

# PHILOKTIMATIKI PUBLIC LTD

---

31 January 2017

## **ANNOUNCEMENT**

### **INDICATIVE UNAUDITED RESULTS 2016**

At its meeting held on 30 January 2017, the Company's Board of Directors examined and approved the Indicative Unaudited Results for the year 2016. The Group's main activities have remained the same as last year and there have been no material events and transactions in 2016, other than the Group's usual business. Moreover, there have been no non-recurring or extraordinary activities.

In 2016, the real estate market showed signs of stabilization with several indicators in the construction sector recording increased activity, while the number of the sale and purchase agreements deposited with the Department of Lands and Surveys has also increased. The slight increase in demand for immovable property has contributed to the containment of the fall in prices. Despite the improvement in the real estate market compared to the corresponding period of 2015, the problems of non-performing loans, available liquidity and unemployment continue to directly affect the business and economic environment and require time and systematic effort, while the impact on the real estate market of the implementation of the foreclosure laws by credit institutions is yet unknown.

The turnover, which mostly derives from the provision of real estate services, has increased significantly by 74%, from €158,186 in the corresponding period of 2015 to €275,787 thousand. The Group's results continue to be affected, especially in the property development sector, despite the signs of stabilization, due to ongoing difficulties in the sector. The two remaining properties in Alaminos and Maroni are still available for sale.

The Indicative Unaudited Consolidated Results for 2016 present a loss before taxation of €256,830 thousand compared to a loss of €223,543 in the corresponding period of 2015. The results include impairments from property revaluations of €25,000 (2015: €150,000). With the exception of the investment property share of the associated company Akinita Lakkos Mikellis Ltd, where there has been no variation in the value (compared to an increase of €284 thousand last year) the loss from operations decreased by approximately 50%, from €507 thousand in 2015 to €252 thousand.

Financing costs increased while administrative costs decreased significantly for another consecutive year.

Own equity and reserves attributable to the shareholders as at 31 December 2016 stood at €10,772,535, which corresponds to a net asset value of €2.24 per share. The Company's stock exchange value as at 31/12/2016 was €0.30.

As regards operations, due to the ongoing difficulties in the property development construction sector, the operations of Philoktimatiki Ergoliptiki continue to be limited. In the sector of real estate service provision, the Company continues to promote these services and extends them to third parties other than Bank of Piraeus (Cyprus) Ltd. The Company is in close collaboration with Bank of Piraeus (Cyprus)

Ltd and acts as its advisor on immovable property and construction issues, and is also the administrator of its own immovable property.

As regards Akinita Lakkos Mikelli Ltd - in which Philoktimatiki Public Ltd has a shareholding of 20% - the largest joint owner with a share of 45.4% of the “Lakkos Mikelli” plot, of an area of 220,590 sq. m., situated at the southern entrance of Nicosia, following the settlement of the long-standing problem of its ownership status, the issue of the relevant Division Permits for the construction works regarding the road network, in view of the issue of separate title deeds, is now being promoted. Philoktimatiki Public Ltd has been appointed Project Manager in relation to the execution of the Distribution Agreement.

The said Agreement, together with the town planning incentives that have become permanent in 2016 regarding the upgrading of the Town Planning Zone, are important positive developments for the management, use, disposal and value of the share in the plot held by Akinita Lakkos Mikelli Ltd.

The business and economic environment shows signs of improvement and the fact that Banks have been recapitalized and are now in a position to offer fresh finance to the market are expected to be positive for 2017. Interest from non-European buyers to obtain a Residence Permit and or Cypriot Passport increased in 2016 due to the decrease/modification in the criteria set by the Government. This is expected to continue to have a positive impact on the real estate market. Moreover, the talks for a possible solution to the Cyprus problem cannot be ignored, as this is expected to bring benefits to the real estate market and the construction industry. Despite the above, the real estate market continues to face the important challenges of non-performing loans and the strategy of the banks to manage the immovable property portfolio in their possession.

The Company follows economic activity closely and focuses on the development of the Lakkos Mikelli plot and the increase in the provision of real estate services, considering at the same time any emerging opportunities in its field of activity.

Despite the slight increase in its bank obligations, the Company continues to have a low leverage of 17.5% (loans to net position ratio) in relation to its significant net position of €10.8 million. As a subsidiary of Bank of Piraeus S.A., the largest banking group in Greece, the Company has been enjoying its long-standing support. The change in the ownership status of Bank of Piraeus Cyprus is not expected to affect the Company and the cooperation between us.

## **DIVIDEND**

Having considered the Company’s capital needs for development and its liabilities and given the impact of the economic recession, the Board of Directors has decided that current conditions justify the continuation of a conservative policy and will not propose the payment of dividend for 2016 to the Annual General Meeting of the Shareholders.

Copies of the announcement are available to the shareholders and the public at the Company’s offices, 20, 25<sup>th</sup> March Str., Engomi, Nicosia.

Makarios Charalambides  
General Manager / Executive Director

**Consolidated statement of comprehensive income**  
**For the period ended 31 December 2016**

	2016 €	2015 €
<b>Income</b>	275,787	158,186
Cost of sales	<u>-176,276</u>	<u>-150,341</u>
<b>GROSS PROFIT</b>	99,511	7,845
Sales and promotion expenses	-1,692	-2,944
Administrative expenses	-236,071	-290,598
Other income	2,105	2,131
Other losses	-25,000	-150,000
<b>LOSS FROM OPERATIONS</b>	-161,147	-433,566
Finance costs	-90,807	-73,896
Share of (loss) / profit in associated company	<u>-4,876</u>	<u>283,919</u>
<b>LOSS BEFORE TAXATION</b>	-256,830	-223,543
Taxation (charge) / credit	<u>-30,181</u>	<u>70,540</u>
<b>LOSS FOR THE YEAR</b>	-287,011	-153,003
Other comprehensive income	-	-
<b>TOTAL (LOSS) /PROFIT FOR THE YEAR</b>	<u>-287,011</u>	<u>-153,003</u>
<b>Attributable to:</b>		
Shareholder interest	-279,396	-160,598
Minority interest	<u>-7,615</u>	<u>7,595</u>
	<u>-287,011</u>	<u>-153,003</u>
Loss per share (cents) – basic	<u>-5,81</u>	<u>-3,34</u>
Loss per share (cents) – diluted	<u>-5,81</u>	<u>-3,34</u>

## CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2016

	2016 €	2015 €
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	124,448	128,950
Investment in associated company	<u>10,935,940</u>	<u>10,964,656</u>
	<u>11,060,388</u>	<u>11,093,606</u>
<b>CURRENT ASSETS</b>		
Stocks and works in progress	993,426	1,018,427
Trade and other receivables	74,482	41,787
Receivables from affiliates	607,900	606,530
Tax receivable	-	9,373
Cash and cash equivalents	-	<u>140,686</u>
	<u>1,675,808</u>	<u>1,816,803</u>
<b>TOTAL ASSETS</b>	<u>12,736,195</u>	<u>12,910,409</u>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Share capital	4,084,128	4,084,128
Share premium reserve	293,239	293,239
Reserve from conversion of share capital into euro	20,664	20,664
Retained earnings	<u>6,309,163</u>	<u>6,585,818</u>
	10,707,194	10,983,849
Minority interest	<u>65,341</u>	<u>99,518</u>
<b>TOTAL EQUITY</b>	<u>10,772,535</u>	<u>11,083,367</u>
<b>CURRENT LIABILITIES</b>		
Payables to affiliates	18,292	18,292
Other creditors, payables and accrued expenses	64,303	66,136
Provisions	-	457
Loans	548,879	203,388
Bank facilities	1,332,187	1,516,964
Current tax liabilities	-	<u>21,805</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,963,661</u>	<u>1,827,042</u>
<b>TOTAL LIABILITIES</b>	<u>1,963,661</u>	<u>1,827,042</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>12,736,196</u>	<u>12,910,409</u>