

JUMBO EC. R SRL

**ANNUAL DIRECTORS' REPORT
ANNUAL STANDALONE FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT**

30 JUNE 2016

JUMBO EC. R S.R.L

ANNUAL REPORT AND STANDALONE FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

CONTENTS

	<u>PAGE</u>
ANNUAL DIRECTORS' REPORT	1 - 6
ANNUAL STANDALONE FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	1
STATEMENT OF COMPREHENSIVE INCOME	2
STATEMENT OF CHANGES IN EQUITY	3
STATEMENT OF CASH FLOWS	4
NOTES TO THE FINANCIAL STATEMENTS	5 - 44
INDEPENDENT AUDITOR'S REPORT	



INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Jumbo EC. R SRL

Report on the financial statements

- 1 We have audited the accompanying financial statements of Jumbo EC. R SRL which comprise the statement of financial position as at 30 June 2016 and statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

- 2 Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

- 3 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of



expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

- 6 In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

- 7 The financial statements of Jumbo EC. R SRL for the year ended 30 June 2015, were audited by another auditor who expressed an unmodified opinion on those financial statements on 26 October 2015.

PricewaterhouseCoopers Audit SRL

PricewaterhouseCoopers Audit SRL

Bucharest, 19 September 2016

JUMBO EC. R SRL

ANNUAL REPORT

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

The management of JUMBO EC. R SRL presents their Directors' Report and the Annual Financial Statements as at 30 June 2016 prepared under the International Financial Reporting Standards, adopted for use in the European Union ("*IFRS*").

DESCRIPTION OF ACTIVITIES

JUMBO EC. R SRL („*The Company*") is registered in the Trade Companies Register under N^o 7122, having the fiscal code RO 18921652 and headquarters' address in Romania, 51 Theodor Pallady Blvd. Bucharest district 3.

The Company has the following activity subject: manufacture and wholesale and retail trade of all kinds of goods, including kid's products, toys, baby's products, office consumables, clothes, shoes, accessories for clothes and shoes, furnitures, tourist equipment and appliances, presents, all kinds of electrical appliances, technics and electronics, foods and agricultural produce, industrial and craftsmanship goods and export of all abovementioned goods and products, and representations of local and foreign companies, manufacturing the same goods and products; execution of all kind of construction activities; sales and purchases, renting and utilizing of real estate; creation and exploitation of all kinds of tourist and hotel objects (hotels, restaurants, coffee shops, entertainment centres); advertising. The Company is entitled to all other kinds of activities that are not forbidden under the legislation of Romania.

The Company has stores at the territory of the cities of Bucharest, Timisoara, Oradea, Arad, Ploiesti and Pitesti.

The Company has predominantly retail sales to a large number of customers.

The major single customer of the Company during the financial period analized was JUMBO S.A., Greece ("*The Parent Company*").

The major suppliers of the Company during the financial period analized were the Parent Company for goods, electricity distributing companies, lessors of stores, transportation firms and others.

The Company had no research and development activities in 2016.

ANALYSIS OF THE ACTIVITIES' RESULTS

Sales Revenue

In June 2016 the Company generated sales revenue from sales of merchandise for the amount of LEI 217,060 thousand (2015: LEI 110,020 thousand) as disclosed in Note 16 to the financial statements. The increase in the sales revenue from sales of merchandise in 2016 is LEI 107,040 thousand (97 %) in comparison to 2015.

JUMBO EC. R SRL

ANNUAL REPORT

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

The increase in sale is due mainly of increasing of the sales in the existing 6 stores Timisoara (by 21%), Bucharest Pallady (by 35%), Bucharest Berceni (by 74%), Oradea (by 81%), Ploiesti and that Company has opened 1 new store in Pitesti during October 2015.

Operating Expenses

There is no significant change in the structure of the operating expenses of the Company in comparison to the previous year. The Company's operating expenses, analysed on the basis of their nature and not on basis of the function they pertain to and without considering the cost of sold merchandise, were as follows:

All amounts, apart from the shown percentages, are in LEI thousand				
Type of expense	Year 2016	%	Year 2015	%
Payroll expenses	17,302	35 %	11,805	33 %
Third parties' expenses and fees	6,068	12 %	4,689	13 %
Services received	4,678	9%	3,440	10%
Assets repair and maintenance cost	78	0%	-	-
Operating leases rent	4,788	10%	3,704	10%
Taxes and duties	3,019	6%	1,504	4%
Consumable items	272	1%	-	-
Advertisement	2,144	4%	-	-
Other various expenses	552	1%	157	0%
Depreciation of tangible assets	10,243	21 %	5,012	14 %
Small inventories	634	1%	1,985	6%
Other expenses	56	0%	3,517	10%
	49,834	100%	35,813	100%

Financial Result

The financial result of the Company in June 2016 is a net profit of LEI 47,894 thousand (2015: LEI 15,125 thousand), which represents 22.06 % of the revenue from the sales of merchandise for 2016 (2015: 13.75 %). The increase in the Company's profit is due mainly of the increasing of sales of 6 stores and also of the expansion investments (the opening of 1 new shop – Pitesti).

At the moment no meeting of the Board of Directors of the single shareholder is scheduled to be held in 2016 at which to be taken a decision for distribution of the realised financial result in the form of dividends and/or transfer of the realised financial result into the Retained earnings.

JUMBO EC. R SRL

ANNUAL REPORT

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

Non-current Assets

There is no significant change in the structure of the non-current assets of the Company in comparison to the end of the previous year. The non-current assets of the Company at the end of the reporting period were LEI 190,155 thousand, consisting of property, plant and equipment. Additional information about the non-current assets is disclosed in Notes 6 and 7 to the financial statements.

Current Assets

There is no significant change in the structure of the current assets of the Company in comparison to the end of the previous year. The current assets of the Company at the end of the reporting period were LEI 255,057 thousand, consisting mainly of cash amounting to LEI 218,389 thousand (85.61 %). The remaining current assets represent mainly inventories amounting to LEI 34,571 thousand, as well as trade and other receivables amounting to LEI 2,097 thousand. Additional information about the current assets is disclosed in Notes 8, 9 and 10 to the financial statements.

Non-current Liabilities

There is a significant change in the structure of the non-current liabilities of the Company in comparison to the end of the previous year. The non-current liabilities of the Company at the end of the reporting period were LEI 26,168 thousand, consisting of Balance to be paid for the 2 shops acquisitions and the Performance and Defects Guarantees related to the last shop Pitesti. Additional information about the non-current liabilities is disclosed in Note 15 to the financial statements.

Current Liabilities

There is a significant change in the structure of the current liabilities of the Company in comparison to the end of the previous year. The current liabilities of the Company at the end of the reporting period were LEI 42,066 thousand, consisting mainly of other current liabilities for the amount of LEI 34,118 thousand (81.11 %). The remaining current liabilities represent current tax payables for the amount of LEI 5,338 thousand and trade and other payables amount of LEI 2,610 thousand. Additional information about the current liabilities is disclosed in Notes 14 to the financial statements.

Share Capital

With a decision of the Board of Directors of the Parent Company dated of 22 June 2016, the share capital of the Company is increased with LEI 218,230 thousand to LEI 307,808 thousand through an increase in the number of shares. The par value of a share is not changed; decreases only the number of shares, as disclosed in Note 12 to the financial statements.

JUMBO EC. R SRL**ANNUAL REPORT****30 JUNE 2016*****(All amounts in LEI thousands unless otherwise stated)***

The share capital of the Company at the end of the reporting period was LEI 307,808,449. The share capital consists of 23,677,573 shares with par value of LEI 13 each. The single shareholder of the Company as at 30 June 2016 and 2015 is JUMBO S.A., Greece, as disclosed in Note 12 to the financial statements.

FINANCIAL RATIOS**Liquidity**

		30 June 2016	30 June 2015
<u>Liquidity</u>			
Current ratio = Current assets / Current liabilities =	LEI 255,057 thousand / LEI 42,066 thousand	6.063	2.097
Quick ratio = (Current assets – Inventory) / Current liabilities =	(LEI 255,057 thousand – LEI 34,571 thousand) / LEI 42,066 thousand =	5.241	1.817
Absolute ratio = Cash and cash Equivalents / Current liabilities =	LEI 218,389 thousand / LEI 42,066 thousand	5.192	0.668
Net working capital = Current assets – Current liabilities	= LEI 255,057 thousand – LEI 42,066 thousand =	212,991	106,838

Profitability

Gross profit margin = Gross profit / Sales revenue =	LEI 103,014 thousand / LEI 217,059 thousand =	47.46%	46.66%
Pre-tax return on assets = Profit before income tax / Total assets =	LEI 56,754 thousand / LEI 445,212 thousand =	12.75%	4.66%
Return on equity = Comprehensive income / Equity =	LEI 1,656 thousand / LEI 376,978 thousand =	0.44%	6.32%

Activity

Days in inventory = Average inventory * 365 / Cost of sales =	LEI 30,829 thousand * 365 / LEI 114,045 thousand =	99	113
Total asset turnover = Sales revenue / Average total assets =	LEI 217,059 thousand / LEI 420,066 thousand =	51.67%	49.97%

JUMBO EC. R SRL

ANNUAL REPORT

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

MANAGEMENT

The management of the Company is carried out by Marios Petridis and Evangelos Papaevangelou, as Administrators and Ana Maria Kotsis, Procurator.

The remunerations received in the year by the key management personnel are those disclosed in Note 30 to the financial statements.

FINANCIAL RISK MANAGEMENT

The Company's activities potentially expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Management monitors the overall risk and seeks to neutralise the potential negative effects on the financial position of the Company as disclosed in Note 3 to the financial statements.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no events which occurred after the end of the reporting period and which have impact on the financial statements, as disclosed in Note 29 to the financial statements.

OBJECTIVES FOR THE FUTURE DEVELOPMENT

One of the major objectives set by the management of the Company for the period July 2016 – June 2017 are achieving an optimisation of the operating expenses and increasing the sales revenue with around 10 % in comparison to the realised in 2016.

The Company is planning to open 2 new stores in the new financial period 2016 – 2017.

With regards to the development of personnel, the Company has an objective to keep the hired staff. In 2016 the Company will continue to invest in trainings and qualification of the employees.

MANAGEMENT'S RESPONSIBILITIES

Under the Romanian legislation the management have to prepare financial statements annually, which financial statements should give a true and fair view of the financial position of the Company at the end of the year and of its financial performance and its cash flows for the year in accordance with IFRS.

The management confirms that they have applied in a consistent manner adequate accounting policies and that in the preparation of the financial statements as at 30 June 2016 they have applied the principle for prudence in the valuation of assets, liabilities income and expenses.

JUMBO EC. R SRL

ANNUAL REPORT

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

The management also confirm that they have adhered to the applicable financial reporting standards and the financial statements were prepared on a going concern basis.

The management are responsible for the correct recording in the accounting registers, for the adequate management of the assets and for the execution of the proper measures for the prevention and detection of potential fraud and other irregularities.



Kotsis Ana Maria, Procurator

Bucharest

19 September 2016

JUMBO EC. R S.R.L

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

JUMBO EC.R SRL

INTERNATIONAL FINANCIAL REPORTING STANDARDS

FINANCIAL STATEMENTS

30 JUNE 2016

JUMBO EC. R.S.R.L

FINANCIAL STATEMENTS


30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

Statement of Financial Position
(All amounts in LEI thousands)

	NOTE	At 30 June	
		2016	2015
ASSETS			
Non-current assets			
Property, plant and equipment	6,7	190,155	190,482
		190,155	190,482
Current assets			
Inventory	8	34,571	27,086
Trade and other receivables	9	2,077	111,247
Other current assets		20	872
Cash and cash equivalents	10	218,389	65,233
		255,057	204,438
TOTAL ASSETS		445,212	394,920
EQUITY AND LIABILITIES			
Equity			
Share capital	12	307,808	218,230
Other reserves	13	4,113	1,287
Retained earnings previous periods		19,989	4,863
Retained earnings		45,068	15,126
Total Equity		376,978	239,505
Non-current liabilities			
Other long term liabilities	15	26,168	57,794
Deferred tax liabilities	11	-	20
Total non-current liabilities		26,168	57,814
Current liabilities			
Trade and other payables	14	2,610	53,151
Current tax liabilities	14	5,338	1,745
Other current liabilities	14	34,118	42,704
Total current liabilities		42,066	97,600
Total liabilities		68,234	155,414
TOTAL EQUITY AND LIABILITIES		445,212	394,920

These financial statements were approved by the Management on 19 September 2016.


 Rentea Cristian, Chief Accountant


 Kotsis Ana Maria, Procurator

JUMBO EC. R.S.R.L**FINANCIAL STATEMENTS****30 JUNE 2016****(All amounts in LEI thousands unless otherwise stated)****Statement of Comprehensive Income****(All amounts in LEI thousands)**

	NOTE	Year ended 30 June	
		2016	2015
Sales Revenue	16	217,059	110,020
Cost of sales	17	(114,045)	(58,680)
Gross profit		103,014	51,340
Distribution costs	18	(48,214)	(30,573)
Administrative expenses	19	(1,564)	(1,722)
Other income and gains	20	1,656	2,616
Other expenses and losses	21	(56)	(3,517)
Operating profit		54,836	18,144
Finance income	23	1,918	261
Finance costs		-	-
Finance income – Net		1,918	261
Profit before income tax		56,754	18,405
Income tax expense	24	(8,860)	(3,279)
Profit for the year		47,894	15,126
Other comprehensive income/(loss) for the year		-	-
Total comprehensive income for the year		47,894	15,126

These financial statements were approved by the Management on 19 September 2016.


Rentea Cristian, Chief Accountant
Kotsis Ana Maria, Procurator

JUMBO EC. R S.R.L**FINANCIAL STATEMENTS****30 JUNE 2016***(All amounts in LEI thousands unless otherwise stated)***Statement of Changes in Equity***(All amounts in LEI thousands)*

	NOTE	Share capital	Statutory reserves	Retained earnings	Total
AT 1 JULY 2014		14,196	-	6,151	20,346
Comprehensive income					
Profit for the year		-	-	15,126	15,126
Other comprehensive income for the year		-	-	-	-
Total comprehensive income		-	-	15,126	15,126
Transactions with owners					
Share capital increase through issuing of new shares		204,034	-	-	204,034
Statutory reserves			1,287	(1,287)	-
Total transactions with owners		204,034	-	-	219,160
AT 1 JULY 2015		218,230	1,287	19,989	239,506
Comprehensive income					
Profit for the year		-	-	47,894	47,894
Other comprehensive income for the year		-	-	-	-
Total comprehensive income		-	-	47,894	47,894
Transactions with owners					
Share capital increase through issuing of new shares		89,578	-	-	89,578
Statutory reserves		-	2,826	(2,826)	-
Total transactions with owners		89,578	2,826	(2,826)	137,472
AT 30 JUNE 2016		307,808	4,113	65,057	376,978

These financial statements were approved by the Management on 19 September 2016.



 Rentea Cristian, Chief Accountant



 Kotsis Ana Maria, Procurator

JUMBO EC. R S.R.L**FINANCIAL STATEMENTS****30 JUNE 2016***(All amounts in LEI thousands unless otherwise stated)***Statement of Cash-Flows***(All amounts in LEI thousands)*

	30 June 2016	30 June 2015
Cash flows from operating activities		
Net profit for the period	47,894	15,126
Adjustments for:		
Income taxes	8,880	3,294
Deferred tax liabilities	(20)	15
Depreciation of non current assets	10,243	5,012
Write down noncurrent assets	56	-
Interest and related income	(1,917)	(260)
Operating profit before change in working capital	65,135	23,187
Change in working capital		
Increase in inventories	(7,113)	(17,701)
Decrease / (increase) in trade and other receivables	18,493	(16,644)
Decrease / (increase) in other current and non-current assets	852	(872)
(Decrease) / increase in trade payables	(50,720)	54,520
Cash flows from operating activities	26,647	42,490
Paid income taxes	(7,740)	(2,959)
Net cash flows from operating activities	18,907	39,531
Cash flows from investing activities		
Purchases of property, plant and equipment	(47,923)	(111,265)
Refunded other taxes	4	260
Net cash flows from investing activities	(47,919)	(111,005)
Cash flows from financing activities		
Proceeds from share capital increase	182,168	111,396
Net cash flows from financing activities	182,168	111,396
Net increase in cash and cash equivalents	153,156	39,921
Cash and cash equivalents at beginning of the period	65,233	25,312
Cash and cash equivalents at end of the period	218,389	65,233

These financial statements were approved by the Management on 19 September 2016.


Rentea Cristian, Chief Accountant
Kotsis Ana Maria, Procurator

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

1 GENERAL INFORMATION

JUMBO EC. R SRL („*The Company*”) is a solely owned limited liability company registered in Romania with domicile 51 Theodor Pallady Blvd. Bucharest district 3.

The main activities carried out by the Company are manufacture and wholesale and retail trade of all kinds of goods, including kid's products, toys, baby's products, office consumables, clothes, shoes, accessories for clothes and shoes, furnitures, tourist equipment and appliances, presents, all kinds of electrical appliances, technics and electronics, foods and agricultural produce, industrial and craftsmanship goods and export of all abovementioned goods and products, and representations of local and foreign companies, manufacturing the same goods and products. The Company is entitled to all other kinds of activities that are not forbidden under the legislation of Republic of Romania.

The parent Company which is also the ultimate parent of the Group which the Company is a part of is JUMBO S.A., Greece.

These financial statements were approved for publishing by the Management on 19 September 2016.

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 the years presented, unless otherwise stated.

2.1 Basis of preparation of the annual financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards („*IFRS*”), published by the International Accounting Standards Board („*IASB*”) and adopted for use in the European Union by the Commission of the European Union („*the European Commission*”). The financial statements have been prepared under the historical cost convention.

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

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1.1 Adoption of New or Revised Standards and Interpretations

a) Standards and interpretations effective for the first time for years ended 31 December 2015

IFRIC 21 – Levies (issued on 20 May and effective for annual periods beginning 1 January 2014).

The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligation event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that the entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional.

The Company is currently assessing the impact of the amendments on its financial statements.

Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014)

The improvements consist of changes to four standards.

The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.

IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9.

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

The Company is currently assessing the impact of the amendments on its financial statements.

b) Standards and interpretations effective from 1 January 2016 or later

IFRS 9 “Financial Instruments” (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018) not yet endorsed by the EU.

Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity’s business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets’ cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a ‘three stage’ approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Company is currently assessing the impact of the new standard on its financial statements.

Amendments to IAS 19 – “Defined benefit plans: Employee contributions” (issued in November 2013 and effective for annual periods beginning 1 July 2014).

The amendment allows entities to recognize employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service. The amendment is not expected to have any material impact on the Company’s financial statements.

Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below).

The improvements consist of changes to seven standards. IFRS 2 was amended to clarify the definition of a ‘vesting condition’ and to define separately ‘performance condition’ and ‘service condition’; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014. IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognized in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014.

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment

Assets to the entity's assets when segment assets are reported. The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial. IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided. The Company is currently assessing the impact of the amendments on its financial statements.

Clarification of Acceptable Methods of Depreciation and Amortization - Amendments to IAS 16 and IAS 38 (issued on May 12, 2014 and effective for the periods beginning on or after 1 January 2016).

In this amendment, the IASB has clarified that the use of revenue- based method to calculate the depreciation of an assets is not appropriate because the revenues generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefit embodied in the asset. The Company is currently assessing the impact of the amendments 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 2017) not yet endorsed by EU.

The new standard introduces the core principle that revenue must be recognized 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 recognized, 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 recognized if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalized and amortized 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.

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Agriculture: Bearer plants - Amendments to IAS 16 and IAS 41 (issued on 30 June 2014 and effective for annual periods beginning 1 January 2016).

The amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms, which now should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. The Company is currently assessing the impact of the amendments on its financial statements.

Equity Method in Separate Financial Statements - Amendments to IAS 27 (issued on 12 August 2014 and effective for annual periods beginning 1 January 2016).

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Company is currently assessing the impact of the amendments on its financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after 1 January 2016) not yet endorsed by EU.

These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The Company is currently assessing the impact of the amendments on its financial statements.

Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016).

The amendments impact 4 standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report". The Company is currently assessing the impact of the amendments on its financial statements.

Disclosure Initiative Amendments to IAS 1 (issued in December 2014 and effective for annual periods on or after 1 January 2016).

The Standard was amended to clarify the concept of materiality and explains that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Standard also provides new guidance on subtotals in financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognized and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS standards.

Investment Entities: Applying the Consolidation Exception Amendment to IFRS 10, IFRS 12 and IAS 28 (issued in December 2014 and effective for annual periods on or after 1 January 2016) not yet endorsed by EU.

The Standards was amended to clarify that an investment entity should measure at fair value through profit or loss all of its subsidiaries that are themselves investment companies. In addition, the exemption from preparing consolidated financial statements if the entity's ultimate or intermediate parent produces consolidated financial statements available for public use was amended to clarify that the exemption applies regardless whether the subsidiaries are consolidated or at measured at fair value through profit or loss in accordance with IFRS 10 in such ultimate or any intermediate parent's financial statements. Company is currently assessing the impact of this amendment on its financial statements.

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016).

This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.

The Company is currently assessing the impact of the amendments on its financial statements.

IFRS 16 "Leases" (issued in January 2016 and effective for annual periods beginning on or after 1 January 2019) not yet endorsed by EU.

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 in 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.

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.2 Foreign currency translation

2.2.1 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Romanian Lei (LEI), which is the Company's functional and presentation currency.

2.2.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 the Statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'Other expenses and losses'. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss. The closing exchange rates of the LEI against the major foreign currencies relevant to the Company's operations for the reporting periods of the financial statements are as follows:

FINANCIAL STATEMENTS

30 JUNE 2016

*(All amounts in LEI thousands unless otherwise stated)***2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

	AT 30 JUNE	
	2016	2015
¹ EUR	4.4234	4.4725
2.3 Property, plant and equipment		

Property, plant and equipment except for lands are shown at cost less subsequent depreciation and impairment. Land is shown at cost less impairment. Cost includes the purchase price, including customs duties and non-refundable taxes, if any, as well as expenditure that is directly attributable to the acquisition of the items. Cost does not include borrowing costs for there are no qualifying assets.

Subsequent costs are included in the asset's carrying amount 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. All other repairs and maintenance are charged to the Statement of comprehensive income during the financial period in which they are incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired.

At the end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in the comprehensive income for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell. Gains and losses on disposals are determined by comparing proceeds with the carrying amounts of the disposed assets. These are included in the Statement of comprehensive income in other income or other expenses line items.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

JUMBO EC. R S.R.L

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	<u>YEARS</u>
Buildings	32
Machines and equipment	5 - 10
Computers	3 - 4
Furniture and fittings	5 - 10
Leasehold improvements	Shorter of useful life and the term of the underlying lease
	Shorter of useful life and the term of the underlying lease

The assets' residual values and useful lives are reviewed by the management, and adjusted if appropriate, at the end of each reporting period.

2.4 Intangible assets

2.4.1 Computer software

Separately acquired computer software programmes are carried at cost less subsequent amortisation and impairment. Cost includes the purchase price and other expenditure that is directly attributable to the acquisition of the items and the preparation of the assets for their expected use. Cost does not include borrowing costs for there are no qualifying assets. These intangible assets have finite useful lives. Amortisation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	<u>YEARS</u>
Computer software	3 - 4

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2.5 Impairment of non-financial assets

Assets that have an indefinite useful life 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.

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The recoverable amount is the higher of the following two: (1) an asset's fair value less costs to sell and (2) 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). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.6 Financial instruments - key measurement terms

Depending on their classification financial instruments are carried at fair value or amortised cost as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the statement of financial position.

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

2.6.1 Classification of financial assets

Financial assets have the following categories: (a) loans and receivables; (b) available-for-sale financial assets; (c) financial assets held to maturity and (d) financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss have two sub-categories: (i) assets designated as such upon initial recognition, and (ii) those classified as held for trading.

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that are not designated at their initial recognition as held for trading, at fair value through profit or loss or available for sale. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current. Loans and receivables include trade and other receivables (except for the advances paid to suppliers) as well as cash and cash equivalents on the Statement of financial position (Notes 2.8 and 2.9).

2.6.2 Classification of financial liabilities

Financial liabilities have the following measurement categories: (a) held for trading which also includes financial derivatives and (b) other financial liabilities. Liabilities held for trading are carried at fair value with changes in value recognised in profit or loss for the year (as finance income or finance costs) in the period in which they arise. Other financial liabilities are carried at amortised cost. The Company's other financial liabilities comprise of 'trade and other payables' in the statement of financial position.

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6.3 Derecognition of financial assets

The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

2.6.4 Impairment of financial assets carried at amortised cost

The company assesses at the end of each reporting period 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.

The criteria that the company uses to determine that there is objective evidence of an impairment loss include:

- ✓ Significant financial difficulty of the issuer or obligor;
- ✓ A breach of contract, such as a default or delinquency in interest or principal payments;
- ✓ The company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- ✓ It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- ✓ The disappearance of an active market for that financial asset because of financial difficulties; or
- ✓ Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including adverse changes in the payment status of borrowers in the portfolio and national or local economic conditions that correlate with defaults on the assets in the portfolio.

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The company first assesses whether objective evidence of impairment exists separately for financial assets that are individually significant and separately or in aggregate for financial assets that are not individually significant.

The amount of the loss is measured 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 asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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.

2.6.5 Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

2.7 Inventory

Inventories are stated at the lower cost or net realizable value. The delivery cost of inventories includes the sum of all purchase costs, or other costs incurred in bringing the inventories to their present location and condition. Cost excludes borrowing costs for there are no qualifying assets. Net realizable value is the estimate of the selling price in the ordinary course of business, less estimated costs necessary to make the sale. The method used to determine cost of inventories when they are expensed is weighted average cost.

2.8 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in 12 months or less from the period end, they are classified as current assets. If not, they are presented as noncurrent assets.

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost (using the effective interest method), less provision for impairment.

If some of the criteria described in p. 2.6.3 exist including delinquency in payments (more than 30 days) are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of comprehensive income. 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 the Statement of comprehensive income.

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method.

2.10 Share capital

The Company reports its share capital on the nominal value of the shares as registered in the Trade Register.

2.11 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within 12 months or less after the period end. If not, they are presented as non-current liabilities.

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

2.12 Borrowings

Borrowings are classified as current liabilities when the payment is to be executed within 12 months after the period end and unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. If not, they are presented as non-current liabilities.

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of comprehensive income over the period of the borrowings using the effective interest method.

2.13 Current and deferred income tax

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

The current income tax charge, as well as the current tax assets/liabilities for the current and previous periods is calculated on the basis of the amount that is expected to be paid/received to the taxation authorities when applying the tax rates (and tax laws) enacted or substantively enacted at the end of the reporting period. The current income tax for the current and previous periods is recognised as a liability (Current income tax liabilities) to the extent that it is not paid. If the already paid amount for current income tax is greater than the amount payable for the current and previous periods the excess is recognised as an assets (Current income tax receivables).

Deferred income tax is recognised, using the liability method, on all taxable or refundable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the 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 nor loss. Deferred income tax assets and liabilities are determined using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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 taxes assets and liabilities relate to income taxes levied by the same taxation authority on one taxable entity. The deferred assets/liabilities are presented netted in the Statement of financial position.

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uncertain tax positions

The Company's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions are recorded within the income tax charge.

2.14 Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the statement of financial position on a gross basis and disclosed separately as an asset and liability. Where provision has been made for the impairment of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

2.15 Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. 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.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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 in the Statement of comprehensive income.

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

2.16.1 Sales of goods

Sales of goods are recognised when the Company has transferred to the client the significant risks and rewards inherent to the ownership of the goods, no managerial involvement and effective control over the goods has been retained, the amount of revenue and the costs incurred or to be incurred in relation to the transaction can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

2.16.2 INTEREST INCOME

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2.17 Leases

The Company classifies the lease contracts as finance or operating lease based on the extent to which the risks and rewards of ownership are to the lessor or the lessee. A lease contract is classified as a finance lease if it transfers substantially all the risks and rewards of ownership to the lessee. In all other cases the lease contract is classified as an operating lease. The classification of the contracts is made at the inception of the lease.

2.18 Operating lease where the company is a lessee

The company holds hired assets of property, plant and equipment under operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of comprehensive income on a straight-line basis over the period of the lease.

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee benefits

Wages, salaries, contributions to the Romanian state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees of the Company. The Company has no legal or constructive obligation to make pension or similar benefit payments beyond

2.20 Related parties

For the purposes of these financial statements, the Company presents as related parties its parent company and its related parties thereof, the Company's key management personnel and their close family members and their related parties thereof.

2.21 Dividend distribution

Dividend distribution to the Company's single shareholder is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Board of Directors of the parent company. Any dividends declared after the reporting period and before the financial statements are authorised for issue are disclosed in the subsequent events note.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities potentially expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Financial risk management is carried out by the management in accordance with the selected and approved policy.

3.1.1 Market risk

The Company takes on exposure to market risks. Market risks arise from open positions in foreign currencies and interest bearing assets and liabilities. Management monitors the exposure to the risks, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Currency risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro ("EUR") and US dollar ("USD"). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities. The Company has no assets or liabilities denominated in USD as at 30 June 2016.

The table below summarises the Group's exposure to foreign currency exchange rate risk at the balance sheet date:

	At 30 June 2016			At 30 June 2015		
	Monetary financial assets	Monetary financial liabilities	Net balance sheet position	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
EUR	-	(58,813)	(58,813)	-	(154,816)	(154,816)
USD	-	-	-	-	-	-
	-	(58,813)	(58,813)	-	(154,816)	(154,816)

The above analysis includes only monetary assets and liabilities.

The annual average EUR rate as of 30 June 2016 strengthened against RON compared to 30 June 2015 by 1%.

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in exchange rates applied at the balance sheet date relative to the Company's functional currency, with all other variables held constant:

<i>Impact on profit/(loss) of:</i>	<u>2016</u>	<u>2015</u>
EUR strengthening by 10%	(5,881)	(15,482)

(b) Interest rate risk

The Company has significant interest bearing assets in the form of short-term bank deposits but the Company's income and cash in-flows from operating and financing activity are to a high degree independent of changes in the market interest rates since the interest bearing assets are contracted at fixed interest rates. The Company has no assets with floating rates as at 30 June 2016. The Company has no significant interest bearing liabilities.

FINANCIAL STATEMENTS

30 JUNE 2016

*(All amounts in LEI thousands unless otherwise stated)***3 FINANCIAL RISK MANAGEMENT (CONTINUED)****(c) Other price risk**

The Company is not exposed to other price risk regarding investments held by it since it has no available-for-sale assets or assets accounted for at fair value through profit and loss. The Company is not exposed to other price risk and with regards to financial assets related to price levels of commodities.

3.1.2 Credit risk

Credit risk is managed centralised by the Management of the Company. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding current receivables. For banks and financial institutions, the Company uses the services only of Romanian banks with good reputation. With regards to customers, apart from the sales to the Parent Company, the Company sells merchandise to end customers, predominantly in cash and no credit limits are allowed.

	2015	2014
Trade and other receivables (Note 9)	2,077	111,247
Cash and cash equivalents (Note 10)	218,389	65,233
Total on-balance sheet exposure	220,466	176,480

3.1.3 Liquidity risk

Liquidity risk management implies maintaining sufficient cash, cash equivalents and marketable securities, as well as the availability of funding through an adequate amount of committed credit facilities, such as bank overdrafts and revolving credit lines, if considered necessary.

Management monitors forecasts of the Company's liquidity reserve comprising cash and cash equivalents (Note 10). The forecasts are based on the expected cash flows.

The tables below show non-derivative financial liabilities at 30 June 2016 and 30 June 2015 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows.

The maturity analysis of financial liabilities at 30 June 2016 and 30 June 2015 is as follows:

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

At 30 June 2016	<u>Less than 6 months</u>	<u>Between 6 months and 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Trade payables	2,610	-	-	-	2,610
Other payables	34,118	-	26,168	-	60,286
Total	36,728	-	26,168	-	62,896

At 30 June 2015	<u>Less than 6 months</u>	<u>Between 6 months and 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Trade payables	53,151	-	-	-	53,151
Other payables	42,704	31,901	25,893	-	100,498
Total	95,855	31,901	25,893	-	153,649

In the categories disclosed above are not included those arising from regulatory requirements (tax payables and social security payables) as well as the advances paid from customers and the deferred revenue.

There are no non-derivative financial liabilities for which the cash flows to occur earlier than the periods shown in the table above.

3.2 Capital risk management

The Management's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to provide adequate returns for the shareholder and benefits for other stakeholders. Management is trying to achieve those objectives through adequate pricing of the goods and the services comparable to the risk level and through maintaining optimal capital structure aimed at minimisation of its cost.

The Company is not subject to externally imposed capital requirements. The Company manages the capital structure and makes relevant adjustments according to the changes of the economic conditions and the risk characteristics of the major assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

FINANCIAL STATEMENTS

30 JUNE 2016

*(All amounts in LEI thousands unless otherwise stated)***3 FINANCIAL RISK MANAGEMENT (CONTINUED)**

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 (as shown in the Statement of financial position) less cash and cash equivalents. The total capital is calculated as equity (as shown in the Statement of financial position) plus the net debt.

In 2016 the Company's strategy, which was unchanged from 2015, was not to use borrowings.

3.3 Fair value estimation

The Company has no financial instruments that are carried at fair value at the Statement of financial position. The fair values for disclosure purposes of the following financial instruments are assumed to approximate their carrying values:

- Trade and other receivables;
- Cash and cash equivalents; and
- Trade and other payables.

3.4 Offsetting financial assets and financial liabilities

The Company offsets financial assets and financial liabilities under a contract for offsetting accounts receivables concluded in 2013 with JUMBO SA, Greece (Parent Company) and under a contract for offsetting accounts receivables concluded in 2014 with JUMBO EC. B EOOD, Bulgaria (Other related party).

3.4.1 Financial liabilities

The following financial liabilities are subject to offsetting in the Statement of financial position due to the fact that they are encompassed by enforceable master netting arrangements or similar agreements:

	Gross amount of recognised financial assets set off in the Statement of financial position	Net amount of financial liabilities presented in the Statement of financial position
At 30 June 2016	Gross amount of recognised financial liabilities	
Payables to JUMBO SA, Greece	106	-
Total	106	-

JUMBO EC. R S.R.L

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

	Gross amount of recognised financial assets set off in the Statement of financial position	Net amount of financial liabilities presented in the Statement of financial position
At 30 June 2015	Gross amount of recognised financial liabilities	
Payables to JUMBO SA, Greece	56,557	-
Payables to JUMBO EC. EOOB Bulgaria	92	-
Total	56,649	56,649

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

4.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. Notwithstanding the fact that those estimates are made by the Management on the basis of its best knowledge of the events and activities in the period, the resulting accounting estimates will, by definition, seldom equal the related actual results. There were no key assumptions regarding the future and other sources of uncertainty concerning the estimates at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Income taxes (current and deferred tax)

The Company is subject to income taxes in one jurisdiction (Romania). There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises 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.

JUMBO EC. R S.R.L

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Critical judgements in applying the Company's accounting policies

There were no critical judgements made by the Management, apart from those related to the estimates, which significantly impact the amounts recognised in the financial statements.

5 FINANCIAL INSTRUMENTS BY CATEGORY

At 30 June 2016

Financial assets	Loans and receivables
Trade and other receivables (Note 9)	2,077
Cash and cash equivalents (Note 10)	218,389
Total financial assets in the Statement of financial position	220,466
	Financial liabilities at amortised cost
Financial liabilities	
Trade and other payables (Note 14)	2,610
Other current liability (Note 14)	34,118
Total financial liabilities in the Statement of financial position	36,728

At 30 June 2015

Financial assets	Loans and receivables
Trade and other receivables (Note 9)	111,247
Cash and cash equivalents (Note 10)	65,233
Total financial assets in the Statement of financial position	176,480
	Financial liabilities at amortised cost
Financial liabilities	
Trade and other payables (Note 14)	53,151
Other current liability (Note 14)	42,704
Total financial liabilities in the Statement of financial position	95,855

Trade and other receivables shown above do not include those arising from regulatory requirements (other tax receivables), as well as advances paid to suppliers and deferred charges.

Trade and other payables shown above do not include those from regulatory requirements (other tax payables and Social security payables), as well as advances received from clients and deferred revenue.

JUMBO EC. R S.R.L**FINANCIAL STATEMENTS****30 JUNE 2016***(All amounts in LEI thousands unless otherwise stated)***6 PROPERTY, PLANT AND EQUIPMENT**

	<u>Land</u>	<u>Buildings</u>	<u>Furnitures, computers and machines</u>	<u>Assets under construction</u>	<u>Total</u>
At 1 July 2015					
Cost	30,026	135,000	28,536	1,870	195,432
Accumulated depreciation	-	(2,296)	(3,203)	-	(5,499)
Net book amount	30,026	132,703	25,334	1,870	189,932
Year ended 30 June 2016					
Additions	-	7,411	4,657	5,519	17,587
Transfers	(44)	44	-	(7,332)	(7,332)
Decrease	(428)	-	-	-	(428)
Depreciation charge	-	(5,396)	(4,576)	-	(9,972)
Closing net book amount	29,554	134,762	25,414	57	189,787
At 1 July 2014					
Depreciation	-	-	8,637	475	9,112
Accumulated depreciation	-	-	(643)	-	(643)
Net book amount	-	-	7,995	475	8,470
Year ended 30 June 2015					
Additions	30,026	135,000	19,899	34,233	219,158
Transfers	-	-	-	(32,838)	(32,838)
Depreciation charge	-	(2,296)	(2,561)	-	(4,857)
Closing net book amount	30,026	132,703	25,332	1,870	189,931
At 30 June 2016					
Cost	29,554	142,454	33,193	57	205,258
Accumulated depreciation	-	(7,692)	(7,780)	-	(15,472)
Net book amount	29,554	134,762	25,414	57	189,787

Depreciation and amortization expenses (Notes 6 and 7) are reported as follows: 10,161 (2015: 4,937) in Distribution costs (Note 18) and 82 (2015: 75) in Administrative expenses (Note 19).

Lease rental payments amounting to 4,788 (2015: 3,704) relating to the lease of land and buildings are included in the Statement of comprehensive income (Notes 18 and 19).

JUMBO EC. R S.R.L

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

7 INTANGIBLE ASSETS

	Software
At 1 July 2015	
Cost	734
Accumulated depreciation	(183)
Net book amount	551
Year ended 30 June 2016	
Additions	89
Transfers	-
Depreciation charge	(271)
Closing net book amount	369
At 1 July 2014	
Cost	303
Accumulated depreciation	(28)
Net book amount	275
Year ended 30 June 2015	
Additions	431
Disposals and transfers	-
Depreciation charge	(155)
Closing net book amount	550
At 30 June 2016	
Cost	823
Accumulated depreciation	(454)
Net book amount	369

8 INVENTORY

	30 June 2016	30 June 2015
Merchandise	33,865	26,978
Other Merchandise (consumables)	706	108
Total	34,571	27,086

The cost of merchandise recognised as expense and included in Cost of sales amounted to 114,045 (2015: 56,680) (Note 17). The Company incurred impairment of inventories in 2016 for the amount of 372 (2015: 318).

JUMBO EC. R S.R.L**FINANCIAL STATEMENTS****30 JUNE 2016****(All amounts in LEI thousands unless otherwise stated)****14 LIABILITIES (CONTINUED)**

The fair values of trade and other payables approximate their carrying amounts.

Other trade payables represent amounts payable to other internal suppliers.

14.2 Current tax liabilities

	30 June 2016	30 June 2015
Expense for income tax corresponding the period	1,869	728
Liabilities from taxes - VAT	3,297	-
Tax on salaries	145	124
Other taxes	27	892
Total	5,338	1,745

14.3 Other Short term liabilities

	30 June 2016	30 June 2015
Suppliers of fixed assets EU intercompany and intercompany (Note 27)	1,757	14,084
Suppliers of fixed assets internal	31,381	27,771
Salaries payable to personnel	556	464
Social security liabilities	424	382
Other liabilities	-	2
Total	34,118	42,704

15 LONG TERM OTHER PAYABLES

	30 June 2016	30 June 2015
<i>Guarantees obtained</i>		
Opening balance	1,481	32
Additions	299	1,449
Reductions	(1,181)	-
Total	599	1,481
<i>Liabilities to suppliers of fixed assets</i>		
Opening balance	56,312	-
Additions	-	56,312
Reductions	(30,743)	-
Total	25,569	56,312
Total Long term Other Payables	26,168	57,794

JUMBO EC. R.S.R.L**FINANCIAL STATEMENTS****30 JUNE 2016****(All amounts in LEI thousands unless otherwise stated)****16 SALES REVENUE**

	30 June 2016	30 June 2015
Sales of merchandise on the domestic market	213,936	107,748
Sales of merchandise on foreign market (Note 27)	3,123	2,272
Total revenue	217,059	110,020

17 COST OF SALES

	30 June 2016	30 June 2015
Inventory Merchandise at the beginning of period (Note 8)	26,978	9,373
Purchases	121,304	77,027
Discounts on purchases	(1,650)	(742)
Surpluses of merchandise	906	-
Shortages and wastage of merchandise	-	-
Impairment of inventory	372	-
Consumable items	-	-
Inventory in the end of the period (Note 8)	33,865	26,978
Total cost of sales	114,045	58,680

18 DISTRIBUTION COSTS

	30 June 2016	30 June 2015
Depreciation and amortisation charges (Notes 6 and 7)	10,161	4,937
Small inventories	627	1,976
Payroll expenses (Note 22)	16,519	11,208
External services	4,051	3,019
Electricity, gas	6,043	4,578
Operating leases- rent	4,784	3,701
Taxes and duties	3,014	1,021
Other expenses	521	132
Advertisement	2,144	-
Consumable items	272	-
Assets repair and maintenance cost	78	-
Total distribution costs	48,214	30,573

JUMBO EC. R S.R.L**FINANCIAL STATEMENTS****30 JUNE 2016***(All amounts in LEI thousands unless otherwise stated)***22 PAYROLL EXPENSES (CONTINUED)**

The number of employees at the end of the presented periods and the average number of employees was as follows:

	30 June 2016	30 June 2015
Employees at the end of the year	447	422
Average number of employees in the year	403	260

23 FINANCE INCOME

	30 June 2016	30 June 2015
Finance income		
Interest income on cash at banks	1,918	261
Total finance income	1,918	261
Finance income – net	1,918	261

24 INCOME TAX EXPENSE**(a) Components of income tax expense / (benefit)**

Income tax expense comprises the following:

	30 June 2016	30 June 2015
Current tax	8,880	3,294
Deferred tax (Note 11)	(20)	(15)
Income tax expense	8,860	3,279

(b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The income tax rate applicable to the Company's 2016 and 2015 income is 16%.

The tax on the Company's profit before tax adjusts to the theoretical amount that would arise using the tax rate applicable to profits as follows:

JUMBO EC. R S.R.L**FINANCIAL STATEMENTS****30 JUNE 2016****(All amounts in LEI thousands unless otherwise stated)****24 INCOME TAX EXPENSE (CONTINUED)**

	30 June 2016	30 June 2015
Profit before tax	56,754	18,404
Theoretical current tax at 16% (2015: 16%)	9,081	2,945
<i>Effect on the tax charge of:</i>		
Expenses not deductible for tax purposes	<u>727</u>	<u>334</u>
Current tax	<u>8,860</u>	<u>3,279</u>

The current income tax payable at 30 June 2016 for the amount of 1,869 is calculated from the current tax charge for the year, amounting to 8,860, and is deducted the tax paid in the financial year, amounting to 5,901.

The current income tax payable at 30 June 2015 for the amount of 727 is calculated from the current tax charge for the year, amounting to 3,294, and is deducted the tax paid in the financial year, amounting to 2,959.

25 DIVIDENDS PER SHARE

In 2016 and 2015, there is no distribution of dividends to the single shareholder of the Company.

At the date of the approval of these financial statements it is not expected that a decision for distribution of dividends relating to the year ended 30 June 2016 will be made.

26 CONTINGENCIES AND COMMITMENTS**(a) Legal proceedings**

The Company is not a part in any commercial litigation which has significant interest. The Company's Management does not expect that any potentially material liability could arise in the case of advertent outcome of court cases or legal claims against it, apart from what is disclosed below.

(b) Operating lease commitments where the company is a lessee

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

JUMBO EC. R S.R.L**FINANCIAL STATEMENTS****30 JUNE 2016***(All amounts in LEI thousands unless otherwise stated)***26 CONTINGENCIES AND COMMITMENTS (CONTINUED)**

	<u>30 June 2016</u>	<u>30 June 2015</u>
Not later than 1 year	4,661	4,237
Later than 1 year and not later than 5 years	24,106	22,958
Later than 5 years	33,662	33,002
Total	64,429	60,197

The Company leases lands and buildings under non-cancellable operating lease agreements with terms that mature in 2025. The agreements include different renewable options.

Operating lease payments recognised as expense in the Statement of comprehensive income are disclosed in Notes 18 and 19.

27 RELATED PARTIES TRANSACTIONS

The Company is controlled by JUMBO S.A., Greece which holds 100 % of the Company's shares (Note 12) which is also the ultimate parent company of the Group which the Company is a part of. The parent company has control over the entities disclosed below as Other related parties.

The following transactions were carried out with related parties:

(a) Sales of merchandise and other goods

	<u>30 June 2016</u>	<u>30 June 2015</u>
Parent company		
JUMBO SA, Greece	3,127	2,272
Other related parties		
JUMBO EC. B EOOB , Bulgaria	5	-
Total	3,132	2,272

JUMBO EC. R S.R.L**FINANCIAL STATEMENTS****30 JUNE 2016***(All amounts in LEI thousands unless otherwise stated)***27****RELATED PARTIES TRANSACTIONS (CONTINUED)****(b) Purchases of merchandise, services and property, plant and equipment**

	<u>30 June 2016</u>	<u>30 June 2015</u>
Parent company		
JUMBO SA, Greece – merchandise	116,711	72,671
JUMBO SA, Greece – services		
JUMBO SA, Greece – PPE	1,660	4,092
Total parent company	118,371	76,802
Other related parties		
JUMBO EC. B EOOB , Bulgaria merchandise	-	1,990
JUMBO EC. B EOOB , Bulgaria services	-	89
JUMBO EC. B EOOB , Bulgaria -PPE	-	13
Total related parties	-	2,092

Purchases of services from the parent company include insurances and other services.

(c) Payables for purchases of merchandise, services and property, plant and equipment

	<u>30 June 2016</u>	<u>30 June 2015</u>
Parent company		
JUMBO SA, Greece – merchandise	106	51,377
JUMBO SA, Greece – services	-	-
JUMBO SA, Greece – PPE	-	5,268
Total parent company	106	56,557
Other related parties		
JUMBO EC. B EOOB Bulgaria	-	92
Total related parties	-	92

JUMBO EC. R S.R.L**FINANCIAL STATEMENTS****30 JUNE 2016***(All amounts in LEI thousands unless otherwise stated)***27 RELATED PARTIES TRANSACTIONS (CONTINUED)****(d) Key management compensation**

Key management personnel include the managers of the Company.

	Year ended 30 June	
	2016	2015
Short-term employee benefits/ Salaries fees	375	287
Total	375	287

28 PRIOR PERIOD RESTATEMENTS

The Company reanalysed the cash flow presentation for year ended 30 June 2015 and concluded that some presentation changes should be made. Line items that were not affected by the reclassification have not been included.

The effect and nature of these restatements on the statement of cash flows at 30 June 2015 are detailed below.

For the year ended 30 June 2015	As reported previously	As restated
(Increase) / decrease in trade and other receivables	(109,293)	(16,644)
Proceeds from share capital increase	204,035	111,396

Management recognised in the cash flows from financing activities the receivable from parent Company as proceeds from share capital although the amount was not yet collected at 30 June 2015. The amount was encashed in July 2015.

29 GOING CONCERN

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The future viability of the Company depends upon the business environment as well as on the securing and finance provided by the current and future owners and investors.

FINANCIAL STATEMENTS

30 JUNE 2016

(All amounts in LEI thousands unless otherwise stated)

29 GOING CONCERN (CONTINUED)

If this risk is not mitigated and if the business of the Company was to be wound down and its assets sold, adjustments would have to be made to reduce the carrying value of assets to their liquidation value, to provide for further liabilities that might arise, and to reclassify property, plant and equipment and long term liabilities as current assets and liabilities. In the light of the expected future cash flows, the Management of the Company considers that it is appropriate the financial statements to be prepared on a going concern basis. With regards to the Management assessment that the Company will be able to continue as a going concern, the Company receives full support, including financial assistance, by JUMBO S.A., Greece as its parent company.

30 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no significant events after the end of the reporting period, having effects on the financial statements for the year ended on 30 June 2016.