

**JUMBO EC. R SRL**

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

**30 JUNE 2017**

**JUMBO EC. R S.R.L**

**FINANCIAL STATEMENTS**

**30 JUNE 2017**

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## **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 2017 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 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*PricewaterhouseCoopers Audit SRL*

PricewaterhouseCoopers Audit SRL

Bucharest, 18 September 2017

## JUMBO EC. R SRL

### ANNUAL DIRECTORS' REPORT

30 JUNE 2017

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The management of JUMBO EC. R S.R.L presents their Directors' Report and the Annual Financial Statements as at 30 June 2017 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<sup>o</sup> 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 Republic of Romania.

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

The Company has predominantly retail sales to a large number of customers.  
The major single customer of the Company during the financial period analyzed was JUMBO S.A., Greece ("*The Parent Company*").

The major suppliers of the Company during the financial period analyzed 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 2017.

#### ANALYSIS OF THE ACTIVITIES' RESULTS

##### Sales Revenue

In June 2017 the Company generated sales revenue from sales of merchandise for the amount of LEI 297,004 thousand (2016: LEI 217,060 thousand) as disclosed in Note 16 to the financial statements. The increase in the sales revenue from sales of merchandise in 2017 is LEI 79,944 thousand (36 %) in comparison to 2016. The increase in sale is due mainly of increasing of the sales in the existing 6 stores Timisoara (by 29.96%), Bucharest Pallady (by 31.69%) , Bucharest Berceni (by 35.21%), Oradea (by 36.75%), Arad (by 26.33%), Ploiesti (by 43.17%) and Pitesti (by 61.37%). It is notable that the Company has opened 1 new store in Constanta starting with June 2017, supporting in this way the increasing of the sales analysed above.

## JUMBO EC. R SRL

### ANNUAL DIRECTORS' REPORT

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#### 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 2017	%	Year 2016	%
Payroll expenses	22,468	37 %	17,302	35 %
Third parties' expenses and fees	6,437	12 %	6,068	12 %
Services received	4,149	7 %	4,678	9%
Assets repair and maintenance cost	1,124	2 %	78	0%
Operating leases rent	6,310	10 %	4,788	10%
Taxes and duties	2,917	5 %	3,019	6%
Consumable items	858	1 %	272	1%
Advertisement	3,945	7 %	2,144	4%
Other various expenses	219	0 %	552	1%
Depreciation of tangible assets	10,489	18%	10,243	21 %
Small inventories	689	1 %	634	1%
Other expenses	-	-	56	0%
	<b>59,605</b>	<b>100%</b>	<b>35,813</b>	<b>100%</b>

#### Financial Result

The financial result of the Company in June 2017 is a net profit of LEI 73,924 thousand (2016: LEI 47,894 thousand), which represents 24.89 % of the revenue from the sales of merchandise for 2017 (2016: 22.06 %). The increase in the Company's profit is due mainly of the increasing of sales of 7 stores and also of the expansion investments (the opening of 1 new shop – Constanta, open starting with June 2017).

At the moment no meeting of the Board of Directors of the single shareholder is scheduled to be held in 2017 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.

#### 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 251,181 thousand, consisting of property, plant and equipment. Additional information about the non-current assets is disclosed in Notes 6, 7, 9 and 11 to the financial statements.

## **JUMBO EC. R SRL**

### **ANNUAL DIRECTORS' REPORT**

**30 JUNE 2017**

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#### **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 279,776 thousand, consisting mainly of cash amounting to LEI 233,174 thousand (83.34 %). The remaining current assets represent mainly inventories amounting to LEI 45,500 thousand, as well as trade and other receivables amounting to LEI 1,101 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 13,298 thousand, consisting of Balance to be paid for the 1 shop acquisition (Constanta Shop) and the Performance and Defects Guarantees related to the last shop Constanta and to the extension works of Pallady Shop performed in January 2017. Additional information about the non-current liabilities is disclosed in Note 14 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 66,755 thousand, consisting mainly of other current liabilities for the amount of LEI 52,471 thousand (78.61 %). The remaining current liabilities represent current tax payables for the amount of LEI 7,483 thousand and trade and other payables amount of LEI 6,797 thousand. Additional information about the current liabilities is disclosed in Notes 13 to the financial statements.

#### **Share Capital**

The share capital of the Company is remaining the same as at June 2016, amounting of LEI 307,808 thousand.

The par value of a share is not changed; it is disclosed in Note 12 to the financial statements.

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 2017 and 2016 is JUMBO S.A., Greece, as disclosed in Note 12 to the financial statements.



## JUMBO EC. R SRL

### ANNUAL DIRECTORS' REPORT

30 JUNE 2017

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#### FINANCIAL RATIOS

##### Liquidity

		<u>30 June 2017</u>	<u>30 June 2016</u>
<b>Liquidity</b>			
Current ratio = Current assets / Current liabilities =	LEI 279,775 thousand / LEI 66,755 thousand	4.191	6.063
Quick ratio = (Current assets – Inventory) / Current liabilities =	(LEI 279,775 thousand – LEI 45,500 thousand) / LEI 66,755 thousand =	3.509	5.241
Absolute ratio = Cash and cash Equivalents / Current liabilities =	LEI 233,174 thousand / LEI 66,755 thousand	3.493	5.192
Net working capital = Current assets – Current liabilities	= LEI 279,775 thousand – 66,755 LEI thousand =	213,020	212,991

##### Profitability

Gross profit margin = Gross profit / Sales revenue =	LEI 141,503 thousand / LEI 297,004 thousand =	47.64 %	47.46%
Pre-tax return on assets = Profit before income tax / Total assets =	LEI 87,902 thousand / LEI 530,956 thousand =	16.56 %	12.75%
Return on equity = Comprehensive income / Equity =	LEI 2,856 thousand / LEI 450,903 thousand =	0.63 %	0.44%

##### Activity

Days in inventory = Average inventory * 365 / Cost of sales =	LEI 40,036 thousand * 365 / LEI 155,501 thousand =	94 %	99 %
Total asset turnover = Sales revenue / Average total assets =	LEI 297,004 thousand / LEI 488,084 thousand =	60,85 %	51.67%

#### 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 29 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.



**JUMBO EC. R SRL**

**ANNUAL DIRECTORS' REPORT**

**30 JUNE 2017**

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#### **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 28 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 2017 – June 2018 are achieving an optimisation of the operating expenses and increasing the sales revenue with around 10 % in comparison to the realised in 2017.

The Company is planning to open 5 new stores in the new financial period 2017 – 2018 (Suceava, Voluntari, Braila, Bacau, as acquisitioned shops and Militari as per lease agreement).

With regards to the development of personnel, the Company has an objective to keep the hired staff. In 2017 the Company will continue to invest in trainings and qualification of the employees.

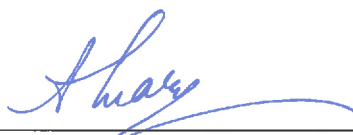
#### **MANAGEMENT'S RESPONSIBILITIES**

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 2017 they have applied the principle for prudence in the valuation of assets, liabilities income and expenses.

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.



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Kotsis Ana Maria, Procurator

Bucharest

4 September 2017

**JUMBO EC. R.S.R.L**

**FINANCIAL STATEMENTS**

**30 JUNE 2017**

*(All amounts in LEI thousands unless otherwise stated)*

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**JUMBO EC.R SRL**

**INTERNATIONAL FINANCIAL REPORTING STANDARDS**

**FINANCIAL STATEMENTS**

**30 JUNE 2017**

**JUMBO EC. R S.R.L**

**FINANCIAL STATEMENTS**

**30 JUNE 2017**

**(All amounts in LEI thousands unless otherwise stated)**

**Statement of Financial Position**  
**(All amounts in LEI thousands)**

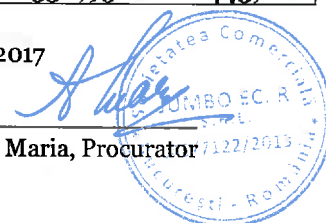
	NOTE	AT 30 JUNE	
		2017	2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6,7	251,181	190,155
		<b>251,181</b>	<b>190,155</b>
<b>Current assets</b>			
Inventory	8	45,500	34,571
Trade and other receivables	9	1,054	2,077
Other current assets	9	47	20
Cash and cash equivalents	10	233,174	218,389
		<b>279,775</b>	<b>255,057</b>
<b>TOTAL ASSETS</b>		<b>530,956</b>	<b>445,212</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	307,808	307,808
Translation reserve			
Other reserves		8,508	4,113
Reterning earnings previous year		65,057	19,989
Retained earnings		69,529	45,068
		<b>450,902</b>	<b>376,978</b>
<b>Minor interests</b>			
<b>Total Equity</b>		<b>450,902</b>	<b>376,978</b>
<b>Non-current liabilities</b>			
Long Term loan liabilities			
Other long term liabilities	14	13,298	26,168
Deferred tax liabilities	11		
<b>Total non-current liabilities</b>		<b>13,298</b>	<b>26,168</b>
<b>Current liabilities</b>			
Trade and other payables	13	6,797	2,610
Current tax liabilities	13	7,483	5,338
Other current liabilities	13	52,471	34,118
<b>Total current liabilities</b>		<b>66,756</b>	<b>42,066</b>
<b>Total liabilities</b>		<b>80,054</b>	<b>68,234</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>530,956</b>	<b>445,212</b>

These financial statements were approved by the Management on 04 September 2017

Anton Elena Liviu, Chief Accountant

Kotsis Ana Maria, Procurator

The notes on pages 5 to 34 are an integral part of these financial statements  
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**JUMBO EC. R S.R.L****FINANCIAL STATEMENTS****30 JUNE 2017****(All amounts in LEI thousands unless otherwise stated)****Statement of Comprehensive Income****(All amounts in LEI thousands)**

	NOTE	YEAR ENDED 30 JUNE	
		2017	2016
Sales Revenue	15	297,004	217,059
Cost of sales	16	(155,501)	(114,045)
<b>Gross profit</b>		<b>141,503</b>	<b>103,014</b>
Distribution costs	17	(58,033)	(48,214)
Administrative expenses	18	(1,572)	(1,564)
Other income and gains	19	2,856	1,656
Other expenses and losses	20	-	(56)
<b>Operating profit</b>		<b>84,754</b>	<b>54,837</b>
Finance income	22	3,147	1,918
Finance costs			
Finance income – Net			
<b>Profit before income tax</b>		<b>87,901</b>	<b>56,754</b>
Income tax expense	23	(13,977)	(8,860)
<b>Profit for the year</b>		<b>73,924</b>	<b>47,894</b>
<b>Other comprehensive income that will not be reclassified to profit or loss</b>		-	-
<b>Total other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive income for the year</b>		<b>73,924</b>	<b>47,894</b>

These financial statements were approved by the Management on 04<sup>th</sup> September 2017



Anton Elena Livia, Chief Accountant




Kotsis Ana Maria, Procurator

The notes on pages 5 to 34 are an integral part of these financial statements

**JUMBO EC. R S.R.L****FINANCIAL STATEMENTS****30 JUNE 2017****(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
<b>AT 1 JULY 2015</b>		<b>218,230</b>	<b>1,287</b>	<b>19,989</b>	<b>239,506</b>
<b>Comprehensive income</b>					
Profit for the year		-	-	47,894	47,894
Other comprehensive income for the year		-	-	-	-
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>47,894</b>	<b>47,894</b>
<b>Transactions with owners</b>					
Share capital increase through issuing of new shares		89,578	-	-	89,578
Statutory reserves		-	2,826	(2,826)	-
<b>Total transactions with owners</b>		<b>89,578</b>	<b>2,826</b>	<b>(2,826)</b>	<b>137,472</b>
<b>AT 1 JULY 2016</b>		<b>307,808</b>	<b>4,113</b>	<b>65,057</b>	<b>376,978</b>
<b>Comprehensive income</b>					
Profit for the year		-	-	73,924	73,924
Other comprehensive income for the year		-	-	-	-
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>73,924</b>	<b>73,924</b>
<b>Transactions with owners</b>					
Share capital increase through issuing of new shares		-	-	-	-
Statutory reserves		-	4,395	(4,395)	-
<b>Total transactions with owners</b>		<b>-</b>	<b>4,395</b>	<b>69,529</b>	<b>73,924</b>
<b>AT 30 JUNE 2017</b>		<b>307,808</b>	<b>8,508</b>	<b>134,587</b>	<b>450,902</b>

These financial statements were approved by the Management on 04 September 2017

  
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 Anton Elena Livia, Chief Accountant

  
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 Kotsis Ana Maria, Procurator

The notes on pages 5 to 34 are an integral part of these financial statements

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**JUMBO EC. R S.R.L****FINANCIAL STATEMENTS****30 JUNE 2017****(All amounts in LEI thousands unless otherwise stated)****Statement of Cash-Flows****(All amounts in LEI thousands)**

	<b>30 June 2017</b>	<b>30 June 2016</b>
<b>Cash flows from operating activities</b>		
Net profit for the period	73,924	47,894
Adjustments for:		
Income taxes	13,977	8,880
Deferred tax liabilities		(20)
Depreciation of non current assets	10,489	10,243
Write down noncurrent assets		56
Interest and related income	(290)	(1,917)
Operating profit before change in working capital	98,100	65,135
Change in working capital		
Increase in inventories	(10,929)	(7,113)
Decrease / (increase) in trade and other receivables	1,307	18,493
Decrease / (increase) in other current and non-current assets	(27)	852
(Decrease) / increase in trade payables	10,869	(50,720)
Cash flows from operating activities	99,320	26,647
Paid income taxes	(13,027)	(7,740)
<b>Net cash flows from operating activities</b>	<b>86,293</b>	<b>18,907</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(71,514)	(47,923)
Refunded other taxes	6	4
<b>Net cash flows from investing activities</b>	<b>(71,508)</b>	<b>(47,919)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share capital increase	-	182,168
<b>Net cash flows from financing activities</b>		<b>182,168</b>
<b>Net increase in cash and cash equivalents</b>	<b>14,785</b>	<b>153,156</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>218,389</b>	<b>65,233</b>
<b>Cash and cash equivalents at end of the period</b>	<b>233,174</b>	<b>218,389</b>

These financial statements were approved by the Management on 04 September 2017

  
Anton Elena Livia, Chief Accountant  
Kotsis Ana Maria, Procurator

The notes on pages 5 to 34 are an integral part of these financial statements

**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 04 September 2017.

**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 Interantional Accountitng 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.

**2.1.1. New standards, amendments and interpretations amendments to standards effective on or after 1 January 2016, but not relevant to the Company.**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these has a significant effect on the financial statements of the Company.

<b>New Standard / Interpretation</b>	<b>IASB effective date for calendar year-end preparers</b>
Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38	1 January 2016
Equity Method in Separate Financial Statements - Amendments to IAS 27	1 January 2016
Annual Improvements to IFRSs 2014	1 January 2016
Disclosure Initiative Amendments to IAS 1	1 January 2016
Investment Entities: Applying the Consolidation Exception Amendment to IFRS 10, IFRS 12 and IAS 28	1 January 2016

**2.1.2. Standards and interpretations effective from 1 January 2017 or later, not yet adopted**

**IFRS 9 “Financial Instruments” (published by IASB in July 2014, expecting adoption by the European Commission, effective for reporting periods beginning on or after 1 January 2018).**

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.
- 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 will apply the new standard after its adoption by the European Commission. At the moment, the potential impact of the standard on the financial statements cannot be assessed.

**IFRS 16 “Leases” (issued in January 2016)**

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.

**IAS 7 “Statement of cash flows” Disclosure Initiative (issued on 29 January 2016)**

The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities.

**IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018).**

The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

**Annual Improvements to IFRSs 2014-2016 cycle (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2017 for amendments to IFRS 12, and on or after 1 January 2018 for amendments to IFRS 1 and IAS 28 not yet endorsed).** The improvements impact three standards. The amendments clarify the scope of the disclosure requirements in IFRS 12 by specifying that the disclosure requirements in IFRS 12, other than those relating to summarised financial information for subsidiaries, joint ventures and associates, apply to an entity's interests in other entities that are classified as held for sale or discontinued operations in accordance with IFRS 5. IFRS 1 was amended and some of the short-term exemptions from IFRSs in respect of disclosures about financial instruments, employee benefits and investment entities were removed, after those short-term exemptions have served their intended purpose.

The amendments to IAS 28 clarify that an entity has an investment-by-investment choice for measuring investees at fair value in accordance with IAS 28 by a venture capital organisation, or a mutual fund, unit trust or similar entities including investment linked insurance funds. Additionally, an entity that is not an investment entity may have an associate or joint venture that is an investment entity. IAS 28 permits such an entity to retain the fair value measurements used by that investment entity associate or joint venture when applying the equity method. The amendments clarify that this choice is also available on an investment-by-investment basis. The Group is currently assessing the impact of the amendments on its financial statements and the timing of their adoption.

**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. The Romanian Leu is not fixed to the EUR, having fluctuations based on monetary policy of Romania.

**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.

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:

	<b>AT 30 JUNE</b>	
	<b>2017</b>	<b>2016</b>
1 EUR	4.5523	4.5234

**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.

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:

	<b>YEARS</b>
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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.5).

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.

**2.4. INTANGIBLE ASSETS**

**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:

	<b>YEARS</b>
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. 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). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment 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.

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.

**2.6.3. DERECOGNITION AND MEASUREMENT OF FINANCIAL ASSETS**

At their recognition, the financial assets are measured at fair value, plus, for those financial assets that are not carried at fair value through profit or loss, the transaction costs which are directly attributable to the acquisition of the financial assets.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial assets.

**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.

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. OFFSETING FINANCIAL ASSETS AND LIABILITIES**

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

#### **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. 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.

**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.

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.

**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.

**2.1.4 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 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.

**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.

**2.1.9. 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.

**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****(A) CURRENCY RISK**

The Company operates in Romania and since the Romanian Leu (LEI) has been officially pegged to the Euro (EUR) at a variable rate (Note 2.2.1), it is exposed to foreign exchange risk only from purchases, related to the construction of property, plant and equipment, denominated in foreign currencies other than the EUR, mainly: US dollar (USD). The currency risk is monitored and minimised only by the minimisation of the portion of those purchases. The Company has no assets or liabilities denominated in USD as at 30 June 2017.

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

	At 30 June 2017			At 30 June 2016		
	Monetary financial assets	Monetary financial liabilities (kEUR)	Net balance sheet position	Monetary financial assets	Monetary financial liabilities (kEUR)	Net balance sheet position
EUR	-	4,660	4,660	-	(6,183)	(6,183)
USD	-	-	-	-	-	-
	-	4,660	4,660	-	(6,183)	(6,183)

The above analysis includes only monetary assets and liabilities.

The annual average EUR rate as of 30 June 2017 strengthened against RON compared to 30 June 2016 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>	<b>2017</b>	<b>2016</b>
EUR strengthening by 10% (in EUR)	(466)	(618)

**(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 2017. The Company has no significant interest bearing liabilities.

**(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.

	<b>2017</b>	<b>2016</b>
Trade and other receivables (Note 9)	1,054	2,077
Cash and cash equivalents (Note 10)	233,174	218,389
<b>Total on-balance sheet exposure</b>	<b>234,228</b>	<b>220,466</b>

**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.

## JUMBO EC. R.S.R.L.

### NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

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The non-derivative financial liabilities have the following maturities, where the amounts disclosed are the contractual undiscounted cash flows:

AT 30 JUNE 2017	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Trade and other payables	66,756		13,298		80,054
<b>Total</b>	<b>66,756</b>		<b>13,298</b>		<b>80,054</b>

AT 30 JUNE 2016	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Trade and other payables	42,066		26,168	-	68,234
<b>Total</b>	<b>42,066</b>		<b>26,168</b>	<b>-</b>	<b>68,234</b>

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In the category of trade and other payables 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.

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 2017 the Company's strategy, which was unchanged from 2016, 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:

<b>AT 30 JUNE 2017</b>	<b>Gross amount of recognised financial liabilities</b>	<b>Gross amount of recognised financial assets set off in the Statement of financial position</b>	<b>Net amount of financial liabilities presented in the Statement of financial position</b>
Payables to JUMBO SA, Greece	5,165	-	5,165
<b>Total</b>	<b>5,165</b>	<b>-</b>	<b>5,165</b>
<b>AT 30 JUNE 2016</b>	<b>Gross amount of recognised financial liabilities</b>	<b>Gross amount of recognised financial assets set off in the Statement of financial position</b>	<b>Net amount of financial liabilities presented in the Statement of financial position</b>
Payables to JUMBO SA, Greece	106	-	106
<b>Total</b>	<b>106</b>	<b>-</b>	<b>106</b>

**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.

**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 2017**

<b>Financial assets</b>	<b>Loans and receivables</b>
Trade and other receivables (Note 9)	1,054
Cash and cash equivalents (Note 10)	233,174
<b>Total financial assets in the Statement of financial position</b>	<b>234,228</b>



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**NOTES TO THE FINANCIAL STATEMENTS**

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<b>Financial liabilities</b>	<b>Financial liabilities at amortised cost</b>
Trade and other payables (Note 13)	6,797
Other current liability (Note 13)	52,471
<b>Total financial liabilities in the Statement of financial position</b>	<b>59,268</b>

**AT 30 JUNE 2016**

<b>Financial assets</b>	<b>Loans and receivables</b>
Trade and other receivables (Note 9)	2,077
Cash and cash equivalents (Note 10)	218,389
<b>Total financial assets in the Statement of financial position</b>	<b>220,466</b>

<b>Financial liabilities</b>	<b>Financial liabilities at amortised cost</b>
Trade and other payables (Note 13)	2,610
Other current liability (Note 13)	34,118
<b>Total financial liabilities in the Statement of financial position</b>	<b>36,728</b>

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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**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 JUNE 2017**

**6. PROPERTY, PLANT AND EQUIPMENT**

	<b>Land</b>	<b>Buildings</b>	<b>Furnitures, computers and machines</b>	<b>Assets under construc tion</b>	<b>Total</b>
<b>AT 1 JULY 2016</b>					
Cost	29,554	142,454	33,193	57	205,258
Accumulated depreciation	-	(7,692)	(7,780)	-	(15,472)
<b>Net book amount</b>	<b>29,554</b>	<b>134,762</b>	<b>25,414</b>	<b>57</b>	<b>189,787</b>
<b>YEAR ENDED 30 JUNE 2017</b>					
Additions	2,155	52,832	4,950	11,435	<b>71,372</b>
Transfers		4,123	-	(4,123)	-
Decrease					
Depreciation charge	-	(5,808)	(4,429)	-	<b>(10,237)</b>
<b>Closing net book amount</b>	<b>31,709</b>	<b>185,909</b>	<b>25,935</b>	<b>7,369</b>	<b>250,922</b>
<b>AT 1 JULY 2015</b>					
Cost	30,026	135,000	28,536	1,870	195,432
Accumulated depreciation	-	(2,296)	(3,203)	-	(5,499)
<b>Net book amount</b>	<b>30,026</b>	<b>132,703</b>	<b>25,334</b>	<b>1,870</b>	<b>189,933</b>
<b>YEAR ENDED 30 JUNE 2016</b>					
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)
<b>Closing net book amount</b>	<b>29,554</b>	<b>134,762</b>	<b>25,414</b>	<b>57</b>	<b>189,787</b>
<b>AT 30 JUNE 2017</b>					
Cost	31,709	199,409	38,143	7,369	<b>276,630</b>
Accumulated depreciation	-	(13,500)	(12,208)	-	<b>(25,708)</b>
<b>Net book amount</b>	<b>31,709</b>	<b>185,909</b>	<b>25,935</b>	<b>7,369</b>	<b>250,922</b>

Depreciation and amortization expenses (Notes 6 and 7) are reported as follows: 10,490 (2016: 10,161) in Distribution costs (Note 17) and 68 (2016: 82) in Administrative expenses (Note 18).

Lease rental payments amounting to 6,310 (2016: 4,787) relating to the lease of land and buildings are included in the Statement of comprehensive income (Notes 17 and 18).

JUMBO EC. R.S.R.L

NOTES TO THE FINANCIAL STATEMENTS

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7. INTANGIBLE ASSETS

	<b>Software</b>
<b>AT 1 JULY 2016</b>	
Cost	822
Accumulated depreciation	(454)
<b>Net book amount</b>	<b>368</b>
<hr/>	
<b>YEAR ENDED 30 JUNE 2017</b>	
Additions	143
Transfers	-
Depreciation charge	(253)
<b>Closing net book amount</b>	<b>258</b>
<hr/>	
<b>AT 1 JULY 2015</b>	
Cost	734
Accumulated depreciation	(184)
<b>Net book amount</b>	<b>550</b>
<hr/>	
<b>YEAR ENDED 30 JUNE 2016</b>	
Additions	89
Disposals and transfers	-
Depreciation charge	(271)
<b>Closing net book amount</b>	<b>368</b>
<hr/>	
<b>AT 30 JUNE 2017</b>	
Cost	965
Accumulated depreciation	(707)
<b>Net book amount</b>	<b>258</b>

8. INVENTORY

	<b>30 JUNE 2017</b>	<b>30 JUNE 2016</b>
Merchandise	44,961	33,865
Other Merchandise (consumables)	539	706
<b>Total</b>	<b>45,500</b>	<b>34,571</b>

The cost of merchandise recognised as expense and included in Cost of sales amounted to 155,501 (2016: 114,045) (Note 16).

**JUMBO EC. R S.R.L****NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2017**

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**9. TRADE AND OTHER RECEIVABLES**

	<b>30 JUNE 2017</b>	<b>30 JUNE 2016</b>
Trade receivables	27	12
Advances to suppliers	377	0
Other tax receivables	360	140
Receivable from bank deposits	290	1,925
<b>Total trade and other receivables</b>	<b>1,054</b>	<b>2,077</b>

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

Other tax receivables represent the amount of medical leave of personelle.

Over the financial period the Company has concluded a various bank deposits with a maturity of 1 – 3 months (period 01.09.2016 – 30.06.2017), deposits which generate an interest inflow amounting of 3,141 lei and cashed in 2,850 lei. The balance of accrued interest as at 30 June 2017 is 290,379 lei, balance which will be collected at the end of August 2017.

At 30 June 2017 no trade and other receivables were overdue neither impaired.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above except for the advances paid to suppliers and the deferred charges. The Company does not hold any collateral as security on trade and other receivables.

**10. CASH AND CASH EQUIVALENTS**

	<b>30 JUNE 2017</b>	<b>30 JUNE 2016</b>
Cash in hand	855	535
Cash at bank	19,421	115,491
Short-term bank deposits	211,856	101,782
Cash in transit	1,042	581
<b>Total cash and cash equivalents</b>	<b>233,174</b>	<b>218,389</b>

Cash and cash equivalents are financial assets that are neither overdue nor impaired and do not expose the Company to credit risk.

For the Statement of cash flows, cash and cash equivalents include the amounts shown above.

**11. DEFERRED INCOME TAX ASSETS AND LIABILITIES**

Deferred income tax assets and liabilities are accounted for all temporary differences arising from differences between the accounting and tax carrying values of the assets and the liabilities, at the tax rate of 16% (2015: 16%), which is to be effective at the time they are realised.

The deferred tax assets and liabilities are analysed as follows:

The Company does not have deferred tax assets as at 30 June 2016 and as at 30 June 2017.

The movement in deferred tax assets and liabilities by elements during the period was as follows:

<b>Deferred tax liabilities</b>	<b>Property, plant and equipment</b>	<b>Total</b>
<b>AT 30 JUNE 2013</b>	-	-
(Charged)/credited to profit or loss	(35)	<b>(35)</b>
<b>AT 30 JUNE 2014</b>	<b>(35)</b>	<b>(35)</b>
(Charged)/credited to profit or loss	(15)	<b>(15)</b>
<b>AT 30 JUNE 2015</b>	<b>(20)</b>	<b>(20)</b>
Charged)/credited to profit or loss	20	20
<b>AT 30 JUNE 2016</b>	-	-
Charged)/credited to profit or loss	-	-
<b>AT 30 JUNE 2017</b>	-	-

**JUMBO EC. R.S.R.L****NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2017**

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**12. SHARE CAPITAL**

	<b>Number of shares</b>	<b>Amount</b>
<b>AT 30 JUNE 2013</b>	<b>1,091,991</b>	<b>14,196</b>
<b>AT 30 JUNE 2014</b>	<b>1,091,991</b>	<b>14,196</b>
Increasing t of shares	15,694,966	204,034
<b>AT 30 JUNE 2015</b>	<b>16,786,957</b>	<b>218,230</b>
Increasing t of shares	6,890,616	89,578
<b>AT 30 JUNE 2016</b>	<b>23,677,573</b>	<b>307,808</b>
<b>AT 30 JUNE 2017</b>	<b>23,677,573</b>	<b>307,808</b>

All issued shares are fully paid.

The Company's single shareholder at 30 June 2017 and 2016 was JUMBO S.A., Greece.

**13. OTHER RESERVES**

In other reserves for these financial statements information there are recognized:

- Legal reserves amounting of 5% of gross profits (per statutory accounts) until the legal reserves become at least equal to 20% of statutory share capital, in accordance with the Companies Law.

**14. LIABILITIES****14.1 TRADE AND OTHER PAYABLES**

	<b>30 JUNE 2017</b>	<b>30 JUNE 2016</b>
Trade payables – Suppliers of goods (note 26)	3,960	106
Other trade payables	2,834	2,503
Advances from customers	3	1
<b>Total trade and other trade payables</b>	<b>6,797</b>	<b>2,610</b>

The fair values of trade and other payables approximate their carrying amounts. Other trade payables represent other internal suppliers.

**JUMBO EC. R.S.R.L****NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2017**

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**14.2 Current tax liabilities**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Expense for income tax corresponding the period	2,820	1,869
liabilities from taxes VAT	4,378	3,297
tax on salaries	242	145
Other taxes - analysis below	43	27
<b>Total</b>	<b>7,483</b>	<b>5,338</b>

**14.3 Other Short term liabilities**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Suppliers of fixed assets EU intercompany and intercompany (Note 26)	3,887	1,757
Suppliers of fixed assets internal	46,922	31,381
Salaries payable to personnel	962	556
Social security liabilities	700	424
Other liabilities acc. 462	-	-
<b>Total</b>	<b>52,471</b>	<b>34,118</b>

**15. LONG TERM OTHER PAYBLES**

	<b>30 June 2017</b>	<b>30 June 2016</b>
<i>Guarantees obtained</i>		
Opening balance	599	1,481
Additions	456	299
Reductions	(599)	(1,181)
<b>Total</b>	<b>456</b>	<b>599</b>
<i>Liabilities to suppliers of fixed assets</i>		
Opening balance	25,569	56,312
Additions (balance payable 2016,2017)	12,842	-
Reductions	(25,569)	(30,743)
<b>Total</b>	<b>12,842</b>	<b>25,569</b>
<b>Total Long term Other Payables</b>	<b>13,298</b>	<b>26,168</b>

**16. SALES REVENUE**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Sales of merchandise on the domestic market	295,934	213,936
Sales of merchandise on foreign market (Note 26)	1,070	3,123
<b>Total revenue</b>	<b>297,004</b>	<b>217,059</b>

**JUMBO EC. R S.R.L****NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2017**

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**17. COST OF SALES**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Inventory Merchandise at the beginning of period (Note 8)	33,865	26,978
Purchases	166,584	121,304
Discounts on purchases	(2,121)	(1,650)
Surpluses of merchandise	2,134	906
Shortages and wastage of merchandise	-	-
Impairment of inventory	-	372
Consumable items	-	-
Inventory in the end of the period (Note 8)	44,961	33,865
<b>Total cost of sales</b>	<b>155,501</b>	<b>114,045</b>

**18. DISTRIBUTION COSTS**

Depreciation and amortisation charges (Notes 6 and 7)	10,421	10,161
Small inventories	673	627
Payroll expenses (Note 21)	21,568	16,519
External services	4,852	4,051
Third parties' expenses	6,418	6,043
Operating leases- rent	6,304	4,784
Taxes and duties	2,912	3,014
Other expenses	82	521
Advertisement	3,945	2,144
Consumable items	858	272
Assets repair and maintenance cost	-	78
<b>Total distribution costs</b>	<b>58,033</b>	<b>48,214</b>

**19. ADMINISTRATIVE EXPENSES**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Payroll expenses (Note 22)	901	784
External services	439	651
Operating leases- rent	7	4
Depreciation and amortisation charges (Note 6)	68	82
Small inventories	15	7
Taxes and duties	5	5
Other expenses	137	31
<b>Total administrative expenses</b>	<b>1,572</b>	<b>1,564</b>



**JUMBO EC. R S.R.L****NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2017**

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**20. OTHER INCOME AND GAINS**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Surpluses of merchandise	2,392	906
Sales of other goods	234	168
Surpluses of cash	68	60
Other income	31	150
Cancellation of provision		372
Operating gains on foreign currencies	131	
<b>Total other income and gains</b>	<b>2,856</b>	<b>1,656</b>

**21. OTHER EXPENSES AND LOSSES**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Other expenses (Exchange differences)	-	56
<b>Total other expenses and losses</b>	<b>-</b>	<b>56</b>

**22. PAYROLL EXPENSES**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Wages and salaries	18,199	14,015
Social security and national health contributions	4,269	3,287
<b>Total payroll expenses</b>	<b>22,468</b>	<b>17,302</b>

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

Employees at the end of the year	662	447
Average number of employees in the year	528	403

**23. FINANCE INCOME**

	<b>30 June 2017</b>	<b>30 June 2016</b>
<b>Finance income</b>		
Interest income on cash at banks	3,147	1,918
<b>Total finance income</b>	<b>3,147</b>	<b>1,918</b>
<b>Finance income – net</b>	<b>3,147</b>	<b>1,918</b>

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NOTES TO THE FINANCIAL STATEMENTS

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24. INCOME TAX EXPENSE

	30 June 2017	30 June 2016
Current tax	13,977	8,880
Deferred tax (Note 11)	-	(20)
<b>Income tax expense</b>	<b>13,977</b>	<b>8,860</b>

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:

	30 June 2017	30 June 2016
Profit before tax	87,901	56,754
<b>Theoretical current tax at 16% (2016: 16%)</b>	<b>14,064</b>	<b>9,081</b>
<b>Effect on the tax charge of:</b>		
<i>Non-taxable expenses</i>	87	727
<b>Current tax</b>	<b>13,977</b>	<b>8,860</b>

The current income tax payable at 30 June 2017 for the amount of 2,820 is calculated as from the current tax charge for the year, amounting to 13,977 and is deducted the tax paid in the financial year, amounting to 13,027.

The current income tax payable at 30 June 2016 for the amount of 1,869 is calculated as 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.

25. DIVIDENDS PER SHARE

In 2017 and 2016, 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 2017 will be made.

26. CONTINGENT LIABILITIES

(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.

**JUMBO EC. R S.R.L****NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2017****(b) Operating lease commitments where the company is a lessee**

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

	<b>30 June 2017</b>	<b>30 June 2016</b>
Not later than 1 year	7,249	4,661
Later than 1 year and not later than 5 years	35,477	24,106
Later than 5 years	26,608	33,662
<b>Total</b>	<b>69,334</b>	<b>62,429</b>

The Company leases lands and buildings under non-cancellable operating lease agreements with terms that expire 2025. The agreements include different renewable options. Operating lease payments recognised as expense in the Statement of comprehensive income are disclosed in Notes 17 and 18.

**27. RELATED-PARTY 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**

<b>Parent company</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
JUMBO SA, Greece	1,070	3,127
JUMBO Trading Limited, Cyprus	3	
JUMBO EC. B EOOB , Bulgaria		5
<b>Total</b>	<b>1,073</b>	<b>3,132</b>

**(B) PURCHASES OF MERCHANDISE, SERVICES AND PPE**

<b>Parent company</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
JUMBO SA, Greece – merchandise	158,657	116,711
JUMBO SA, Greece – services		
JUMBO SA, Greece – PPE	1,573	1,660
<b>Total parent company</b>	<b>160,230</b>	<b>118,371</b>
JUMBO Trading Limited, Cyprus	7	
JUMBO EC. B EOOB , Bulgaria merchandise	-	-
JUMBO EC. B EOOB , Bulgaria services	-	-
JUMBO EC. B EOOB , Bulgaria -PPE	-	-
<b>Total related parties</b>	<b>160,237</b>	<b>118,371</b>

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

**JUMBO EC. R S.R.L****NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2017**

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

<b>Parent company</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
JUMBO SA, Greece – merchandise	3,960	106
JUMBO SA, Greece – services	1,205	-
JUMBO SA, Greece – PPE	-	-
<b>Total parent company</b>	<b>5,165</b>	<b>106</b>
<b>Other related parties</b>		
JUMBO EC. B EOOB Bulgaria	-	-
<b>Total related parties</b>	<b>-</b>	<b>-</b>

**(D) KEY MANAGEMENT COMPENSATION**

Key management personnel include the managers of the Company.

	<b>YEAR ENDED 30 JUNE</b>	
	<b>2017</b>	<b>2016</b>
Short-term employee benefits/ Salaries fees	351	375
<b>Total</b>	<b>351</b>	<b>375</b>

**28. 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. 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.

**29. 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 2017.