

LCP Holdings and Investments Public Ltd

Condensed Interim Financial Statements for the half year ended 30 June 2017

Management Report

The condensed interim consolidated financial statements, presented in Euro, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Statements” and comply with the provisions of the Securities and Cyprus Stock Exchange Law and Regulations pertaining to the announcement of interim results.

The condensed interim consolidated financial statements for the first half of 2017 were prepared using the same accounting principles as the audited financial statements of the Company for the year ended 31 December 2016. The results for the first half of 2017 have not been audited by the Company’s external auditors.

The condensed interim financial statements do not include all the information and notifications required for the annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended 31 December 2016.

Company’s main activities and nature of operations

The Company’s main activities consist in the purchase and sale of securities for own benefit, investments in property and selected participation in companies and vehicles operating in different business sectors and projects.

Overview of developments, performance, activities and position of the Company

In the half year ended 30 June 2017, LCP Holdings and Investments Public Ltd (the “Company”) sustained losses of €42.7 thousand compared to €3.0 thousand in the corresponding six-month period of 2016.

Since February 2014, the Company has been renting part of its head offices in 26 Byron Street in Nicosia to ENI Cyprus Limited (a subsidiary of the Italian company ENI S.p.A.) The income from the rental of the offices appears in “Income from rents” and “Other Income”.

The Company’s total income in the first half of 2017 stood at €170.4 thousand compared to €136.0 thousand in the corresponding period of 2016. The increase in total income is due to dividends receivable as well as to the increase in the income from rents and other income. More specifically, in the first half of 2017, dividends receivable amounted to €1.2 thousand (6M 2016: zero), income from rents amounted to €73.4 thousand (6M 2016: €71.7 thousand) and other income stood at €95.8 thousand (6M 2016: €64.4 thousand).

The Company's total expenses for the first half of 2017 stood at €214.8 thousand compared to €136.4 thousand in the corresponding period of 2016. The increase in total expenses is mostly due to the expenses relating to the non-enforcement of the decision of the Nicosia District Court in action 8352/2006, Bank of Piraeus S.A. vs. LCP Holdings and Investments Public Ltd and the appeal filed at the Supreme Court of Cyprus to overturn the judgment.

In the first half of 2017, the Company realized a gain from the revaluation and liquidation of financial assets at fair value through profit and loss amounting to €3.0 thousand compared to a loss of €1.0 thousand in the first half of 2016.

On 30 June 2017, the Company's total assets stood at €9.37 million (31 December 2016: €9.47 million) and total equity at €3.99 million (31 December 2016: €4.03 million).

Balances and Transactions with Related Parties

Information on the "Balances and Transactions with Related Parties" is presented in Note 16 to the Company's Interim Financial Statements.

Main risks and uncertainties

The Company is operating in Cyprus and, therefore, it has been affected by the financial crisis in the island during the last four years. Following a long and relatively deep economic recession, the Cyprus economy has started recording positive growth rates in 2015, which accelerated in 2016 and the first half of 2017. The long-term prospects for the Cyprus economy remain positive. There are, however risks related to growth forecasts arising from the high levels of non-performing loans, uncertainty in the property markets and the possible deterioration of the external environment of Cyprus.

This operating environment may have a significant impact on the Company's activities and financial situation. The Management is taking all necessary measures to ensure the sustainability of the Company's operations; however the future impact of the current financial situation is difficult to predict and the Management's current predictions and calculations could vary from the actual results.

Use of financial instruments by the Company

The Company's operations expose it to various financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and market price risk), credit risk and liquidity risk arising from the financial instruments in its possession.

The Company's risk management programme focuses on the non-predictability of money markets and aims to decrease the possible negative consequences on the Company's financial performance. The Board of Directors provides written guidelines for risk management in general as well as for specific areas such as foreign exchange risk, interest rate risk, credit risk,

use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

Foreign exchange risk

The foreign exchange risk is the risk that the value of the financial instruments will vary due to changes in exchange rates. Foreign exchange risk arises when future commercial transactions and the recognised assets and liabilities are valued in a currency which is not the Company's operating currency. On 30 June 2017, the Company did not have significant balances in foreign currencies. The Company is taking all necessary measures to minimize the foreign exchange risk.

Market price risk

The Company is exposed to the market price risk of shares due to investments held by the Company and classified in the balance sheet either as available for sale or as financial assets at fair value through profit and loss. The Company is not exposed to goods price risk.

The Company's investments in shares on 30 June 2017 include shares worth €1,090,084 listed on the Cyprus Stock Exchange and mutual funds worth €296,000 on the London Stock Exchange.

Cash flow Interest rate risk

Interest rate risk is the risk that the value of financial instruments may vary due to changes in market interest rates. Bank deposits at variable interest rates are subject to cash flow interest rate risk.

On 30 June 2017, the Company's assets with variable interest rate stood at €366,457. The Management of the Company follows interest rate fluctuations on an ongoing basis and acts accordingly. The Company does not apply hedge accounting for the cash flow interest rate risk.

Credit risk

Credit risk arises from cash and cash equivalents, deposits in banks and credit institutions, investments in debentures and bonds, as well as from exposure to credit granted to clients including pending receivables and binding transactions.

The Company's credit risk on 30 June 2017 derives from trade and other receivables amounting to €47,054, loans receivable amounting to €85,380 and bank balances of €366,457.

Other risks

Additional information in relation to the risks and uncertainties faced by the Company is presented in Notes 1, 2 and 13 of the Company's Interim Financial Statements.

Predicted growth of the Company

The Board of Directors continues its efforts to use and exploit the Company's immovable property as best as possible as well as utilise its investment holdings.

More specifically, with regard to its two main assets, i.e. the immovable property in Nicosia and Limassol, the Company is assessing investment interest in view of proceeding to a sale, in which case it will issue a relevant announcement.