dividend income of €41 (2015: €36) from available-for-sale financial assets, which is included in 'other income' in profit or loss (Note 6).

Available-for-sale financial assets are denominated in the following currencies:

	2016 €	2015 €
Euro – functional and presentation currency	**7.953**	10.039

The maximum exposure to credit risk at the balance sheet date is the fair value of equity investments classified as available-for-sale.

21 Non-current receivables

	2016 €	2015 €
Current		
Loans to third parties	**24.205**	22.943
	24.205	22.943

During 2015, the Company didn't grant any additional loans to third parties, but interest of €1.196 was charged for the existing loans.

During 2016, the Company didn't grant any additional loans to third parties, but interest of €1.262 was charged for the existing loans.

The loan is due for payment on the 31st of December 2016. An extension has been given.

The effective interest rates on non-current receivables were as follows:

	2016 %	2015 %
Other non-current receivables	**5,5**	5,5

21 Non-current receivcbables (continued)

The carrying amounts of the Company's non-current receivables are denominated in the following currencies:

	2016	2015
	€	€
Euro - functional and presentation currency	**24.205**	22.943

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. The above mentioned receivable, is secured by property belonging to the borrower.

22 Loan to related company

	2016	2015
	€	€
Current		
Loan to subsidiary (Note 33 (iv))	**2.816.783**	1.787.783

On July 1 2015, loans granted to the subsidiary Mitsides Point d.o.o. of €2.172.980 were capitalised (Note 33 (iv)) as part of the cost of investment in the subsidiary company.

During 2016, an additional loan of €1.029.000 (Note 33 (iv)) was granted to the subsidiary company Mitsides Point d.o.o. which does not bear interest and is repayable on demand.

During 2016, the subsidiary didn't repay any part of the loan granted in 2016.

Loan to related party is not secured.

The fair value of current receivable is as follows:

	2016	2015
	€	€
Loan to subsidiary	**2.816.783**	1.787.783

The carrying amount of current receivable of the Company is denominated in the following currency:

	2016	2015
	€	€
Euro – functional and presentation currency	**2.816.783**	1.787.783

The maximum exposure to credit risk at the balance sheet date is the carrying value of current receivable mentioned above. The current receivable is neither past due nor impaired.

23 Inventories

	2016 €	2015 €
Raw materials	**1.662.900**	2.733.506
Finished goods	**1.893.318**	1.684.897
Spare parts	**464.320**	478.750
Fuels and lubricants	**16.755**	10.250
Goods in transit	**1.196.960**	96.732
	5.234.253	5.004.135

All inventories are stated at cost.

24 Trade and other receivables

	2016 €	2015 €
Trade receivables	**7.490.195**	9.053.660
Less: Provision for impairment of receivables (Note 4)	**(444.616)**	(1.071.913)
Trade receivables – net	**7.045.579**	7.981.747
Receivables from related companies (Note 33 (iii))	**320.239**	212.148
Other receivables	**45.307**	40.526
Prepayments	**64.818**	64.220
	7.475.943	8.298.641

The fair value of trade and other receivables are as follows:

	2016 €	2015 €
Trade receivables	**7.045.579**	7.981.747
Receivable from related parties	**320.239**	212.148
Other receivables	**45.307**	40.526
Prepayments	**64.818**	64.220
	7.475.943	8.298.641

At 31 December 2016, trade receivables of €2.594.830 (2015: €2.280.717) were neither past due nor impaired.

Trade receivables that are less than three months past due are not considered impaired. As of 31 December 2016, trade receivables of €4.450.749 (2015: €5.701.030) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2016 €	2015 €
Up to 3 months	**4.450.749**	5.701.030

24 Trade and other receivables (continued)

At 31 December 2016, trade receivables of €444.616 (2015: €1.071.913) were impaired and provided for. The impaired receivables include mainly wholesalers, which are in an unexpectedly difficult economic situation. The ageing analysis of these receivables is as follows:

	2016 **€**	2015 €
Over 12 months	**444.616**	1.071.913

Movements on the Company's provision for impairment of trade receivables are as follows:

	2016 **€**	2015 €
At 1 January	**1.071.913**	1.261.251
Specific provision for impairment of receivables (Note 8)	**47.041**	488.308
Bad debts recovered (Note 8)	**(35.404)**	-
Receivables written off during the year as uncollectible	**(638.934)**	(677.646)
At 31 December	**444.616**	1.071.913

The creation and reversal of provision for impaired receivables have been included in 'administrative expenses' in profit or loss (Note 8). Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired or past due assets.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned above. The Company does not hold any collateral as security.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2016 **€**	2015 €
Euro – functional and presentation currency	**7.475.943**	8.298.641

25 Cash and bank balances

	2016 **€**	2015 €
Cash at bank and in hand	**286.596**	301.242
Short term bank deposits	**112.049**	111.500
	398.645	412.742

The effective interest rate on short term bank deposits was 0,70% (2015: 1,93 %).

25 Cash and bank balances (continued)

Cash and bank balances and bank overdrafts include the following for the purposes of the statement of cash flows:

	2016	2015
	€	€
Cash and bank balances	**398.645**	412.742
Bank overdrafts (Note 28)	**(9.974.649)**	(10.452.118)
	(9.576.004)	(10.039.376)

Cash and bank balances are denominated in the following currencies:

	2016	2015
	€	€
Euro – functional and presentation currency	**396.595**	410.397
Serbian Dinar	**2.050**	2.345
	398.645	412.742

26 Share capital

	Number of ordinary shares	Share capital €	Total €
Issued share capital			
At 1 January 2015/31 December 2015/ 31 December 2016	8 200 000	8.446.000	8.446.000

The total authorised number of ordinary shares is 33 333 333 (2015: 33 333 333 shares) of nominal value €1,03 per share. All issued shares are fully paid.

27 Other reserves

	Land and buildings €	Available-for-sale financial assets €	Total €
1 January 2015	5.243.744	(464.162)	4.779.582
Available-for-sale financial assets:			
Fair value gain (Note 20)	-	(1.670)	(1.670)
Land and buildings:			
Depreciation transfer – gross	(88.343)	-	(88.343)
Depreciation transfer – tax	11.043	-	11.043
Deferred tax adjustment (Note 29)	6.249	-	6.249
At 31 December 2015/1 January 2016	5.172.693	(465.832)	4.706.861
Available-for-sale financial assets:			
Fair value loss (Note 20)	-	(2.086)	(2.086)
Land and buildings:			
Depreciation transfer – gross	(88.343)	-	(88.343)
Depreciation transfer – tax	11.043	-	11.043
Deferred tax adjustment (Note 29)	9.654	-	9.654
At 31 December 2016	5.105.047	(467.918)	4.637.129

28 Borrowings

	2016 €	2015 €
Current		
Bank overdrafts (Note 25)	**9.974.649**	10.452.118
Bank borrowings	**160.983**	21.312
	10.135.632	10.473.430
Non-current		
Bank borrowings	**470.424**	60.850
Total borrowings	**10.606.056**	10.534.280

	2016 €	2015 €
Maturity of non-current borrowings:		
Between 1 and 2 years	**61.557**	22.148
Between 2 and 5 years	**179.507**	38.702
Over 5 years	**229.360**	-
	470.424	60.850

The bank loans are repayable by monthly instalments by May 2019. The bank loans and overdrafts are secured as follows:

(i) By floating charge on the Company's assets for €4.088.064 (2015: €4.088.064),

(ii) By mortgage of land and buildings of the Company for €7.498.658 (2015: €7.498.658) (Notes 16 and 17),

(iii) By pledge of fire insurance of the Company for €18.895.000 (2015: €18.006.407),

(iv) Promissory note of €923.244 (RSD113.995.000) (2015: €1.713.974 (RSD208.464.000)) as a security on the purchase of wheat through additional loan facility granted to the subsidiary company Mitsides Point d.o.o. obtained from IIG Bank (Malta) Ltd.

The weighted average effective interest rates at the balance sheet date were as follows:

	2016 %	2015 %
Bank borrowings	**4,17**	4,16
Bank overdrafts	**3,53**	4,37

The bank borrowings and bank overdrafts of the Company are arranged mainly at floating rates. Borrowings at floating rates, interest rates are determined regularly thus exposing the Company to cash flow interest rate risk.

The exposure of the Company's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	2016 €	2015 €
6 months or less	**631.407**	82.162
6-12 months	**9.974.649**	10.452.118
	10.606.056	10.534.280

28 Borrowings (continued)

The Company has the following undrawn borrowing facilities:

	2016	2015
	€	€
Floating rate:		
Expiring within one year	**2.200.371**	**1.723.393**

The facilities expiring within the one year are annual facilities subject to review at various dates during 2016. Other facilities have been arranged so as to help finance the needs of the Company for working capital.

The carrying amounts of bank overdrafts and bank loans approximate their fair value.

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2016	2015
	€	€
Euro – functional and presentation currency	**10.606.056**	10.534.280

29 Deferred income tax liabilities

The analysis of deferred income tax liabilities are as follows:

	2016	2015
	€	€
Deferred income tax liabilities:		
- Deferred tax liabilities to be settle after more than twelve months	**1.744.668**	1.772.376

The gross movement on the deferred income tax account is as follows:

	2016	2015
	€	€
At the beginning of the year	**1.772.376**	1.792.139
Credit included in profit or loss (Note 11)	**(18.054)**	(13.514)
Tax (credit)/charge relating to components of other comprehensive income (Note 27)	**(9.654)**	(6.249)
At the end of year	**1.744.668**	1.772.376

The movement in deferred tax assets and liabilities, is as follows:

	Revaluation of land, buildings and machinery	Difference between depreciation and wear and tear allowance	Total
	€	€	€
At 1 January 2015	1.699.251	92.888	1.792.139
Debit/(credit):			
Profit or loss (Note 11)	(27.701)	14.187	(13.514)
Other comprehensive income (Note 27)	(6.249)	-	(6.249)
At 31 December 2015/1 January 2016	1.665.301	107.075	1.772.376
Debit/(credit):			
Profit or loss (Note 11)	(9.701)	(8.353)	(18.054)
Other comprehensive income (Note 27)	(9.654)	-	(9.654)
At 31 December 2016	1.645.946	98.722	1.744.668

30 Trade and other payables

	2016 €	2014 €
Trade payables	**4.256.430**	4.192.474
Social Insurance, VAT and other taxes	**174.807**	47.292
Accrued expenses	**124.156**	64.166
Payable to related party (Note 33 (iii))	**2.773.415**	3.023.849
Other payables	**3.870**	4.152
Defence contribution payable on deemed dividend distribution	**-**	38.655
	7.332.678	7.370.588

The fair value of the trade and other payables which are due within one year approximate their carrying amount on the balance sheet date.

The carrying amounts of the Company's trade and other payables are denominated in the following currencies:

	2016 €	2015 €
Euro – functional and presentation currency	**7.332.678**	7.370.588

31 Contingencies

At 31 December 2016 the Company had contingent liabilities in respect of the following:

(i) Bank guarantees arising in the ordinary course of business from which it is anticipated that no material liability will arise. These guarantees amounted to €104.494 (2015: €10.126).

(ii) Guarantee to secure invoice discounting facilities of subsidiary Larnaca Flourmills "Zenon" Limited. The amount, as per agreement, given in the subsidiary from Bank of Cyprus Limited (ex Laiki Factors Limited) for invoice discounting on 31 December 2015 amounted to €Nil (2015: €362.382).

(i) The Company has provided guarantees amounting to €5.883.000 (2015: €6.283.000) to secure banking facilities of the subsidiary company Mitsides Point d.o.o., from which no significant liabilities are expected to arise.

(ii) Promissory note of €923.244 (RSD113.995.000) (2015: €1.713.974 (RSD208.464.000)) as a security on the purchase of wheat through additional loan facility granted to the subsidiary company Mitsides Point d.o.o. obtained from IIG Bank (Malta) Ltd.

32 Commitments

Operating lease commitments – where the Company is the lessee

The Company leases warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The Company is required to give a six-month notice, based on the terms of the lease agreement, for the termination of these agreements. The lease expenditure charged to profit or loss during the year is disclosed in Note 8.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2016 €	2015 €
Not later than 1 year	**31.031**	31.031
Between 2 and 5 years	**56.625**	83.625
	87.656	114.656

33 Related party transactions

The Company is controlled by Mr Constantinos P. Mitsides, Chrysostomos St. Mitsides and Mrs Olga Lysandrou who hold 19,49% each in the share capital of the Company and Mr Chrysostomos P. Mitsides who holds 18,25% of the share capital of the Company.

The ultimate parent entity which prepares the consolidated financial statements of the largest body of undertakings of which the Company forms part as a subsidiary undertaking, is Mitsides Public Company Limited.

The Companies Chr & C Mitsides (Timber) Limited, Chr & C Mitsides (Investments) Limited and EEG Energy Efficiency Group Cyprus Ltd are considered to be related parties due to common ownership by the Directors.

The Company Larnaca Flourmills "Zenon" Limited is wholly owned subsidiary of Blue Azul Investments Limited which is 100% controlled by the Company.

The following transactions were carried out with related parties:

(i) Sales of goods and services

	2016	2015
	€	€
Sales of goods:		
Larnaca Flourmills "Zenon" Limited	**2.352.090**	2.904.963
Mitsides Point d.o.o.	**277.296**	-
	2.629.386	2.904.963
Sales of services:		
Larnaca Flourmills "Zenon" Limited	**44.904**	44.743
Recharging:		
Larnaca Flourmills "Zenon" Limited	**-**	40.932

(ii) Purchases of goods and services

	2016	2015
	€	€
Purchases of goods:		
Larnaca Flourmills "Zenon" Limited	**3.252.172**	3.751.155
Mitsides Point d.o.o.	**511.584**	441.617
	3.763.756	4.194.809
Purchases of services:		
Chr & C Mitsides (Investments) Limited	**188.252**	188.252

33 Related party transactions (continued)

(iii) Year end balances arising from sales/purchases of goods/services and financing

	2016 €	2015 €
Receivable from related parties (Note 24):		
EEG Energy Efficiency Group Cyprus Ltd	**54.700**	43.145
Mitsides Point d.o.o.	**259.743**	167.033
Chr. C. Mitsides (Investments) Ltd	**3.120**	1.970
Chr. C. Mitsides (Timber) Ltd	**2.326**	-
Blue Azul Investments	**350**	-
	320.239	212.148
Payable to related parties (Note 30):		
Larnaca Flourmills "Zenon" Limited	**2.773.415**	3.023.849

Balances arise from sales/purchases of goods, services and financing.

The above balances bear no interest, are unsecured and have no fixed terms of repayment.

(iv) Loan to related party

	2016 €	2015 €
Loan to subsidiary		
At the beginning of the year	**1.787.783**	1.690.197
Loans advanced during the year (Note 22)	**1.029.000**	2.270.566
Loans capitalised during the year (Note 22)	**-**	(2.172.980)
At end of year (Note 22)	**2.816.783**	1.787.783

On 26 June 2015, loans granted to the subsidiary Mitsides Point d.o.o. of €2.172.980 were capitalised as part of the cost of investment in the subsidiary company (Note 22).

During 2015, an additional loan of €1.029.000 (Note 22) was granted to the subsidiary company Mitsides Point d.o.o. which does not bear interest and is repayable on demand.

During 2016, the subsidiary didn't repay any part of the loan granted in 2016 (Note 22).

Loan to related party is not secured.

(vi) Key management personnel compensation

The compensation of key management personnel and close relatives is as follows:

	2016 €	2015 €
Salaries and other short term benefits	**1.226.488**	**1.217.424**

33 Related party transactions (continued)

(vii) Director's remuneration

The total remuneration of the Directors (including the key management personnel compensation above) was as follows:

	2016	2015
	€	€
Emoluments in their executive capacity	**415.697**	399.795
Fees	**12.655**	11.550
	428.352	411.345

(viii) Securities of banking facilities of subsidiary companies

The banking facilities of subsidiary companies Larnaca Flourmills "Zenon" Limited and Mitsides Point d.o.o. are secured by guarantees of the Company (Note 31).

34 Events after the balance sheet date

There were no material events after the balance sheet date which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 8 to 15.