



Profitable Results in a very difficult year for the N.K. Shacolas Group of Companies

2012 was a very difficult year which was marked by the intense effects of the economic crisis. In these adverse conditions, the public companies of the N.K. Shacolas Group, due to their well-organized efforts, their involvement in various sectors of the economy, the high caliber of its staff and the implementation of a series of measures, have managed to limit the consequences and achieve positive results. In 2013 the economic conditions have further deteriorated and all indications currently point out that it will be the most difficult year of the Cyprus economy.

The above were mentioned during the Annual General Meetings of the Public companies of the N.K. Shacolas Group, Woolworth (Cyprus) Properties Plc, Ermes Department Stores Plc and Cyprus Trading Corporation Plc, which took place in sequence at the Hilton Hotel in Nicosia on Thursday the 27th of June. In attendance was the President of DYSI Mr. Averof Neophytou, the General Manager of the Ministry of Finance Mr. Patsalides, the Presidents of the Employers and Industrialists Federation, the Cyprus Chamber of Commerce and Bank of Cyprus, representatives of the business world of Cyprus, other representatives of the economy and numerous shareholders.

Addressing the shareholders, the Executive Chairman Mr. Nicos K. Shacolas has mentioned that despite the difficulties, many foreign investors are interested in investing in Cyprus and has thanked the President of the Republic and the Government for the progressive incentives that have been announced for the development of the economy which will be of a great assistance to the country. **“We believe in our country, it’s a matter of time to stand on its own again”**, was the optimistic statement by Mr. Shacolas.

Interesting recommendations

Mr. Shacolas has mentioned five specific suggestions for potential changes in legislation which as they exist today greatly delay new projects and hinder the economic development of the country. These are as follows:

- Cancellation or suspension of the provision that requires companies to distribute dividends within two years from the year that are created.
- Amendment of the legislation so as private applicants of a building permit can appeal to a Ministerial committee for adverse decisions of the Environmental Authority.
- Amendment of the regulation for deviations, so as in case where a Minister contributes to a decision, every citizen to have the right to appeal to a Ministerial Committee in which, as a secondary level of authority, the Minister which contributed to the initial decision not to participate.
- Amendment of the legislation so as in the event of division of land into plots already approved by the Land Registry and the Town Planning Authority, the division to be able to proceed provided that at least 80% of the owners gave their consent.
- A decree to be issued by the Ministry of Labour, so as the opening hours of the shops in the tourist areas to be in force for the whole year so as to be in accord with the efforts taken to increase winter tourism.

CTC Results

The results of the Cyprus Trading Corporation Plc Group for 2012 were presented, on behalf of the Executive Chairman Mr. Nicos K. Shacolas, by the Managing Director Mr. Marios Loucaides. Mr. Marios Loucaides has mentioned that the turnover of the Group for 2012 was €407.445.000 in relation to 443.020.000 in 2011, an 8% drop. The reduction is emanating mainly from the retail sector, the distribution of tobacco products and the heavy vehicles industry sectors, which is a result of the continuing economic crisis that affects our country. The profit before interest, tax and depreciation

(EBITDA) was €48.294.000 in comparison with €46.960.000 in 2011, an increase of €1.334.000. The net profit after tax of the CTC Group was €7.125.000, in comparison with €9.482.000 in 2011, a reduction of €2.357.000.

It is worth noting that a provision for depreciation and impairment of goodwill for €12.444.000 has been made though which it does not constitute a cash outflow but contributes so as to reinforce the liquidity of the Group.

Mr. Shacolas has underlined that CTC is the largest commercial organisation in Cyprus covering the entire market with a wide range of activities and this is the reason why it manages to achieve new cooperation's with large international organisations that add further to its existing product portfolio. He has also mentioned that from the sale of the participation of the Group in MTN Cyprus Ltd, CTC has secured important profit, liquidity and simultaneous reduction of its debt levels.

Dividend

Given the current circumstances the Board of Directors does not propose the payment of a dividend. It is noted though that the three Public companies of the Shacolas Group have distributed a total dividend of €9.254.344 in December 2012.

Ermes Results

The turnover of the Group for the year ended 31 December 2012, amounted to €242.981.619 compared to €259.584.288 in 2011 a decrease of 6.4%. After deducting operating expenses that have been reduced by €4.892.000, a reduction of 6,4% compared to 2011, depreciation, finance expenses and taxation, the net profit for the year amounted to €260386 compared to €1.428.000 in 2011, indicative of the reduction in turnover and the decrease of gross profit margins due to the continuous economic recession.

Addressing the shareholders of the Company, the Executive Chairman Mr. George Aniliades stated that the exceptional actions that have taken place in March 2012 have created unprecedented difficulties and challenges. We reacted he added immediately to the conditions created by adopting more measures in reducing expenses, that inevitably affected all stakeholders in the activities of the Group. Mr. Aniliades also added that our presence in various retail sectors, commanding biggest market share in most, beyond the fact that it establishes us as the largest and most diverse retail organization

in Cyprus, provides us with an important advantage in that, especially in this very difficult period of the economy, we do not depend on one specific sector or operation.

Woolworth results

In presenting the results of the Group of Woolworth (Cyprus) Properties Plc for 2012, the Chairman of the Company Mr. **Demetris Demetriou** mentioned that they are considered satisfactory, given the difficult economic environment that prevailed upon Cyprus during the year.

Operating profits for 2012 reached €19.003.000, compared to €17.997.000 in the previous year. Due to the difficult conditions of the market, the revenues from the licensing and the leasing of the properties of the Group in 2012 were reduced by around €550.000 or 2,6% and reached €20.572.000, from €21.122.000 in 2011. The net profits attributable to shareholders for the year reached €6.005.000, compared to €6.700.000 in 2011.

As mentioned by Mr. Demetriou, despite the economic crisis, the visitors of the Shacolas Emporium Park in 2012 reached about 6,5 millions, remaining at the same levels as 2011. He also said that the Company will soon proceed with an application for the town planning permit for the expansion of «The Mall of Cyprus» by around 4.000 additional square meters, for the creation of new commercial spaces, with additional parking spaces. This expansion will be in the medium term when the market conditions allow it.

Mr. Demetriou recalled that in February 2013, Cyprus Limni Resorts & GolfCourses Plc, in which Woolworth owns a significant stake, has obtained the town planning permits for the two golf courses, effectively permitting the division and use of the land as per the Master Plan of the Limni Bay resort, at Polis Chrysochous area. The Company is now proceeding with the important infrastructure works while in parallel is actively seeking finance as well as attracting investors to participate in the project. The permit for part of the project still remains pending with the Department of Environment, but is expected to be obtained within the next few days the Company having satisfied all the Department's requirements. Mr. Demetriou also added: "This is where it should be emphasized that the owners and the Company proved that they care very much about the protection of the environment, as they have spent almost 40 million euro for reinstating the environment from previous uses, by the previous owners.

Following this, the Authorities and the public should feel comfortable trusting us that we will continue to care, protect and safeguard the environment, for the whole development area, as well as the pier and the beach.”

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