



## SEMI-ANNUAL FINANCIAL REPORT

For the period from January 1, 2016 to June 30, 2016

**KARATZI S.A.** Industrial & Hotel Enterprises  
Industrial Area  
71110 Heraklion, Crete  
S.A. Companies Registration No 11396/06/B/86/89  
General Commerce Registry no 77088427000  
[www.karatzis.gr](http://www.karatzis.gr)

## Contents

<b>A. Statements of the Representatives of the Board of Directors</b> .....	<b>5</b>
<b>B. Independent Auditors' Review Report on Interim Financial Information</b> .....	<b>6</b>
<b>C. Semi - Annual Report of the Board of Directors</b> .....	<b>8</b>
<b>D. Interim Financial Statements for the period from 1 January to 30 June 2016</b> .....	<b>19</b>
<b>1. General information concerning the Company and the Group</b> .....	<b>24</b>
<b>2. Basis of preparation for the annual Financial Statements</b> .....	<b>24</b>
<b>3. New accounting standards and IFRIC Interpretations</b> .....	<b>25</b>
<b>4. Consolidation</b> .....	<b>27</b>
<b>5. Tangible fixed assets</b> .....	<b>28</b>
<b>6. Intangible fixed assets</b> .....	<b>32</b>
<b>7. Trade debtors</b> .....	<b>34</b>
<b>8. Cash and cash equivalents</b> .....	<b>34</b>
<b>9. Loans and existing liens</b> .....	<b>34</b>
<b>10. Taxation</b> .....	<b>35</b>
<b>11. Operating Segments</b> .....	<b>35</b>
<b>12. Unaudited fiscal years:</b> .....	<b>37</b>
<b>13. Seasonality of business activity</b> .....	<b>38</b>
<b>14. Disputes under litigation or arbitration</b> .....	<b>38</b>
<b>15. Provisions</b> .....	<b>38</b>
<b>16. Number of employees</b> .....	<b>39</b>
<b>17. Earnings per share – Average weighted number of shares</b> .....	<b>39</b>
<b>18. Transactions of Related parties</b> .....	<b>40</b>
<b>19. Investments in affiliates</b> .....	<b>40</b>
<b>20. Treasury shares</b> .....	<b>41</b>
<b>21. Financial instruments</b> .....	<b>41</b>
<b>22. Approval of the financial statements by the BoD</b> .....	<b>42</b>
<b>23. Subsequent events</b> .....	<b>42</b>
<b>F. Data and information for the period from 1 January 2016 to 30 June 2016</b> .....	<b>44</b>

*(Any difference in totals is due to rounding up or down)*

<b>Company &amp; Group General Information</b>	
<b>Company Name</b>	
<b>KARATZIS S.A. - INDUSTRIAL &amp; HOTEL ENTERPRISES</b>	
Registry Number of S.A.s:	11396/06/B/86/89
Number in General Commercial Register:	077088427000
Supervising Authority:	Ministry of Finance, Development & Tourism
Website:	www.karatzis.com
E-mail Address:	hellasnet@karatzis.gr
Ticker Symbol in ATHEX OASIS:	KARTZ
ATHEX Listing Date:	September 2000
<b>Board of Directors</b>	
<b>Executive Members</b>	
<b>Non executive members</b>	
Antonios M. Karatzis - Chairman and CEO	
Karatzis S. Athina - Vice Chairman	Konstantinos A. Perantonakis
Maria M. Karatzis - CEO	Iason E. Papastefanakis
Konstantinos L. Archontakis	Eleftherios K. Antonakakis
Ilias A. Kalathas	
<b>Activity:</b>	
	Industrial products and services, packaging materials, hotelier enterprises, energy production
VAT Number - Tax Authority:	EL 094113381 - "A" Public Tax Authority of Irakleion
Foundation Year:	1979
Address:	Heraklion Industrial Zone, P.O. Box 1490, ZIP Code: 71110, Heraklion Crete Greece
Tel:	+30 28210 382900
<b>Subsidiaries:</b>	
<b>MESH PACK</b>	
<b>STELLA POLARIS</b>	
Ing.-A.-Rudow-Strasse 1 D-38486 Kusey (Klotze) Germany	ZIP Code: 71601, Heraklion Crete Greece
<b>KARATZIS INDUSTRIAL &amp; HOTELIER ENTERPRISES SA &amp; Co</b>	
<b>CROPPY SOLUTIONS S.L.</b>	
Heraklion Industrial Zone, P.O. Box 1490, ZIP Code: 71601, Heraklion Crete Greece	Montero Calvo 3 47001, Valladolid, Spain
<b>KARATZIS ITALIA S.R.L.</b>	
<b>KARATZIS RUS LTD</b>	
Via Antonio Stradivari, 4, 20131 Milan, Italy	350037, Krasnodar City Region Krasnodarsky, Russia
<b>Affiliates:</b>	
<b>ZEUS PACKAGING AGRI LTD</b>	
Aspect One / Gunnels Wood Road Stevenage / Hertfordshire United Kingdom, SG1 2DG	

This Semi-annual Financial Report is drafted pursuant to Article 5 of Law 3556/2007 and the decision issued thereto by the Board of Directors of the Capital Market Committee with number 7/448/11.10.2007 and includes:

- (A) the declaration of the BoD members,
- (B) the audit report of the Chartered Accountant Auditors,
- (C) the semi-annual report of the Board of Directors,
- (D) the semi-annual financial statements for the first half of the FY 2016 (1 January – 30 June 2016),
- (E) explanations on the financial statements of the first half of the FY 2016 (1 January – 30 June 2016),
- (F) data and information for the period starting from 1 January and ending on 30 June 2016.

It is certified that the attached Semi - Annual Financial Statements are those approved by the Board of Directors of **KARATZIS S.A.** on the 29<sup>th</sup> of September 2016 and have been posted on the internet at [www.karatzis.com](http://www.karatzis.com) as well as on the site of the Athens Exchange, where they will remain at the disposal of the investors for a time period of at least five (5) years from the date these statements were drafted and published.

Note that the summarised financial statements and information arising from the annual financial statements aim at providing the reader with a general update on the company's financial situation and results, but they do not provide a complete overview of the financial position, financial performance and cash flows of the Company and the Group, pursuant to the International Financial Reporting Standards.

The Chairman of the Board of Directors and CEO

Antonios M. Karatzis

## **A. Statements of the Representatives of the Board of Directors**

(pursuant to Article 5, paragraph 2 of Law 3556/2007)

The members of the Board of Directors of KARATZIS S.A. are:

1. Antonios Karatzis, son of Miltiadis, Chairman of the Board of Directors and CEO,
2. Maria Karatzi, daughter of Miltiadis, CEO
3. Konstantinos Archodakis, son of Leonidas, Member of the BoD,

under our above-mentioned capacity, and as appointed by the BoD of the company trading under the name 'KARATZIS Industrial & Hotel Enterprises S.A.' (hereafter "**the Company**"), we hereby declare and certify that to the best of our knowledge;

(a) the semi-annual financial statements of the Company and the Group for the period January 1 to June 30, 2016, which have been drafted according to the applicable accounting standards, provide a true overview of the Company's assets and liabilities, equity and results, as well as of the companies included in the consolidation taken as a whole, according to the provisions of paragraphs 3 and 5 article 5 Law 3556/07,

(b) the semi - annual report of the Company's Board of Directors provides a true overview of the Company's progress, performance and position, as well as the enterprises included in the consolidation as a whole, including a description of the major risks and uncertainties they face, according to the provisions of paragraph 6 article 5 Law 3556/07, and the authorized decisions of the Board of Directors of the HCMC.

Heraklion, 29 September 2016

The Signatories

The Chairman of the BoD and CEO

The Members appointed by the BoD

Antonios Karatzis  
ID no X 357305

Maria karatzis  
ID no AM 456332

Konstantinos Arhontakis  
ID no AE 456589

## **B. Independent Auditors' Review Report on Interim Financial Information**

To the shareholders of "KARATZI SA."

### **Introduction**

We have reviewed the accompanying condensed separate and consolidated statements of financial position of the Company "KARATZI SA." (i.e. "the Company") and of its subsidiaries as at 30 June 2016 and the relative condensed separate and consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, as well as the selected explanatory notes, that constitute the interim financial information as an integral part of the six-month financial report in accordance with L.3556/2007. Management is responsible for the preparation and presentation of this condensed interim financial information, in accordance with International Financial Reporting Standards as adopted by the European Union (EU), which apply to Interim Financial Reporting (International Accounting Standard "IAS 34"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

### **Reference to Other Legal Requirements**

Based on our review, we verified that the content of the six-month financial report, as required by article 5 of L.3556/2007, is consistent with the accompanying condensed interim financial information.

**Heraklion, September 29<sup>th</sup> 2016**

**The Independent Auditor**

**Konstantinos Emm. Antonakakis**  
**Reg. No SOEL 22 781**



Chartered Accountants Management Consultants  
56, Zefirou str., 175 64 Patisia Faliro, Greece  
Registry Number SOEL 127

## C. Semi - Annual Report of the Board of Directors

The following Semi - annual Report of the Board of Directors (hereafter for brevity '**the Report**'), pertains to the period of the first half of the current year 2016 (1.1.2016 – 30.6.2016). The Report was drafted and conforms to the relevant provisions of Law 3556/2007, as well as the relevant decisions of the Hellenic Capital Market Commission and especially Decision no 7/448/11.10.2007 of the Hellenic Capital Market Commission BoD.

This Report includes all the important individual sections and paragraphs, that are necessary according to the above mentioned legal framework and provides a true overview of the relevant information required by law, in order to provide a material and documented update regarding the activities of the Company 'KARATZIS Industrial & Hotel Enterprises SA' (hereafter called for brevity '**the Company**' or '**KARATZIS**'), as well as of the KARATZIS Group in which the following subsidiaries and affiliates are also included:

S.N.	Company Name	Country of Incorporation	Activity	Consolidation method	Percentage
1	MESH PACK GMBH	Germany	Raschel bags, packaging nets	Full	100%
2	STELLA POLARIS CRETA SA	Greece	Hotel & tourism enterprises	Full	100%
3	KARATZIS ITALIA S.R.L.	Italy	Trading of Packaging materials	Full	51%
4	KARATZIS RUS LTD	Russia	Trading of Packaging materials	Full	100%
5	CROPPY SOLUTIONS SL	Spain	Trading of Packaging materials	Full	80%
6	KARATZIS INDUSTRIAL & HOTEL ENTERPRISES SA & Co	Greece	Renewable sources of Energy	Full	99%
7	ZEUS PACKAGING AGRI LTD	U.K.	Trading of packaging materials	Net worth	50%

Given that the Company also drafts consolidated financial statements, this report is unified with main reference points the Company's consolidated financial data of the Company and its related companies. This report also contains reference to individual (unconsolidated) financial data of the Company only at the points where it is deemed advisable or necessary for clarification purposes. The report is included as such along with the Company financial statements and all legally required data and declarations in the semi-annual financial report for the fiscal year 2016.

The chapters of the report and their contents are as follows:

**CHAPTER A.** Important events of the first half of 2016

**CHAPTER B.** Company and Group progress and performance

**CHAPTER C.** Main risks and uncertainties for the second half of the year

**CHAPTER D.** Important transactions with related parties

**CHAPTER E.** Data and estimates regarding the progress of group activities during the second half of 2016



## **CHAPTER A: Important events of the first half of 2016**

**Establishment of KARATZIS ITALIA S.R.L.:** “KARATZIS ITALIA S.R.L.” was established within the first semester of 2016, based in Italy, with an initial share capital of 100.000,00 euro. KARATZI S.A. covered 51% of the capital while the rest 49% was paid by an individual third party. The established company is purely commercial and it mainly addresses to the market of Italy. The company was consolidated for the first time in the financial statements of H1 2016, under the method of full consolidation.

**Establishment of KARATZIS RUS LTD:** “KARATZIS RUS LTD” was established within the first semester of 2016, based in Russia, with an initial share capital of 12.000.000 rubles, which was fully covered by KARATZI S.A. The established company is purely commercial and it mainly addresses to the market of Russia and the wider region. The company was consolidated for the first time in the financial statements of H1 2016, under the method of full consolidation.

**Annual General Assembly of the Company’s Shareholders:** The annual general assembly of the company’s shareholders, which was held on the 4th of June 2016 with a quorum of 85.60% (represented shares with voting rights: 12,565,650 out of 14,679,792) and the participation of 14 shareholders, has taken the following decisions:

- 1) Unanimously, approved the annual financial statements for the period from 1/1 to 31/12/2015 and the relevant Reports and Declarations by the Board of Directors and the Auditors.
- 2) Unanimously, approved the proposed by the Board of Directors distribution of profits for the fiscal year 2015, which did not provide for the dividend distribution.
- 3) Unanimously, approved the discharge of the Board of Directors and the Auditors from any compensation liability on the Annual Financial Statements and management for the period 1-1 31/12/2015.
- 4) Unanimously, approved the Directors' fees for 2015 and preauthorized the Directors' fees for the period 1/1/2016 to 31/12/2016.
- 5) Unanimously, elected the audit firm “Grand Thornton AE” for the regular and tax audit for the fiscal year 1/1-31/12/2016 and determined its remuneration.
- 6) Unanimously, approved the restructuring of the company's Board, which took place on the 6th of August 2015, after the death of Miltiadis Karatzis,, according to C.L. 2190/1920 and the company’s articles of association.
- 7) Unanimously, approved a loan agreement dated April 1, 2016, between KARATZI S.A. and its subsidiary KARATZIS ITALIA srl.

## CHAPTER B. Company and Group progress and performance

**Turnover:** Consolidated sales during the first six months of FY 2016 amounted to 43,448 thousand euro compared to 38,592 thousand euro during the corresponding period of the previous year, recording an increase of 4,651 thousand euro or 12.6%.

Industrial sales increased by 14% (4,562 thousand euro) due to the enhanced sales of the parent company as well as because of the sales of the two new subsidiaries within the EU.

The turnover of Nana Beach hotel marked a slight increase of 2.8% (81 thousand euro). Nana Beach's strong performance are largely attributed to the provision of top quality services over time, to the recent renovation of the hotel and to its powerful brand name which was progressively built. It must be noted that the increase in the VAT rate in accommodation services from 6% to 13%, affected negatively the hotel's turnover as well as its gross profitability by approximately 170 thousand euro.

Electric energy turnover recorded a 7.1% increase (increase 212 thousand euro), arising from the favourable weather conditions (increased sunshine) which prevailed during the first six months of FY 2016.

Sales	THE GROUP		Change	
	1.1-30.06.2016	1.1-30.06.2015	€	%
Industrial Activity	37.227.623	32.664.629	4.562.994	14,0%
Hotel	3.029.016	2.947.805	81.210	2,8%
Energy production (photovoltaic)	3.191.284	2.979.228	212.056	7,1%
<b>Total</b>	<b>43.447.923</b>	<b>38.591.662</b>	<b>4.856.261</b>	<b>12,6%</b>

Sales	THE COMPANY		Change	
	1.1-30.06.2016	1.1-30.06.2015	€	%
Industrial Activity	32.353.323	29.074.537	3.278.786	11,3%
Hotel	3.029.016	2.947.805	81.210	2,8%
Energy production (photovoltaic)	2.224.731	2.048.207	176.524	8,6%
<b>Total</b>	<b>37.607.070</b>	<b>34.070.550</b>	<b>3.536.521</b>	<b>10,4%</b>

**Gross profits:** The group's gross profit amounted to 11,266 thousand euro compared to 10,112 thousand euro of last year, increased by 1,154 thousand euro (11.4%). Gross results of the industrial activity enhanced by 15.8% due to the raise in turnover. The parent company's gross margin remained stable at 26%.

Gross results of the hotel, as mentioned above, was negative because of the increase in the VAT rate and the increased maintenance costs before the beginning of the tourist period. However, on a yearly basis it is considered that the gross result will not be altered significantly.

Gross Profit (amounts in €)	THE GROUP		Change	
	1.1-30.6.2016	1.1-30.6.2015	€	%
Industrial Activity	9.333.574	8.059.122	1.274.451	15,8%
Hotel	-206.455	33.168	-239.623	-722,5%
Energy production (photovoltaic)	2.138.927	2.019.488	119.439	5,9%
<b>Total</b>	<b>11.266.045</b>	<b>10.111.778</b>	<b>1.154.267</b>	<b>11,4%</b>

Gross Profit (amounts in €)	THE COMPANY		Change	
	1.1-30.6.2016	1.1-30.6.2015	€	%
Industrial Activity	8.349.684	7.550.510	799.174	10,6%
Hotel	-206.455	33.168	-239.623	-722,5%
Energy production (photovoltaic)	1.572.539	1.457.053	115.486	7,9%
<b>Total</b>	<b>9.715.767</b>	<b>9.040.730</b>	<b>675.037</b>	<b>7,5%</b>

Gross Margin	THE GROUP		THE COMPANY	
	1.1-30.6.2016	1.1-30.6.2015	1.1-30.6.2016	1.1-30.6.2015
Industrial Activity	25,07%	24,67%	25,81%	25,97%
Hotel	-6,82%	1,13%	-6,82%	1,13%
Energy production (photovoltaic)	67,02%	67,79%	70,68%	71,14%
<b>Total</b>	<b>25,93%</b>	<b>26,20%</b>	<b>25,83%</b>	<b>26,54%</b>

**Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA):** During H1 2016, group EBITDA amounted to 10,027 thousand euro compared 9,257 thousand euro during the corresponding period of the previous year, displaying an increase of 770 thousand euro or 8.3% increase. The industrial sector has mainly contributed to this increase.

EBITDA (ποσά σε €)	THE GROUP		Change	
	1.1-30.6.2016	1.1-30.6.2015	€	%
Industrial Activity	7.033.718	6.232.571	801.147	12,9%
Hotel	207.516	352.441	-144.925	-41,1%
Energy production (photovoltaic)	2.785.659	2.671.828	113.831	4,3%
<b>Total</b>	<b>10.026.893</b>	<b>9.256.840</b>	<b>770.053</b>	<b>8,3%</b>

EBITDA (ποσά σε €)	THE COMPANY		Change	
	1.1-30.6.2016	1.1-30.6.2015	€	%
Industrial Activity	6.788.974	6.054.309	734.664	12,1%
Hotel	217.410	360.047	-142.638	-39,6%
Energy production (photovoltaic)	1.932.356	1.824.034	108.322	5,9%
<b>Total</b>	<b>8.938.740</b>	<b>8.238.391</b>	<b>700.349</b>	<b>8,5%</b>

**Profit / (loss) before taxes:** The consolidated profits before taxes amounted to 6,395 thousand euro compared to 5,707 thousand euro, while parent company's profit before taxes formed to 5,891 thousand euro versus to 5,300 thousand euro during H1 2015.

**Financial indexes:** Both the financial balance indexes and the Group performance indexes are considered as notably positive.

<b>Basic Ratios</b>	<b>30/6/2016</b>	<b>31/12/2015</b>
General Liquidity	1,48	1,54
Working capital	20.443.492	18.026.839
Total Liabilities / Equity	57,9%	54,3%
Bank Liabilities / Equity	33,1%	35,5%
	<b>1/1 - 30/6/2016</b>	<b>1/1 - 30/6/2015</b>
EBITDA	10.026.893	9.256.840
Turnover	43.447.923	38.591.662
EBITDA / Permanent funds	8,0%	7,6%
EBITDA / Turnover	23,1%	24,0%
Interest coverage	10,22	9,15

**Cash Flows:** The group's and the company's cash flows from operations amounted to 3,085 thousand euro and 2,785 thousand euro respectively. The achievement of strong operational cash flows contributed to the reduction of Group's bank debt as well as in the uninterrupted financing of its investment programs.

**Leverage ratio:** The Group controls and monitors its capital adequacy based on the leverage ratio, which calculated by dividing net debt with total capital employed. As net debt it is considered the sum of bank liabilities (long term and short term) minus cash and cash equivalents, while as total capital employed is taken into the sum of equity plus net debt. The management aims at preserving the leverage ratio lower than 40%.

	<b>THE GROUP</b>	
	<b>30/6/2016</b>	<b>31/12/2015</b>
Total Debt	35.267.466	36.181.218
Minus: Cash and cash equivalents	19.007.795	19.346.678
Net debt (a)	16.259.671	16.834.540
Equity	106.396.555	101.916.523
<b>Total capital employed (b)</b>	<b>122.656.226</b>	<b>118.751.063</b>
<b>Leverage ratio (a) / (b)</b>	<b>13%</b>	<b>14%</b>

## CHAPTER C. Main risks and uncertainties

**Interest rate risk:** The Group debt obligations are directly or indirectly linked to Euribor, therefore, interest risk exists and is proportional to the debt level. A change of the interest rate by +/- 100 basis points (+/-1%), ceteris paribus, is expected to modify the financial cost by +/- 353 thousand euro annually. The Company and the Group do not use financial derivative products for hedging. For the current period, the Group's average annual interest rate was approximately 5.5% while a minor reduction is expected for the second half of the current year.

**Credit risk:** The financial standing of the customers is being constantly monitored by the companies of the Group. When judged necessary, further insurance coverage is asked as a credit collateral. A customized software audits the size of the credits as well as the credit limits of the accounts. For special credit risk provisions have been formed for impairment losses. It is noted that due to the Company's export nature there isn't any significant concentration of credit risk in Greece, while regarding foreign clients the Company has insured credits, covering 80% of the orders' value. In the Energy sector, there is a concentration of receivables from customer 'Electricity Market Operator S.A' (LAGIE). As at 30 June 2016, these receivables amounted to 2,306 thousand euro and corresponded to 14% of the Group trade receivables. There is also concentration of receivables in 5 industrial customers amounting 7,639 thousand euro in total.

**Liquidity risk:** The prudent administration of liquidity is being achieved via the appropriate combination of cash and cash equivalents and approved bank credit facilities. The Group manages the risks that may arise from the lack of sufficient liquidity by ensuring that there are always available secured bank credit facilities for use. The existing available unused approved bank credit facilities for the Group suffice in order to deal with any lack of capital. The Group's net working capital as at 30 June 2016 amounted to 20,443,492 euro (31.12.2015: 18.026.839 euro), while the general liquidity ratio formed at 1.48 (31.12.2015: 1,54).

**Raw material price fluctuation risk:** The Group is exposed to price fluctuation risk for polyethylene (PE), which is its main industrial raw material. This is an oil derivative (ethylene) and its price partially depends on oil prices. To manage this risk, the Group monitors polyethylene prices on a daily basis, and is in on-going negotiations with the suppliers in order to limit the raw material price fluctuations. This is achieved through the rational management of the raw material stock in relation to customers' orders. Additionally, the Group has included the polyethylene price fluctuations in its agreements with important customers, when calculating product prices. A 5% increase in polyethylene price, ceteris paribus, results in an annual increase of 1,590 thousand euro in the consumption cost, or an overall increase of industrial production cost by approximately 2.77% approximately.

**Exchange rates risk:** There is no significant currency risk from business transactions for the Group and the parent company, as most transactions are made in Euro.



## **CHAPTER D. Important transactions with related parties**

The companies related with KARATZIS S.A. are the following:

### **Subsidiaries**

- MESHPACK GMBH with headquarters in Kusey, Germany, a subsidiary which is wholly owned by KARATZIS S.A.
- STELLA POLARIS CRETA S.A. with headquarters in the Heraklion Industrial Zone, a subsidiary which is wholly owned by KARATZIS S.A.
- CROPPY SOLUTIONS S.L. with headquarters in Valladolid, Spain a subsidiary which is owned by KARATZIS S.A. by 80%.
- KARATZIS INDUSTRIAL & HOTEL ENTERPRISES SA & Co with headquarters in the Heraklion Industrial Zone, a subsidiary which is owned by KARATZIS S.A. by 99,99%.
- KARATZIS ITALIA SRL, with headquarters in Milan Italy a subsidiary which is owned by KARATZIS S.A. by 51%.
- KARATZIS RUS LTD, with headquarters in Krasndar Russia, a subsidiary which is wholly owned by KARATZIS S.A.

### **Affiliates**

- ZEUS PACKAGING AGRI LTD, with headquarters in U.K., an affiliate in which KARATZIS S.A. owns a 50% stake.

### **Other related parties**

- PLUSPACK S.A., with headquarters in the Heraklion Industrial Zone, is a related company in which Antonis Karatzis (Chairman of the BoD, CEO and main shareholder of KARATZIS S.A.) and Maria Karatzi (CEO and main shareholder of KARATZIS S.A.) are basic shareholders and members of the board.
- K. PERANTONAKIS Sole Proprietorship LTD, with headquarters in Heraklion, Crete, owned and managed by Konstantinos Perantonakis, non-executive member of KARATZIS S.A.
- ANTONAKAKIS S.A., with headquarters in Heraklion, Crete, the Managing Director of which is Eleftherios Antonakakis, non-executive member of KARATZIS S.A.
- INDUSTRIAL COMMERCIAL CENTRE I.C.C. LTD, with headquarters in Heraklion, Crete, the chairman of the BoD of which is Eleftherios Antonakakis, non-executive member of KARATZIS S.A.

All transactions by the related parties for the first half of 2016, as well as the balances of receivables and liabilities as at 30 June 2016, are presented below (amounts expressed in Euro):

The Company	Subsidiaries						Affiliates	Other Related Parties	Total
	MESHPACK	STELLA POLARIS	CROPPY SOLUTIONS	KARATZIS RUS LTD	KARATZIS ITALIA SRL	KARATZIS ENERGY SA & CO	ZEUS PACKAGING AGRI LTD		
<b>Intercompany transactions and balances</b>									
a) Intercompany sales of goods and services	160.553	-	456.964	67.859	913.594	1.200	2.256.581	244.143	4.100.895
b) Intercompany purchases of goods and services	2.092	-	-	-	-	-	-	240.399	242.491
c) Receivables	348.771	-	371.151	-	1.413.594	2.267	2.277.019	57.152	4.469.954
d) Liabilities	-	-	-	-	-	-	-	38.037	38.037

**Transactions and balances with BoD members and Directors**

e) Compensation of key managers and members of the BoD								228.894	228.894
f) Receivables from key managers and members of the BoD								58.144	58.144
f) Liabilities to key managers and members of the BoD								-	-

The Group	Subsidiaries						Affiliates	Other Related Parties	Total
	MESHPACK	STELLA POLARIS	CROPPY SOLUTIONS	KARATZIS RUS LTD	KARATZIS ITALIA SRL	KARATZIS ENERGY SA & CO	ZEUS PACKAGING AGRI LTD		
<b>Intercompany transactions and balances</b>									
a) Intercompany sales of goods and services	-	-	-	-	-	-	2.256.581	244.143	2.500.724
b) Intercompany purchases of goods and services	-	-	-	-	-	-	-	240.399	240.399
c) Receivables	-	-	-	-	-	-	2.277.019	57.152	2.334.171
d) Liabilities	-	-	-	-	-	-	-	38.037	38.037

**Transactions and balances with BoD members and Directors**

e) Compensation of key managers and members of the								271.461	271.461
f) Receivables from key managers and members of the								58.144	58.144
f) Liabilities to key managers and members of the BoD								-	-

More specifically, and in order to specify precisely the above transactions, the following are hereby clarified:

- The income of KARATZIS S.A. from MESHPACK GMBH was generated from the sale of products. The income of MESHPACK GMBH from KARATZIS S.A. was generated for the sale of products.
- The income of KARATZIS S.A. from CROPPY SOLUTIONS S.L., KARATZIS ITALIA SRL and KARATZIS RUS LTD concerns product sales.
- The income of KARATZIS S.A. from KARATZIS ENERGY S.A. & CO concerns rental income of administrative facilities.
- The income of KARATZIS S.A. from ZEUS PACKAGING AGRI LTD concern income from the sale of industry products.
- The income of KARATZIS S.A. from PLUSPACK S.A. (other related parties) was generated from the sale of scrap, while the expenses concern procurement of products made by PLUSPACK S.A. (plastic garbage bags).



## **CHAPTER E. Data and estimates regarding the progress of group activities**

- The turnover of the group's industrial activity is expected to rise by more than 10%.
- Regarding the hotel sector, a marginal increase in bookings and overnights is expected. The sector's turnover is expected to increase compared to the previous year, with profitability remaining unchanged.
- Concerning the turnover of the photovoltaic sector stabilization in the produced energy units and sales is anticipated. Volatility in turnover, if any, is depending upon weather conditions (level of sunshine).
- Within the second half of 2016, the establishment of the subsidiary firm "KARATZIS SRL" with headquarters in Brasov Romania, was completed. The initial capital of the company shapes at 10,000.00 RON and it was fully paid by KARATZI SA. The company is activated in the production and trade of packaging nets for agricultural products. Within the next year it is expected that the investment plan of the subsidiary, amounting 3 million euro, will be completed.
- KEN SA, a wholly owned subsidiary of KARATZI SA was founded in July 2016. The subsidiary is headquartered in the municipality of Heraclion Crete and its share capital forms at 600,000.00 euro. The company's objective is to produce and trade energy products. For this reason, an application for the permission to supply electric energy, with total power of 300 MW, is already submitted to RAE. It is considered that the permission will be obtained within the year, so as for the commercial activity of the company to begin immediately.
- The construction of the new luxury Five Star rating hotel closely located to the company's current hotel "Nana Beach", will commence in November 2016. The unit will operate 127 rooms and 260 beds, situated on a 37.000 square meters' surface in Drapanos Hersonisos and will create 100 new jobs. The cost of the investment is expected to amount to 16 million euro, with the granted amount reaching 4.43 million euro.
- The administrative services of the Group will be housed in a privately owned real estate, whose construction is going to be completed within 2016. The relocation of the administrative services will release extra space in the plant located in Heraklion Industrial Zone which will be exploited in order to support the production process.

- An investment amounting 2.5 million euro, regarding the purchase of new mechanical equipment in the plant of the Heraclion Industrial Zone, was completed within the second half of 2016. The plant's capacity increased by 10%.

Heraklion, **29 September 2016**

The Board of Directors

The Chairman of the BoD and CEO

Antonios Karatzis

## D. Interim Financial Statements for the period from 1 January to 30 June 2016

<b>STATEMENT OF FINANCIAL POSITION (consolidated and parent company)</b>					
<b>Amounts in euro</b>					
	<b>Note</b>	<b>The Group</b>		<b>The Company</b>	
		<b>30/6/2016</b>	<b>31/12/2015</b>	<b>30/6/2016</b>	<b>31/12/2015</b>
<b>Assets</b>					
<b>Non current assets</b>					
Property, plant and equipment	<b>5</b>	102.598.091	103.314.558	83.960.398	84.295.677
Intangible fixed assets	<b>6</b>	1.529.345	1.580.787	134.514	139.362
Investments in subsidiaries		-	-	14.129.990	13.898.975
Investments in affiliates	<b>19</b>	326.726	255.056	125	125
Deferred tax receivables		321.791	318.727	-	-
Other non current assets		104.213	98.078	600.615	96.043
		<b>104.880.166</b>	<b>105.567.206</b>	<b>98.825.642</b>	<b>98.430.182</b>
<b>Current Assets</b>					
Inventory		20.589.443	20.217.847	16.732.969	17.520.767
Trade receivables	<b>7</b>	19.738.258	8.453.857	16.126.922	6.324.826
Other current assets		3.460.625	3.282.173	3.356.666	3.088.107
Prepayments		291.791	345.285	272.380	282.144
Financial assets carried at fair value		30.000	30.000	30.000	30.000
Cash and cash equivalents	<b>8</b>	19.007.795	19.346.678	18.213.117	18.624.513
		<b>63.117.913</b>	<b>51.675.840</b>	<b>54.732.053</b>	<b>45.870.356</b>
<b>Total Assets</b>		<b>167.998.079</b>	<b>157.243.046</b>	<b>153.557.696</b>	<b>144.300.539</b>
<b>Equity &amp; Liabilities</b>					
<b>Equity</b>					
Share capital		24.662.051	24.662.051	24.662.051	24.662.051
Other reserves		64.639.509	64.273.255	61.997.235	61.629.465
Retained earnings		17.040.835	12.944.683	15.790.500	12.046.713
<b>Equity attributable to shareholders of the parent</b>		<b>106.342.395</b>	<b>101.879.989</b>	<b>102.449.786</b>	<b>98.338.228</b>
<b>Non controlling interests</b>		<b>54.160</b>	<b>36.534</b>	<b>-</b>	<b>-</b>
<b>Equity</b>		<b>106.396.555</b>	<b>101.916.523</b>	<b>102.449.786</b>	<b>98.338.228</b>
<b>Non current liabilities</b>					
Long term debt	<b>9</b>	10.111.597	12.824.244	4.832.221	6.988.894
Deferred tax liability	<b>10</b>	5.558.439	5.588.056	5.609.009	5.663.936
Other provisions	<b>15</b>	467.008	435.408	390.000	360.000
Employee benefits		830.555	804.340	829.340	804.340
Other non current liabilities		1.959.504	2.025.474	1.166.614	1.187.571
<b>Total non Current Liabilities</b>		<b>18.927.104</b>	<b>21.677.521</b>	<b>12.827.184</b>	<b>15.004.741</b>
<b>Current Liabilities</b>					
Trade and other payables		8.448.522	4.977.117	6.613.952	4.347.613
Short term debt	<b>9</b>	24.421.436	22.321.885	23.260.076	21.570.709
Current portion of long term debt	<b>9</b>	734.433	1.035.089	318.737	345.024
Tax liabilities		5.714.079	3.785.212	5.173.268	3.393.747
Other current liabilities		3.355.950	1.529.698	2.914.692	1.300.477
<b>Total Current Liabilities</b>		<b>42.674.421</b>	<b>33.649.001</b>	<b>38.280.725</b>	<b>30.957.570</b>
<b>Total Liabilities</b>		<b>61.601.525</b>	<b>55.326.522</b>	<b>51.107.910</b>	<b>45.962.311</b>
<b>Total Equity and Liabilities</b>		<b>167.998.079</b>	<b>157.243.046</b>	<b>153.557.696</b>	<b>144.300.539</b>

## STATEMENT OF COMPREHENSIVE INCOME

Amounts in euro

	Note	THE GROUP		THE COMPANY	
		1/1 - 30/6/2016	1/1 - 30/6/2015	1/1 - 30/6/2016	1/1 - 30/6/2015
Continuing operations					
Sales	11	43,447,923	38,591,662	37,607,070	34,070,550
Cost of Sales		(32,181,878)	(28,479,884)	(27,891,303)	(25,029,819)
<b>Gross Profit</b>		<b>11,266,045</b>	<b>10,111,778</b>	<b>9,715,767</b>	<b>9,040,730</b>
Administrative expenses		(1,268,810)	(1,138,296)	(1,064,118)	(975,541)
Distribution expenses		(2,794,547)	(2,339,346)	(1,998,160)	(1,966,369)
Other income		184,027	174,606	101,470	98,361
Other expenses		(99,998)	(176,946)	(69,212)	(102,677)
<b>Earnings before interest and taxes</b>		<b>7,286,718</b>	<b>6,631,796</b>	<b>6,685,748</b>	<b>6,094,504</b>
Profit (Loss) from affiliate firms	19	89,418	86,771	(2,289)	
Investment results		23	18	23	18
Financial income		3,790	5,610	3,213	5,171
Financial expenses		(984,594)	(1,016,932)	(795,762)	(799,982)
<b>Earnings before taxes</b>		<b>6,395,355</b>	<b>5,707,264</b>	<b>5,890,934</b>	<b>5,299,712</b>
Deferred tax	10	(52,062)	(17,993)	54,927	(16,869)
Income tax	10	(1,897,460)	(1,785,301)	(1,834,303)	(1,690,778)
<b>Profit after taxes (A)</b>		<b>4,445,834</b>	<b>3,903,971</b>	<b>4,111,558</b>	<b>3,592,065</b>
Deferred taxation on comprehensive income		(14,802)	11,237	-	-
<b>Other Comprehensive Income (B)</b>		<b>(14,802)</b>	<b>11,237</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income after taxes(A+B)</b>		<b>4,431,031</b>	<b>3,915,207</b>	<b>4,111,558</b>	<b>3,592,065</b>
<b>Profit attributable to:</b>					
Shareholders of the parent company		4,477,208	3,885,116	4,111,558	3,592,065
Non controlling interests		(31,374)	18,855	-	-
<b>Total comprehensive income attributable to:</b>					
Shareholders of the parent company		4,462,406	3,896,352	4,111,558	3,592,065
Non controlling interests		(31,374)	18,855	-	-
Number of shares		14,679,792	14,679,792	14,679,792	14,679,792
Basic earnings per share in €	17	0,3029	0,2659	0,2801	0,2447
<b>Summary of result of the period</b>					
		<b>1/1 - 30/6/2016</b>	<b>1/1 - 30/6/2015</b>	<b>1/1 - 30/6/2016</b>	<b>1/1 - 30/6/2015</b>
<b>Earnings before interest and taxes</b>		<b>7,286,718</b>	<b>6,631,796</b>	<b>6,685,748</b>	<b>6,094,504</b>
<b>Earnings before interest, taxes, depreciation and amortization</b>		<b>10,026,893</b>	<b>9,256,840</b>	<b>8,938,740</b>	<b>8,238,391</b>
<b>Earnings before taxes</b>		<b>6,395,355</b>	<b>5,707,264</b>	<b>5,890,934</b>	<b>5,299,712</b>
<b>Profit after taxes</b>		<b>4,445,834</b>	<b>3,903,971</b>	<b>4,111,558</b>	<b>3,592,065</b>

**STATEMENT OF CHANGES IN EQUITY (THE GROUP)**

	Consolidated							
	Attributable to the shareholders of the parent					Total	Non controlling	
	Share capital	Share premium	Total reserves	Retained earnings	interests		Total equity	
<b>Opening balance January 1, 2016</b>	<b>24.662.051</b>	<b>19.993.151</b>	<b>44.280.104</b>	<b>12.944.683</b>	<b>101.879.989</b>	<b>36.534</b>	<b>101.916.523</b>	
Total comprehensive income for the period				4.462.406	4.462.406	(31.374)	4.431.031	
Shareholders' deposits				-	-	49.000	49.000	
Formation of reserves			366.254	(366.254)	-	-	-	
Total changes for the period	-	-	366.254	4.096.152	4.462.406	17.626	4.480.031	
<b>Closing balance June 30, 2016</b>	<b>24.662.051</b>	<b>19.993.151</b>	<b>44.646.358</b>	<b>17.040.835</b>	<b>106.342.395</b>	<b>54.160</b>	<b>106.396.555</b>	

**Previous period**

	Consolidated							
	Attributable to the shareholders of the parent					Total	Non controlling	
	Share capital	Share premium	Total reserves	Retained earnings	interests		Total equity	
<b>Opening balance January 1, 2015</b>	<b>24.662.051</b>	<b>19.993.151</b>	<b>43.786.380</b>	<b>7.690.611</b>	<b>96.132.192</b>	<b>60.287</b>	<b>96.192.480</b>	
Total comprehensive income for the period				3.896.352	3.896.352	<b>18.855</b>	3.915.207	
Distributed dividends			-	-	-	-	-	
Formation of reserves			452.122	(452.122)	-	-	-	
Total changes for the period	-	-	452.122	3.444.230	3.896.352	18.855	3.915.207	
<b>Closing balance June 30, 2015</b>	<b>24.662.051</b>	<b>19.993.151</b>	<b>44.238.502</b>	<b>11.134.841</b>	<b>100.028.545</b>	<b>79.142</b>	<b>100.107.687</b>	

**STATEMENT OF CHANGES IN EQUITY (THE COMPANY)****The Company**

	<b>Share capital</b>	<b>Share premium</b>	<b>Total reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Opening balance January 1, 2016</b>	<b>24.662.051</b>	<b>19.993.151</b>	<b>41.636.313</b>	<b>12.046.713</b>	<b>98.338.228</b>
Total comprehensive income for the period				4.111.558	4.111.558
Distributed dividends				-	-
Formation of reserves			367.771	(367.771)	-
Total changes for the period	-	-	367.771	3.743.788	4.111.558
<b>Closing balance June 30, 2016</b>	<b>24.662.051</b>	<b>19.993.151</b>	<b>42.004.084</b>	<b>15.790.500</b>	<b>102.449.786</b>

**Previous period****The Company**

	<b>Share capital</b>	<b>Share premium</b>	<b>Total reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Opening balance January 1, 2015</b>	<b>24.662.051</b>	<b>19.993.151</b>	<b>41.190.813</b>	<b>7.377.953</b>	<b>93.223.968</b>
Total comprehensive income for the period				3.592.065	3.592.065
Distributed dividends			-	-	-
Formation of reserves			445.500	(445.500)	-
Total changes for the period	-	-	445.500	3.146.565	3.592.065
<b>Closing balance June 30, 2015</b>	<b>24.662.051</b>	<b>19.993.151</b>	<b>41.636.313</b>	<b>10.524.518</b>	<b>96.816.033</b>

<b>CASH FLOW STATEMENT (consolidated and parent company)</b>					
<b>Amounts in Euro</b>					
<b>Indirect Method</b>	<b>The Group</b>		<b>The Company</b>		
	<b>1/1 - 30/6/2016</b>	<b>1/1 - 30/6/2015</b>	<b>1/1 - 30/6/2016</b>	<b>1/1 - 30/6/2015</b>	
<b>Operating Activities</b>					
Profit before tax (continuing operations)	6.395.355	5.707.264	5.890.934	5.299.712	
<i>Plus: Adjustments for:</i>					
Depreciation and amortization	2.832.173	2.740.345	2.299.977	2.189.681	
Provisions and provision reversals	57.815	149.900	55.000	85.000	
Profit from affiliate firms	(88.046)	(86.771)	-	-	
Investment results	(23)	21	(23)	21	
Financial results	980.804	1.011.322	792.549	794.811	
Other non-cash expenses / (revenues)	(91.431)	(468)	(46.418)	46.103	
Operating cash flows before changes in the working capital	10.086.647	9.521.612	8.992.019	8.415.328	
<i>Plus:</i>					
Decrease / (increase) in inventories	(305.940)	1.650.082	787.798	2.890.130	
Decrease / (increase) in receivables	(12.641.818)	(6.654.913)	(10.051.273)	(6.560.537)	
Increase / (decrease) in liabilities (except loans)	6.892.876	3.297.871	3.906.586	2.405.688	
	4.031.765	7.814.651	3.635.131	7.150.609	
<i>Less:</i>					
Interest and similar expenses paid	984.594	1.031.392	795.762	799.982	
Taxes paid	(37.980)	(23.768)	54.782	(47.396)	
<b>Net cash flows from operating activities</b>	<b>(a)</b>	<b>3.085.151</b>	<b>6.807.028</b>	<b>2.784.586</b>	<b>6.398.023</b>
Acquisition of subsidiaries, affiliates and other					
Purchase of tangible and intangible assets	-	-	(231.015)	-	
Proceeds from sale of tangible and intangible assets	(2.084.637)	(1.399.513)	(1.980.223)	(1.360.015)	
Proceeds from the sale of securities and other investments	10.210	553	10.210	553	
Interest received	3.790	5.610	3.213	5.171	
Other inflows (outflows) not included in the working capital	(488.642)	(2.627)	(504.572)	(1.827)	
<b>Net cash flows from investing activities</b>	<b>(b)</b>	<b>(2.559.279)</b>	<b>(1.395.977)</b>	<b>(2.702.387)</b>	<b>(1.356.119)</b>
<b>Financing activities</b>					
Proceeds from bank loans	17.657.841	12.011.486	18.078.000	11.553.474	
Repayments of bank loans	(18.571.593)	(17.803.616)	(18.571.593)	(16.896.940)	
Shareholders' deposits	49.000	-	-	-	
Dividends paid	(3)	-	(3)	-	
<b>Net cash flows from financing activities</b>	<b>(c)</b>	<b>(864.755)</b>	<b>(5.792.130)</b>	<b>(493.596)</b>	<b>(5.343.466)</b>
<b>Net increase / (decrease) in cash and cash equivalents of the period (a) + (b) + (c)</b>	<b>(338.883)</b>	<b>(381.079)</b>	<b>(411.397)</b>	<b>(301.561)</b>	
<b>Cash and cash equivalents at the beginning of the period</b>	<b>19.346.678</b>	<b>19.133.929</b>	<b>18.624.513</b>	<b>18.595.420</b>	
<b>Cash and cash equivalents at the end of the period</b>	<b>19.007.795</b>	<b>18.752.849</b>	<b>18.213.117</b>	<b>18.293.859</b>	

## **E. Explanations for the details included in the financial statements**

### **1. General information concerning the Company and the Group**

"KARATZIS S.A. INDUSTRIAL & HOTEL ENTERPRISES" with the distinctive title "KARATZIS S.A." (hereinafter the "Company" or the "Parent") together with its subsidiaries (hereinafter the "Group") conduct business activities in the following fields: a) the production of polymer and synthetic fibres for agricultural, construction and industrial use, b) the exploitation of a 1<sup>st</sup> class hotel complex, and c) the production of energy from photovoltaic parks.

The Company's registered office is situated in Melidochori, Monofatsio, in the Municipality of Archanes – Asterousia, in the Prefecture of Heraklion, while its headquarters are located on A Street in the Industrial Zone of Heraklion.

The shares of the parent company are listed on the Athens Stock Exchange.

The interim financial statements of the company and the group for the period from 1 January 2016 to 30 June 2016 were approved upon the decision of the Board of Directors on **29 September 2016**.

The subsidiaries, which were included in the Group's attached consolidated financial statements, are listed in note 4. The amounts stated in the explanations are expressed in euro, unless stated otherwise.

### **2. Basis of preparation for the annual Financial Statements**

These interim financial statements have been drafted according to the International Accounting Standard (IAS) 34 "Interim Financial Report" and should be examined in relation with the published annual financial statements of 31<sup>st</sup> December 2015, which are available in the company's website [www.karatzis.gr](http://www.karatzis.gr).

The financial statements for the period 1 January 2016 to 30 June 2016 have been drafted according to historical cost conversion principle, as it is amended with the adjustment of specific assets and liabilities in present values and the ongoing concern principle. There are no changes in the accounting principles to which the Group abided by in relation to those used for the drafting of the annual financial statements of 31<sup>st</sup> December 2015.

The preparation of the financial statements according to IFRS requires the use of some significant accounting estimates and management judgements during the application procedure of the accounting principles. It is also required to use calculations and assumptions which affect the aforementioned amounts of assets and liabilities, the disclosure of potential receivables and obligations during the date of the financial statements and the said amounts of income and expenses during the period under review. Although these estimates are based, to the furthest extent, on the Management's best knowledge, in relation to current conditions and actions, actual results may ultimately differ from the said estimates.



### **3. New accounting standards and IFRIC Interpretations**

The Group has adopted all the new standards and interpretations, which have been adopted by the EU and whose application is mandatory for the preparation of the Financial Statements, covering FY 2016.

#### **(a) Principles, New Standards, Interpretations, revisions and amendments to existing Standards that are effective and have been adopted by the European Union**

The following amendments and interpretations of the IFRS have been issued by the International Accounting Standards Board (IASB), have been adopted by the EU and their application is mandatory as of 01/01/2016. The most important new standards and interpretations are the following:

- **Amendments to IFRS 11: "Accounting for Acquisitions of Interests in Joint Operations" (effective for annual periods starting on or after 01/01/2016)**

In May 2014, the IASB issued amendments to IFRS 11. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business and specify the appropriate accounting treatment for such acquisitions. The amendments affect/ do not affect the consolidated/ separate Financial Statements (to be adapted in respect of every Group/ Company).

- **Amendments to IAS 16 and IAS 38: "Clarification of Acceptable Methods of Depreciation and Amortisation" (effective for annual periods starting on or after 01/01/2016)**

In May 2014, the IASB published amendments to IAS 16 and IAS 38. IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments affect/ do not affect the consolidated/ separate Financial Statements (to be adapted in respect of every Group/ Company).

- **Amendments to IAS 16 and IAS 41: "Agriculture: Bearer Plants" (effective for annual periods starting on or after 01/01/2016)**

In June 2014, the IASB published amendments that change the financial reporting for bearer plants. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16. Consequently, the amendments include bearer plants 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 amendments affect/ do not affect the consolidated/ separate Financial Statements (to be adapted in respect of every Group/ Company).

- **Amendments to IAS 27: "Equity Method in Separate Financial Statements" (effective for annual periods starting on or after 01/01/2016)**

In August 2014, the IASB published narrow scope amendments to IAS 27. Under the amendments, entities are permitted to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate Financial Statements – an option that was not effective prior to the issuance of the current amendments. The amendments affect/ do not affect the consolidated/ separate Financial Statements (to be adapted in respect of every Group/ Company).

- **Annual Improvements to IFRSs – 2012-2014 Cycle (effective for annual periods starting on or after 01/01/2016)**

In September 2014, the IASB issued Annual Improvements to IFRSs - 2012-2014 Cycle, a collection of amendments to IFRSs, in response to four issues addressed during the 2012-2014 cycle. The amendments are effective for annual periods beginning on or after 1 January 2016, although entities are permitted to apply them earlier. The issues included in this cycle are the following: IFRS 5: Changes in methods of disposal, IFRS 7: Servicing Contracts and Applicability of the amendments to IFRS 7 to condensed interim financial statements, IAS 19: Discount rate: regional market issue, and IAS 34: Disclosure of information "elsewhere in the interim financial report". The amendments affect/ do not affect the consolidated/ separate Financial Statements (to be adapted in respect of every Group/ Company).

- **Amendments to IAS 1: "Disclosure Initiative" (effective for annual periods starting on or after 01/01/2016)**

In December 2014, the IASB issued amendments to IAS 1. The aforementioned amendments address settling the issues pertaining to the effective presentation and disclosure requirements as well as the potential of entities to exercise judgment under the preparation of financial statements. The amendments affect/ do not affect the consolidated/ separate Financial Statements (to be adapted in respect of every Group/ Company).

**(b) New Standards, Interpretations and Amendments to existing Standards having been issued but not yet in force**

- IFRS 14 "Regulatory Deferral Accounts" (from 01/01/2016)
- IFRS 15 "Revenue from Contracts with Customers" (from 01/01/2018)
- IFRS 9 "Financial Instruments" (from 01/01/2018)
- Amendments to IFRS 10 and IAS 28: "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (indefinitely postponed)

- Amendments to IFRS 10, IFRS 12 and IAS 28: "Investment Entities: Applying the Consolidated Exception" (from 01/01/2016)
- IFRS 16 "Leases" (from 01/01/2019)
- Amendments to IAS 12: "Recognition of Deferred Tax Assets for Unrealized Losses" (from 01/01/2017)
- Amendments to IAS 7: "Disclosure Initiative" (from 01/01/2017)
- Clarification to IFRS 15 "Revenue from Contracts with Customers" (from after 01/01/2018)
- Amendment to IFRS 2: "Classification and Measurement of Share-based Payment Transactions" (from 01/01/2018)

The above standards have been adopted from the EU and it is not expected to be adopted earlier by the Group and/or the Company. There is no substantial impact in the financial statements neither is expected, from the application of the above standards.

#### 4. Consolidation

The consolidated financial statements are comprised of the financial statements of the Parent company and its subsidiaries. The following table presents the companies included in the consolidated financial statements for the period from 1 January 2016 to 30 June 2016.

S.N.	Company Name	Country of Incorporation	Activity	Consolidation method	Percentage
1.	KARATZI S.A.	Greece	Plastic & elastic nets, Hotel Enterprises, Energy Production through renewable sources	Parent Company	
2.	MESH PACK GMBH	Germany	Raschel bags, packaging nets	Full	100%
3.	STELLA POLARIS CRETA SA	Greece	Hotel & tourism enterprises	Full	100%
4.	KARATZIS ITALIA S.R.L.	Italy	Trading of Packaging materials	Full	51%
5.	KARATZIS RUS LTD	Russia	Trading of Packaging materials	Full	100%
6.	CROPPY SOLUTIONS SL	Spain	Packaging materials	Full	80%
7.	KARATZIS INDUSTRIAL & HOTEL ENTERPRISES SA & Co	Greece	Renewable sources of Energy	Full	99,999%
8.	ZEUS PACKAGING AGRI LTD	U.K.	Trading of packaging materials	Net worth	50%

The participations in subsidiaries in the statement of financial position are presented in acquisition cost minus impairment provisions, if any.

The accounting method of acquisition is used for the consolidation of the acquired subsidiaries. The cost of an acquisition of a subsidiary is the fair value of the subsidiary's assets, the issued shares and the undertaken liabilities on the date of the exchange, plus any costs directly related to the transaction. Individualized assets, liabilities and contingent liabilities consisting a business consolidation are valued during the acquisition in their fair values, independently of the participation percentage. If the total cost of the acquisition is smaller than the fair value of the individual acquired assets, the difference is registered directly to the results.

Intercompany transactions – intercompany balances and profits or losses arising from the transactions between companies of the Group are being deleted.

The accounting principles of the subsidiary companies have been adjusted in order to be uniform with those adopted by the Group.

The participations on affiliate companies, in the statement of financial position, are recognized initially in acquisition cost at the acquisition date. The above book value, in the statement of financial position, increases or reduces in order to depict the proportion of the investing enterprise in its results, realized after the acquisition date. This value is being reduced with any dividends received from the affiliate.

## 5. Tangible fixed assets

The statement of the tangible fixed assets for the first six months of 2016 for the **Group** is broken down as follows:

### The Group

a) ACQUISITION COST FIXED ASSETS CATEGORY	Balance 31/12/2015	Additions for the Period	Sales 2016	Reductions 2016	Total 30/6/2016
Land	26.101.422	260.904			26.362.326
Buildings - Buildings Installations	47.216.978	654.725			47.871.703
Machinery - Technical Installations	80.703.026	295.872			80.998.898
Transportation Equipment	916.840	75.776	16.122		976.495
Furniture and Fixtures	8.571.019	301.914			8.872.933
<b>Total</b>	<b>163.509.285</b>	<b>1.589.191</b>	<b>16.122</b>	<b>-</b>	<b>165.082.354</b>

b) DEPRECIATION FIXED ASSETS CATEGORY	Balance 31/12/2015	Depreciation for the period	Sales Depreciation 2016	Depreciation Reductions 2016	Total 30/6/2016
Buildings - Buildings Installations	16.134.631	685.958	-		16.820.589
Machinery - Technical Installations	38.255.673	1.884.055	-		40.139.728
Transportation Equipment	655.723	28.966	5.935		678.754
Furniture and Fixtures	6.571.851	174.191	-		6.746.042
<b>Total</b>	<b>61.617.878</b>	<b>2.773.171</b>	<b>5.935</b>	<b>-</b>	<b>64.385.114</b>

c) NET VALUE FIXED ASSETS CATEGORY	Balance 31/12/2015	Total 30/6/2016
Land	26.101.422	26.362.326
Buildings - Buildings Installations	31.082.347	31.051.113
Machinery - Technical Installations	42.447.353	40.859.170
Transportation Equipment	261.117	297.740
Furniture and Fixtures	1.999.168	2.126.890
<b>Total</b>	<b>101.891.407</b>	<b>100.697.241</b>

	Balance 31/12/2015	Additions	Transfers	Balance 30/6/2015
Under construction	1.320.177	646.380	640.639	1.325.919
Prepayments	102.973	651.009	179.050	574.932
Orders of assets from abroad	-			-
<b>Grand Total</b>	<b>103.314.557</b>	<b>1.297.389</b>	<b>819.689</b>	<b>102.598.091</b>

The Group's fixed assets under construction and prepayments, include the following: a) amount 80 thousand euro concerns investment of the parent company in renewable energy sources b) amount 147 thousand euro relates to expenses of the new hotel in Hersonisos Herakleion c) amount 800

thousand euro refer to semi - finished building which is destined to house the administrative services of the parent company d) amount 215 thousand euro has to do with other investments of the subsidiary company Mesh Pack and amount 374 thousand euro concern prepayments for fixed assets of the industry sector and the hotel.

The statement of the tangible fixed assets for the first half of 2016 for the **Company** is as follows:

**The Company**

a) ACQUISITION COST FIXED ASSETS CATEGORY	Balance 31/12/2015	Additions for the Period	Sales 2016	Reductions 2016	Total 30/6/2016
Land	20.625.323	260.904	-	-	20.886.227
Buildings - Buildings Installations	43.274.969	654.724	-	-	43.929.694
Machinery - Technical Installations	58.947.122	177.457	-	-	59.124.579
Transportation Equipment	839.179	75.776	16.122	-	898.834
Furniture and Fixtures	7.985.450	279.560	-	-	8.265.010
<b>Total</b>	<b>131.672.043</b>	<b>1.448.422</b>	<b>16.122</b>	<b>-</b>	<b>133.104.343</b>

b) DEPRECIATION FIXED ASSETS CATEGORY	Balance 31/12/2015	Depreciation for the period	Sales Depreciation 2016	Depreciation Reductions 2016	Total 30/6/2016
Buildings - Buildings Installations	14.584.421	606.565	-	-	15.190.986
Machinery - Technical Installations	27.285.808	1.502.655	-	-	28.788.463
Transportation Equipment	626.806	24.250	5.935	-	645.121
Furniture and Fixtures	6.079.660	154.098	-	-	6.233.758
<b>Total</b>	<b>48.576.695</b>	<b>2.287.568</b>	<b>5.935</b>	<b>-</b>	<b>50.858.328</b>

c) NET VALUE FIXED ASSETS CATEGORY	Balance 31/12/2015	Total 30/6/2016
Land	20.625.323	20.886.227
Buildings - Buildings Installations	28.690.548	28.738.708
Machinery - Technical Installations	31.661.314	30.336.116
Transportation Equipment	212.373	253.712
Furniture and Fixtures	1.905.790	2.031.252
<b>Total</b>	<b>83.095.348</b>	<b>82.246.015</b>

	Balance 31/12/2015	Additions	Transfers	Total 30/6/2016
Under construction	1.098.314	587.474	545.377	1.140.410
Prepayments	102.014	651.009	179.050	573.973
Orders of assets from abroad	-	-	-	-
<b>Grand Total</b>	<b>84.295.676</b>	<b>1.238.483</b>	<b>724.427</b>	<b>83.960.398</b>

The statement of the tangible fixed assets for the period 1.1 – 30.6.2015 for the Group and the Company is as follows:

**The Group**

a) ACQUISITION COST	Balance	Additions for	Sales 2015	Reductions	Total
FIXED ASSETS CATEGORY	31/12/2014	the Period		2015	30/6/2015
Land	25.799.057	302.364	-	-	26.101.422
Buildings - Buildings Installations	46.810.629	125.059	-	-	46.935.689
Machinery - Technical Installations	78.567.352	691.988	-	-	79.259.340
Transportation Equipment	821.550	59.841	-	-	881.391
Furniture and Fixtures	8.313.333	98.227	553	41	8.410.967
<b>Total</b>	<b>160.311.921</b>	<b>1.277.480</b>	<b>553</b>	<b>41</b>	<b>161.588.809</b>

b) DEPRECIATION	Balance	Depreciation	Sales	Depreciation	Total
FIXED ASSETS CATEGORY	31/12/2014	for the period	Depreciation	Reductions	30/6/2015
			2015	2015	
Buildings - Buildings Installations	14.375.379	643.432	-	-	15.018.810
Machinery - Technical Installations	34.560.658	1.818.799	-	-	36.379.458
Transportation Equipment	599.021	25.189	-	-	624.209
Furniture and Fixtures	6.156.690	150.584	18	1	6.307.254
<b>Total</b>	<b>55.691.748</b>	<b>2.638.004</b>	<b>18</b>	<b>1</b>	<b>58.329.731</b>

c) NET VALUE	Balance	Total
FIXED ASSETS CATEGORY	31/12/2014	30/6/2015
Land	25.799.057	26.101.422
Buildings - Buildings Installations	32.435.251	31.916.878
Machinery - Technical Installations	44.006.694	42.879.882
Transportation Equipment	222.529	257.182
Furniture and Fixtures	2.156.642	2.103.713
<b>Total</b>	<b>104.620.173</b>	<b>103.259.077</b>

	Balance	Additions	Transfers	Balance
	31/12/2014			30/6/2015
Under construction	1.384.356	126.321	234.110	1.276.567
Prepayments	204.034	396.557	184.575	416.016
Orders of assets from abroad	-	-	-	-
<b>Grand Total</b>	<b>106.208.564</b>	<b>522.878</b>	<b>418.685</b>	<b>104.951.661</b>

**The Company**

<b>a) ACQUISITION COST</b>	<b>Balance</b>	<b>Additions for</b>	<b>Sales 2015</b>	<b>Reductions</b>	<b>Total</b>
<b>FIXED ASSETS CATEGORY</b>	<b>31/12/2014</b>	<b>the Period</b>		<b>2015</b>	<b>30/6/2015</b>
Land	20.322.959	302.364			20.625.323
Buildings - Buildings Installations	42.868.620	125.059			42.993.680
Machinery - Technical Installations	57.011.037	683.188			57.694.225
Transportation Equipment	776.138	58.341			834.480
Furniture and Fixtures	7.747.882	88.663	553	41	7.835.952
<b>Total</b>	<b>128.726.637</b>	<b>1.257.616</b>	<b>553</b>	<b>41</b>	<b>129.983.660</b>

<b>b) DEPRECIATION</b>	<b>Balance</b>	<b>Depreciation for the period</b>	<b>Sales Depreciation 2015</b>	<b>Depreciation Reductions 2015</b>	<b>Total 30/6/2015</b>
<b>FIXED ASSETS CATEGORY</b>	<b>31/12/2014</b>				
Buildings - Buildings Installations	12.983.957	564.038			13.547.995
Machinery - Technical Installations	24.322.127	1.461.451			25.783.578
Transportation Equipment	576.305	22.542			598.846
Furniture and Fixtures	5.701.713	130.130	18	1	5.831.822
<b>Total</b>	<b>43.584.101</b>	<b>2.178.160</b>	<b>18</b>	<b>1</b>	<b>45.762.242</b>

<b>c) NET VALUE</b>	<b>Balance</b>	<b>Total</b>
<b>FIXED ASSETS CATEGORY</b>	<b>31/12/2014</b>	<b>30/6/2015</b>
Land	20.322.959	20.625.323
Buildings - Buildings Installations	29.884.664	29.445.685
Machinery - Technical Installations	32.688.911	31.910.647
Transportation Equipment	199.834	235.633
Furniture and Fixtures	2.046.169	2.004.130
<b>Total</b>	<b>85.142.536</b>	<b>84.221.418</b>

	<b>Balance</b>	<b>Additions</b>	<b>Transfers</b>	<b>Balance</b>
	<b>31/12/2014</b>			<b>30/6/2015</b>
Under construction	1.174.183	116.910	234.110	1.056.983
Prepayments	203.075	396.557	184.575	415.057
Orders of assets from abroad	-			
<b>Grand Total</b>	<b>86.519.794</b>	<b>513.467</b>	<b>418.685</b>	<b>85.693.458</b>

## 6. Intangible fixed assets

The statement of intangible fixed assets for the first half of 2016 for the **Group** is as follows:

a) ACQUISITION COST FIXED ASSETS CATEGORY	Balance 31/12/2015	Additions for the Period	Sales 2016	Reductions 2016	Total 30/6/2016
Software	421.906	-	-	-	421.906
Licence for energy production	647.943	7.560	-	-	655.503
Total	1.665.124	-	-	-	1.665.124
<b>Total</b>	<b>2.734.973</b>	<b>7.560</b>	-	-	<b>2.742.533</b>

b) AMORTIZATION FIXED ASSETS CATEGORY	Balance 31/12/2015	Depreciation for the period	Sales Depreciation 2016	Depreciation Reductions 2016	Total 30/6/2016
Software	421.905	-	-	-	421.905
Licence for energy production	472.859	22.805	-	-	495.664
Total	259.421	36.198	-	-	295.619
<b>Total</b>	<b>1.154.185</b>	<b>59.003</b>	-	-	<b>1.213.188</b>

c) NET VALUE FIXED ASSETS CATEGORY	Balance 31/12/2015	Total 30/6/2016
Software	86.341	1
Licence for energy production	187.239	159.840
Total	1.479.269	1.369.504
<b>Total</b>	<b>1.752.850</b>	<b>1.529.345</b>

	Balance 31/12/2015	Additions	Transfers	Total 30/6/2016
Prepayments	-	-	-	-
<b>Grand Total</b>	<b>1.752.850</b>	-	-	<b>1.529.345</b>

The statement of intangible fixed assets for the first half of 2016 for the **Company** is as follows:

a) ACQUISITION COST FIXED ASSETS CATEGORY	Balance 31/12/2015	Additions for the Period	Sales 2016	Reductions 2016	Total 30/6/2016
Software	499.998	7.560	-	-	507.558
<b>Total</b>	<b>499.998</b>	<b>7.560</b>	-	-	<b>507.558</b>

b) AMORTIZATION FIXED ASSETS CATEGORY	Balance 31/12/2015	Depreciation for the period	Sales Depreciation 2016	Depreciation Reductions 2016	Total 30/6/2016
Software	360.636	12.409	-	-	373.044
<b>Total</b>	<b>360.636</b>	<b>12.409</b>	-	-	<b>373.044</b>

c) NET VALUE FIXED ASSETS CATEGORY	Balance 31/12/2015	Total 30/6/2016
Software	139.362	134.514
<b>Total</b>	<b>139.362</b>	<b>134.514</b>

	Balance 31/12/2015	Additions	Transfers	Total 30/6/2016
Prepayments	-	-	-	-
<b>Grand Total</b>	<b>139.362</b>	-	-	<b>134.514</b>

The statements of intangible fixed assets for the period 01.01 – 30.06.2015 for the group and the company are the following:



## The Group

a) ACQUISITION COST FIXED ASSETS CATEGORY	Balance 31/12/2014	Additions for the Period	Sales 2015	Reductions 2015	Total 30/6/2015
Software	451.975	-	-	-	451.975
Licence for energy production	595.623	19.197	-	-	614.820
Total	1.665.124	-	-	-	1.665.124
<b>Total</b>	<b>2.712.722</b>	<b>19.197</b>	<b>-</b>	<b>-</b>	<b>2.731.919</b>

b) AMORTIZATION FIXED ASSETS CATEGORY	Balance 31/12/2014	Depreciation for the period	Sales Depreciation 2015	Depreciation Reductions 2015	Total 30/6/2015
Software	365.634	42.190	-	-	407.824
Licence for energy production	408.384	23.367	-	-	431.751
Total	185.854	36.784	-	-	222.638
<b>Total</b>	<b>959.872</b>	<b>102.341</b>	<b>-</b>	<b>-</b>	<b>1.062.213</b>

c) NET VALUE FIXED ASSETS CATEGORY	Balance 31/12/2014	Total 30/6/2015
Software	86.341	44.151
Licence for energy production	187.239	183.069
Total	1.479.269	1.442.486
<b>Total</b>	<b>1.752.850</b>	<b>1.669.706</b>

	Balance 31/12/2014	Additions	Transfers	Total 30/6/2015
Prepayments	1.931	-	1.931	-
<b>Grand Total</b>	<b>1.754.781</b>	<b>-</b>	<b>1.931</b>	<b>1.669.706</b>

## The Company

a) ACQUISITION COST FIXED ASSETS CATEGORY	Balance 31/12/2014	Additions for the Period	Sales 2015	Reductions 2015	Total 30/6/2015
Software	489.071	9.043	-	-	498.114
<b>Total</b>	<b>489.071</b>	<b>9.043</b>	<b>-</b>	<b>-</b>	<b>498.114</b>

b) AMORTIZATION FIXED ASSETS CATEGORY	Balance 31/12/2014	Depreciation for the period	Sales Depreciation 2015	Depreciation Reductions 2015	Total 30/6/2015
Software	334.441	11.521	-	-	345.961
<b>Total</b>	<b>334.441</b>	<b>11.521</b>	<b>-</b>	<b>-</b>	<b>345.961</b>

c) NET VALUE FIXED ASSETS CATEGORY	Balance 31/12/2014	Total 30/6/2015
Software	154.630	152.153
<b>Total</b>	<b>154.630</b>	<b>152.153</b>

	Balance 31/12/2014	Additions	Transfers	Total 30/6/2015
Prepayments	2.000	-	2.000	-
<b>Grand Total</b>	<b>156.630</b>	<b>-</b>	<b>2.000</b>	<b>152.153</b>

## 7. Trade debtors

	THE GROUP		THE COMPANY	
	30/6/2016	31/12/2015	30/6/2016	31/12/2015
Trade receivables	18.896.079	8.428.314	15.284.742	6.193.583
Cheques receivable	2.149.428	1.438.492	2.149.428	1.438.492
Minus: Provisions	1.307.249	1.412.949	1.307.249	1.307.249
	<b>19.738.258</b>	<b>8.453.857</b>	<b>16.126.921</b>	<b>6.324.826</b>

The company's and group's trade receivables appear increased due to the boosted turnover at the end of the six months' period.

## 8. Cash and cash equivalents

	THE GROUP		THE COMPANY	
	30/6/2016	31/12/2015	30/6/2016	31/12/2015
Cash	56.216	109.231	55.435	107.544
Time deposits in euro in financial institutions in Greece	397.470	638.894	112.147	145.239
Time deposits in euro in financial institutions abroad	18.552.034	18.596.434	18.043.460	18.369.611
Time and sight deposits in foreign currency	2.074	2.119	2.074	2.119
	<b>19.007.795</b>	<b>19.346.678</b>	<b>18.213.117</b>	<b>18.624.513</b>

Time deposits in financial institutions abroad pertain mostly to deposits expressed in euro held in reserve at a credit institution in Switzerland, which recently received the A rating from the Fitch agency.

## 9. Loans and existing liens

	THE GROUP		THE COMPANY	
	30/6/2016	31/12/2015	30/6/2016	31/12/2015
<b>Long Term Debt</b>				
Long Term Debt	10.111.597	12.824.244	4.832.221	6.988.894
<b>Short Term Debt</b>				
Bank loans	24.421.436	22.321.885	23.260.076	21.570.709
Long term debt payable within the next 12 months	734.433	1.035.089	318.737	345.024
	<b>25.155.869</b>	<b>23.356.974</b>	<b>23.578.813</b>	<b>21.915.733</b>
<b>Total Debt</b>	<b>35.267.466</b>	<b>36.181.218</b>	<b>28.411.034</b>	<b>28.904.627</b>

The maturities of the long-term bank borrowings are as follows:

Long term debts payable in	THE GROUP		THE COMPANY	
	30/6/2016	31/12/2015	30/6/2016	31/12/2015
From 1 to 2 years	660.008	2.190.453	187.500	1.160.871
From 2 to 5 years	6.420.603	7.485.087	2.605.091	4.152.659
More than 5 years	3.030.986	3.148.703	2.039.630	1.675.363
<b>TOTAL</b>	<b>10.111.597</b>	<b>12.824.244</b>	<b>4.832.221</b>	<b>6.988.894</b>

**Collaterals:** The subsidiary Mesh Pack GMBH Germany's real estate properties bear mortgages and underwritings amounting to 2,061.5 thousand euro in total. KARATZIS ENERGIAKI's mechanical equipment has been pledged for the amount of EUR 5,233 thousand. An underwriting amounting to EUR 1,800 thousand has been registered on the parent company's real estate properties, while the other subsidiaries bear no mortgages or underwritings.

Furthermore, the Company and the Group have pledged their receivables from LAGIE/HEDNO S.A. (Hellenic Electricity Distribution Network Operator S.A.) arising from the sale of electrical energy, as a collateral made out to banking institutions regarding their respective long-term debt and any future excessive borrowings.

## 10. Taxation

	THE GROUP		THE COMPANY	
	1/1 - 30/6/2016	1/1 - 30/6/2015	1/1 - 30/6/2016	1/1 - 30/6/2015
Earnings before Taxes	6.395.355	5.707.264	5.890.934	5.299.712
Plus: Subsidiaries' losses for the period	-	-	-	-
Plus: Adjustments between IFRS - GAS	334.248	280.556	334.248	280.556
Plus: Reformed Expenditures	100.000	250.000	100.000	250.000
<b>Profits to be Taxed</b>	<b>6.829.604</b>	<b>6.237.820</b>	<b>6.325.182</b>	<b>5.830.267</b>
Income Tax expense / (income)	1.897.460	1.785.301	1.834.303	1.690.778
Deferred Tax expense / (income)	52.062	17.993	(54.927)	16.869
<b>Aggregate Taxes in the Statement of Comprehensive Income</b>	<b>1.949.522</b>	<b>1.803.294</b>	<b>1.779.376</b>	<b>1.707.646</b>

## 11. Operating Segments

An operating segment is a constituent of an economic entity, engaging in business activities from which it may earn revenues and incur expenses. Its operating results are regularly reviewed by the entity's management in order to make business decisions. The reported information pertains to the information used internally by management to assess the performance of the operating segments. The Group engages in industrial production, the provision of hotel services and in the production of energy from photovoltaic parks sector.

As far as its industrial activity is concerned, operational production units amounted to three in Greece and one in Germany, in addition to commercial companies located in Spain, Italy and Russia respectively. There is also a commercial enterprise in the U.K., whose results appear in the investment results of the industrial sector.

Hotel activity constitutes another operating segment, which comprises of the hotel of the parent company and STELLA POLARIS S.A.

Furthermore, the Group engages in the production of energy from photovoltaic stations, which is considered a separate operating segment. The Group has P/V stations which are owned by the parent company with a combined capacity of 8.24 MW (three P/V stations installed on the rooftops of the plants in the Heraklion prefecture with a capacity of 80 KW each, four P/V stations in the Thiva area with a combined capacity of 7 MW, one P/V station with a capacity of 1 MW installed on the rooftop of the plant in Larisa), six P/V stations in Kefalonia with a capacity of 100 KW each, 6 P/V stations in

Cephalonia with a capacity of 100 KW each) and the P/V station of the subsidiary KARATZIS INDUSTRIAL & HOTEL ENTERPRISES S.A. & Co in the prefecture of Pieria with a capacity of 5.5 MW.

The sales, profit and loss, as well as the assets and the liabilities of the Group's operating segments are as follows:

### H1 2016

<b>THE GROUP (amounts in €)</b>	<b>Industry</b>	<b>Hotel</b>	<b>Solar Power</b>	<b>Total</b>
Sales	38.829.260	3.029.016	3.191.284	45.049.559
Minus: Intercompany sales	(1.601.637)			(1.601.637)
<b>Sales to Third Parties</b>	<b>37.227.623</b>	<b>3.029.016</b>	<b>3.191.284</b>	<b>43.447.923</b>
<b>Gross Profit</b>	<b>9.333.574</b>	<b>(206.455)</b>	<b>2.138.927</b>	<b>11.266.045</b>
Administrative expenses	(1.106.471)	(95.607)	(66.732)	(1.268.810)
Distribution expenses	(2.793.130)	(1.416)	-	(2.794.547)
Other income	146.029	38.219	(221)	184.027
Other expenses	(65.376)	(32.527)	(2.095)	(99.998)
<b>Operating and extraordinary results</b>	<b>5.514.626</b>	<b>(297.788)</b>	<b>2.069.880</b>	<b>7.286.719</b>
Profit (Loss) from affiliate firms	89.418			89.418
Investment results	23	-	-	23
Financial income	2.180	820	791	3.790
Financial expenses	(458.587)	(203.059)	(322.948)	(984.594)
<b>Earnings before taxes</b>	<b>5.147.660</b>	<b>(500.027)</b>	<b>1.747.723</b>	<b>6.395.355</b>
Deferred tax	60.879	35.763	(148.703)	(52.062)
Income tax	(1.614.570)	152.598	(435.489)	(1.897.460)
<b>Profit after taxes</b>	<b>3.593.968</b>	<b>(311.666)</b>	<b>1.163.531</b>	<b>4.445.834</b>
<b>Fixed assets additions</b>	<b>1.082.384</b>	<b>979.680</b>	<b>22.574</b>	<b>2.084.637</b>
<b>Fixed assets depreciation and amortization</b>	<b>1.594.312</b>	<b>522.082</b>	<b>715.779</b>	<b>2.832.173</b>

### Previous period (H1 2015)

<b>THE GROUP (amounts in €)</b>	<b>Industry</b>	<b>Hotel</b>	<b>Solar Power</b>	<b>Total</b>
Sales	33.232.535	2.947.805	2.979.228	39.159.568
Minus: Intercompany sales	(567.906)	-	-	(567.906)
<b>Sales to Third Parties</b>	<b>32.664.629</b>	<b>2.947.805</b>	<b>2.979.228</b>	<b>38.591.662</b>
<b>Gross Profit</b>	<b>8.059.122</b>	<b>33.168</b>	<b>2.019.488</b>	<b>10.111.778</b>
Administrative expenses	(982.391)	(92.011)	(63.894)	(1.138.296)
Distribution expenses	(2.335.356)	(3.990)	-	(2.339.346)
Other income	137.879	36.658	69	174.606
Other expenses	(114.846)	(61.926)	(174)	(176.946)
<b>Operating and extraordinary results</b>	<b>4.764.408</b>	<b>(88.101)</b>	<b>1.955.489</b>	<b>6.631.796</b>
Profit (Loss) from affiliate firms	86.771	-	-	86.771
Investment results	16	2	1	18
Financial income	2.681	1.246	1.684	5.610
Financial expenses	(393.422)	(192.767)	(430.742)	(1.016.932)
<b>Earnings before taxes</b>	<b>4.460.453</b>	<b>(279.621)</b>	<b>1.526.432</b>	<b>5.707.264</b>
Deferred tax	109.690	24.041	(151.723)	(17.993)
Income tax	(1.445.860)	86.781	(426.223)	(1.785.301)
<b>Profit after taxes</b>	<b>3.124.283</b>	<b>(168.799)</b>	<b>948.486</b>	<b>3.903.971</b>
<b>Fixed assets additions</b>	<b>1.073.175</b>	<b>282.564</b>	<b>43.774</b>	<b>1.399.513</b>
<b>Fixed assets depreciation and amortization</b>	<b>1.568.013</b>	<b>455.993</b>	<b>716.339</b>	<b>2.740.345</b>

The Group's financial position per operating segment is as follows:

### 30/6/2016

<b>THE GROUP (amounts in €)</b>	<b>Industry</b>	<b>Hotel</b>	<b>Solar Power</b>	<b>Total</b>
Intangible fixed assets	131.261	26.416	1.371.668	1.529.345
Tangible fixed assets	29.128.552	46.515.825	26.953.715	102.598.091
Inventories	20.447.772	141.671	-	20.589.443
Trade receivables	15.138.618	1.129.868	3.469.772	19.738.258
Other assets	15.838.248	5.792.995	1.584.973	23.216.216
Participations	326.726	-	-	326.726
<b>Total Assets</b>	<b>81.011.177</b>	<b>53.606.775</b>	<b>33.380.127</b>	<b>167.998.079</b>
<b>Total Liabilities</b>	<b>37.887.333</b>	<b>10.880.773</b>	<b>12.833.419</b>	<b>61.601.525</b>
<b>Equity attributable to shareholders of the parent company</b>	<b>43.069.685</b>	<b>42.726.002</b>	<b>20.546.708</b>	<b>106.342.395</b>
Non controlling interests	54.160	-	-	54.160
<b>Equity</b>	<b>43.123.845</b>	<b>42.726.002</b>	<b>20.546.708</b>	<b>106.396.555</b>

### 30/6/2015

<b>THE GROUP (amounts in €)</b>	<b>Industry</b>	<b>Hotel</b>	<b>Solar Power</b>	<b>Total</b>
Intangible fixed assets	195.344	29.611	1.444.751	1.669.706
Tangible fixed assets	29.807.445	46.853.708	28.290.508	104.951.661
Inventories	11.360.015	181.018	-	11.541.032
Trade receivables	10.946.045	750.303	3.002.486	14.698.835
Other assets	13.292.225	4.649.931	4.426.737	22.368.892
Participations	153.221	-	-	153.221
<b>Total Assets</b>	<b>65.754.293</b>	<b>52.464.571</b>	<b>37.164.483</b>	<b>155.383.347</b>
<b>Total Liabilities</b>	<b>27.940.476</b>	<b>12.353.006</b>	<b>14.982.178</b>	<b>55.275.660</b>
<b>Equity attributable to shareholders of the parent company</b>	<b>37.734.725</b>	<b>40.111.565</b>	<b>22.182.255</b>	<b>100.028.545</b>
Non controlling interests	79.092	-	50	79.142
<b>Equity</b>	<b>37.813.817</b>	<b>40.111.565</b>	<b>22.182.305</b>	<b>100.107.687</b>

## 12. Unaudited fiscal years:

<b>Company name</b>	<b>Unaudited fiscal years</b>
Karatzis S.A.	2010
Mesh Pack GMBH	2015

Stella Polaris Creta S.A.	2010
Croppy Solutions SL	2009 – 2015
Karatzis S.A. & Co (Energy)	2010 – 2015

The parent company and STELLA POLARIS CRETA S.A. have been audited by the legal auditors pursuant to the provisions of Article 82, par. 5 of the Law 2238/1994 for the fiscal years 2011 to 2013. For the audit of the fiscal years 2014 and 2015, which was performed according to the Article 65a of Law 4174/13, a tax compliance report with the indication "Unqualified" was granted for the parent company, while STELLA POLARIS CRETA S.A. was not subject to audit. The finalization of these audits is performed according to MCN 1034/2016 and the provisions of Law 4174/13.

The audit of the subsidiary Mesh Pack GmbH for the fiscal years 2011 – 2014, was completed during December 2015. The audit resulted to additional taxes and increments amounting 6,573.36 euro, which burdened the consolidated financial statements of 2015.

### **13. Seasonality of business activity**

Due to the seasonal nature of the hotel business of the company, as well as the photovoltaic parks business, there is a significant variation in the profit or loss statement of the Company and the Group between quarters.

The hotel business activity begins on the second quarter of each fiscal year. The operating results for the said period usually result in loss, due to the low prices charged per night. The solar park activity is also accelerated during the same quarter.

The hotel business activity improves significantly during the third quarter due to the high prices charged per night. During the same period the solar parks activity peaks, due to the long sunshine duration.

The hotel business activity declines during the fourth quarter due to the decrease in the prices charged per night. Furthermore, the proceeds from the sale of energy from solar parks decline due to the deteriorating weather conditions.

### **14. Disputes under litigation or arbitration**

There are no disputes under litigation or arbitration or decisions issued by courts or arbitration boards, which have or may have a material effect on the financial position of the Company and of the Group.

### **15. Provisions**

The parent company has made provisions for unaudited fiscal years amounting to 120 thousand euro and another 270 thousand euro for extraordinary events.

The subsidiary company Mesh Pack GmbH has formed, on a cumulative basis, other provisions amounting to 38.1 thousand euro pertaining to guarantees for products sold, while the subsidiary firm

STELLA POLARIS CRETA S.A. has formed provision for land contribution in cash amounting to 39 thousand euro approximately.

Provisions	THE GROUP		THE COMPANY	
	30/6/2016	31/12/2015	30/6/2016	31/12/2015
Provisions for tax audits	120.000	120.000	120.000	120.000
Other provisions	347.008	315.408	270.000	240.000
<b>TOTAL</b>	<b>467.008</b>	<b>435.408</b>	<b>390.000</b>	<b>360.000</b>

### 16. Number of employees

The number of employees on 30 June 2016 and 30 June 2015 for the Group and the Company are as follows:

	THE GROUP		THE COMPANY	
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
Permanent employees	399	397	325	317
Seasonal employees	172	172	172	172
<b>Total</b>	<b>571</b>	<b>569</b>	<b>497</b>	<b>489</b>
Salaried employees	253	246	179	166
Waged employees	318	323	318	323
<b>Total</b>	<b>571</b>	<b>569</b>	<b>497</b>	<b>489</b>

### 17. Earnings per share – Average weighted number of shares

For the first half of 2016, the average weighted number of shares is 14,679,792 (Average weighted number of shares for H1 2015: 14,679,792). The basic earnings per share are as follows:

Basic earnings per share	THE GROUP		THE COMPANY	
	1/1 - 30/6/2016	1/1 - 30/6/2015	1/1 - 30/6/2016	1/1 - 30/6/2015
Profit / (loss) after tax	4.445.834	3.903.971	4.111.558	3.592.065
Weighted average number of share	14.679.792	14.679.792	14.679.792	14.679.792
<b>Basic earnings per share</b>	<b>0,3029</b>	<b>0,2659</b>	<b>0,2801</b>	<b>0,2447</b>

## 18. Transactions of Related parties

The Company	Subsidiaries						Affiliates	Other Related Parties	Total
	MESHPACK	STELLA POLARIS	CROPPY SOLUTIONS	KARATZIS RUS LTD	KARATZIS ITALIA SRL	KARATZIS ENERGY SA & CO	ZEUS PACKAGING AGRICULTURE LTD		
<b>Intercompany transactions and balances</b>									
a) Intercompany sales of goods and services	160.553	-	456.964	67.859	913.594	1.200	2.256.581	244.143	4.100.895
b) Intercompany purchases of goods and services	2.092	-	-	-	-	-	-	240.399	242.491
c) Receivables	348.771	-	371.151	-	1.413.594	2.267	2.277.019	57.152	4.469.954
d) Liabilities	-	-	-	-	-	-	-	38.037	38.037
<b>Transactions and balances with BoD members and Directors</b>									
e) Compensation of key managers and members of the BoD								228.894	228.894
f) Receivables from key managers and members of the BoD								58.144	58.144
f) Liabilities to key managers and members of the BoD								-	-

The Group	Subsidiaries						Affiliates	Other Related Parties	Total
	MESHPACK	STELLA POLARIS	CROPPY SOLUTIONS	KARATZIS RUS LTD	KARATZIS ITALIA SRL	KARATZIS ENERGY SA & CO	ZEUS PACKAGING AGRICULTURE LTD		
<b>Intercompany transactions and balances</b>									
a) Intercompany sales of goods and services	-	-	-	-	-	-	2.256.581	244.143	2.500.724
b) Intercompany purchases of goods and services	-	-	-	-	-	-	-	240.399	240.399
c) Receivables	-	-	-	-	-	-	2.277.019	57.152	2.334.171
d) Liabilities	-	-	-	-	-	-	-	38.037	38.037
<b>Transactions and balances with BoD members and Directors</b>									
e) Compensation of key managers and members of the BoD								271.461	271.461
f) Receivables from key managers and members of the BoD								58.144	58.144
f) Liabilities to key managers and members of the BoD								-	-

## 19. Investments in affiliates

During the first half of the previous fiscal year the company "ZEUS PACKAGING AGRICULTURE LTD" was founded, with headquarters in the U.K. and initial capital 100 U.K. pounds. Half of the said capital was covered by KARATZIS SA and the other half by an enterprise based in the U.K. The founded company is purely of commercial activity and addresses itself to the market of Great Britain. The company was consolidated for the first time in the financial statements of the first half of 2014, under the method of net worth.

The financial statements of the affiliate firm are presented in the following tables:

### STATEMENT OF FINANCIAL POSITION

ASSETS	30/6/2016	31/12/2015
<b>Current Assets</b>	<b>30/6/2016</b>	<b>31/12/2015</b>
Inventories	1.085.936,89	91.290,96
Trade receivables	3.327.043,46	156.586,96
Other current assets	120,99	136,25
Cash and cash equivalents	539.519,61	458.279,17
<b>Total Assets</b>	<b>4.952.620,96</b>	<b>706.293,34</b>
<b>LIABILITIES</b>		
<b>Equity</b>		
Share capital	120,60	120,60
Retained earnings	653.332,23	540.755,48
<b>Total Equity (a)</b>	<b>653.452,83</b>	<b>540.876,08</b>
<b>Short term liabilities</b>		
Trade and other creditors	3.836.164,55	1.763,06
Tax Liabilities	426.593,01	117.202,81
Other short liabilities	36.410,16	46.451,39
<b>Total Liabilities (b)</b>	<b>4.299.167,72</b>	<b>165.417,26</b>
<b>Total Equity &amp; Liabilities (a + b)</b>	<b>4.952.620,54</b>	<b>706.293,34</b>

### STATEMENT OF COMPREHENSIVE INCOME

Sales	3.735.584	2.989.197
Cost of goods sold	(3.325.603)	(2.678.945)
<b>Gross Profit</b>	<b>409.981</b>	<b>310.252</b>
Administrative expenses	131.055	47.029
Distribution expenses	46.759	43.548
<b>Earnings before taxes</b>	<b>232.167</b>	<b>219.674</b>
Minus: Income tax	48.755	46.132
<b>Earnings after taxes (A)</b>	<b>183.412</b>	<b>173.542</b>



## **20. Treasury shares**

At the end of the current period, the parent company, the subsidiaries and the associate companies did not own any shares of KARATZIS S.A.

## **21. Financial instruments**

IAS 34 demands that interim financial reports include some disclosures regarding the fair value of financial instruments, according to the requirements of IFRS 13 "Valuation in Fair Values" and IFRS 7 "Financial Instruments: Disclosures". The said disclosures include the classification of the fair values in three (3) levels. The Group employs the following hierarchy for the determination and the disclosure of the fair value of financial instruments per valuation technique:

**Level 1:** Investments designated at fair value based on quoted (non-adjusted) prices in active markets for similar assets or obligations.

**Level 2:** Investments designated at fair value based on valuation models in which all inputs influencing significantly the fair value are based on (whether directly or indirectly) observable market data.

**Level 3:** Investments designated at fair value based on valuation models in which all inputs influencing significantly the fair value are not based on observable market data.

The Group, pursuant to the requirements of IAS 39 "Financial instruments: Recognition and Measurement", at the end of each reporting period of the financial statements performs the required calculations regarding the determination of the fair value of the financial instruments.

The book value of the following financial assets and liabilities is considered to be a reasonable approximation of their fair value:

- Trade and other receivables
- Cash and cash equivalents
- Suppliers and other liabilities
- Debt obligations

The financial assets, as well as the financial liabilities as at the date of the financial statements can be classified per fair value hierarchy, as follows:

## THE GROUP

	30/06/16	31/12/15	Fair Value Hierarchy
<b>Non Current Assets</b>			
<i>Intangible fixed assets</i>	1.529.345	1.580.787	Level 2
<b>Total</b>	<b>1.529.345</b>	<b>1.580.787</b>	
<b>Current Assets</b>			
<i>Trade receivables</i>	19.738.258	8.453.857	Level 3
<i>Other receivables</i>	3.782.416	3.657.459	Level 3
<i>Cash and cash equivalents</i>	19.007.795	19.346.678	Level 3
<b>Total</b>	<b>42.528.470</b>	<b>31.457.993</b>	
<b>Total assets</b>	<b>44.057.814</b>	<b>33.038.780</b>	
<b>Long term liabilities</b>			
<i>Debt</i>	10.111.597	12.824.244	Level 2
<b>Total</b>	<b>10.111.597</b>	<b>12.824.244</b>	
<b>Short term liabilities</b>			
<i>Debt</i>	25.155.869	23.356.974	Level 2
<i>Suppliers and other liabilities</i>	17.518.551	10.292.027	Level 3
<b>Total</b>	<b>42.674.421</b>	<b>33.649.001</b>	
<b>Total Liabilities</b>	<b>52.786.018</b>	<b>46.473.245</b>	

## 22. Approval of the financial statements by the BoD

The financial statements for the period from 01/01/2016 to 30/06/2016 were approved by the Board of Directors of "KARATZIS S.A." on September 29<sup>th</sup>, 2016.

## 23. Subsequent events

In July 2016, the company being the sole proprietor, proceeded to the establishment of a subsidiary societate anonym in Greece, according to the provisions of Greek legislation, as it applies. The company is named KEN S.A., with corporate seat in Herakleion Crete, Street A Postal Code 71601 Herakleion Industrial Zone. The company's share capital amounts six hundred thousand euro (600,000.00 €), with KARATZI S.A. being the sole shareholder. The main activity of the company will be the production and sale of electrical power, according to the provisions of legislation.

In September 2016, the company being the sole proprietor, proceeded to the establishment of a subsidiary societate anonym in Romania. The company is named "KARATZIS S.R.L.", with corporate seat in Kodlea municipality, Brasov prefecture, Romania. The company's share capital amounts 10,000 (ten thousand) Romanian LEI, with KARATZI S.A. being the sole shareholder. The main activity of the company will be the production and sale of knitted and crocheted material.

In excess of the above, there are no subsequent events to the financial statements, which involve the Group or the Company and to which the International Financial Reference Standards impose reporting.

**Heraklion, 29 September 2016**

**THE CHAIRMAN  
OF THE BoD & CEO**

**THE VICE-CHAIRMAN  
OF THE BoD**

**THE CHIEF  
EXECUTIVE OFFICER**

**THE GENERAL  
MANAGER**

**THE DIRECTOR  
OF THE ACCOUNTING  
DEPARTMENT**

**ANTONIOS KARATZIS**  
ID Card No. X 357305

**ATHINA KARATZI**  
ID Card No. AK 475716

**MARIA KARATZI**  
ID Card No. AM 456332

**KONSTANTINOS  
ARHONTAKIS**  
ID Card No. AE 456589

**NIKOLAOS AMONAHAKIS**  
Accountant Reg. No.  
OEE 0065793/A'

## F. Data and information for the period from 1 January 2016 to 30 June 2016

		<b>KARATZIS S.A.</b> <b>INDUSTRIAL AND HOTEL ENTERPRISES</b> S.A REGISTER No 11396/06/B/86/89 - GCR No 077088427000 ARCHANES - ASTEROUSIA MUNICIPALITY, MELIDIOCHORI MONOFATIOS, HERAKLEION CRETE	
DATA and INFORMATION from 1 January 2016 to 30 June 2016 (according to the decision 4/507/28.04.2009 of the Board of Directors of the Hellenic Capital Market Commission)			
The financial statements illustrated below aim to provide general information about the financial position and results of KARATZIS S.A. and the GROUP. We advise therefore the reader before he proceeds with any kind of financial choice or other transaction with the company or the group to refer to the website address of the issuer, where the annual consolidated and company financial statements as well as the auditor's report are available.			
<b>COMPANY'S DATA</b> Web site: <a href="http://www.karatzis.gr">www.karatzis.gr</a> Date of approval of the semiannual financial statements: 29 September 2016		Certified Chartered Auditor: Audit firm: Konstantinos Emm. Antonakakis - Reg. No. in Body of Grant Thornton S.A. - Reg. No. in Body of CA-A. 127 Unqualified Type of auditor's review:	
<b>STATEMENT OF FINANCIAL POSITION (group and company)</b> amounts in th. €		<b>STATEMENT OF COMPREHENSIVE INCOME (group and company)</b> amounts in th. €	
	<b>THE GROUP</b> 30/06/2016    31/12/2015	<b>THE COMPANY</b> 30/06/2016    31/12/2015	
<b>ASSETS</b>			
Property, plant and equipment	102.598    103.315	83.960    84.296	Turnover
Intangible assets	1.529    1.581	135    139	Gross profit / (loss)
Other non current assets	753    672	14.731    13.995	Earnings / (losses) before taxes, financing and investing results
Inventories	20.589    20.218	16.733    17.521	Earnings / (Losses) before taxes
Trade receivables	19.738    8.454	16.127    6.325	<b>Earnings / (Losses) after taxes</b>
Other current assets	3.762    3.657	3.609    3.400	Attributable to:
Cash and cash equivalents	19.008    19.247	18.213    18.625	Owners of the parent company
<b>TOTAL ASSETS</b>	<b>167.998    157.243</b>	<b>153.558    144.301</b>	Non controlling interests
<b>EQUITY AND LIABILITIES</b>			<b>Other comprehensive income after tax (B)</b>
Share capital	24.662    24.662	24.662    24.662	<b>Total comprehensive income after tax (A) + (B)</b>
Other equity components	81.680    77.218	77.788    73.676	Attributable to:
Total equity attributable to owners of the parent (a)	106.342    101.880	102.450    98.338	Owners of the parent company
Non-controlling interests in equity (b)	54    37	-	Non controlling interests
Total equity (c) = (a) + (b)	106.397    101.917	102.450    98.338	Earnings after taxes per share - basic: (fr c)
Long term interest bearing loans and liabilities	10.112    12.824	4.832    6.989	Earnings / (Losses) before interest, taxes, depreciation and amortization
Deferred tax liabilities	5.558    5.588	5.609    5.664	
Provisions and other long term liabilities	3.257    3.265	2.386    2.352	
Short term bank borrowings	25.156    23.357	23.579    21.916	
Other short term liabilities	17.519    10.292	14.702    9.042	
Total liabilities (d)	61.602    55.327	51.108    45.962	
<b>TOTAL EQUITY AND LIABILITIES (c) + (d)</b>	<b>167.998    157.243</b>	<b>153.558    144.301</b>	
<b>STATEMENT OF CHANGES IN EQUITY (group and company)</b> amounts in th. €		<b>STATEMENT OF CASH FLOWS (group and company)</b> amounts in th. €	
	<b>THE GROUP</b> 30/06/2016    30/06/2015	<b>THE COMPANY</b> 30/06/2016    30/06/2015	
Equity at the beginning of the period (01/01/2016 & 01/01/2015 respectively)	101.917    96.192	98.338    93.224	<i>Indirect Method</i>
Total comprehensive income after taxes	4.431    3.915	4.112    3.592	<b>Operating Activities</b>
Shareholders' deposits	49    -	-	Earnings / (Losses) before taxes
Equity at the end of the period (30/06/2016 & 30/06/2015 respectively)	<b>106.397    100.108</b>	<b>102.450    96.816</b>	Plus: Adjustments for:
			Depreciation
			Provisions
			Investment results
			Financial Results
			Adjustment for recovered grant
			Other non cash expenses (income)
			Plus (minus) adjustments for changes in working capital accounts
			Decrease / (increase) in inventories
			Decrease / (increase) in receivables
			Increase / (decrease) in liabilities (except for banks)
			Minus:
			Interest paid
			Taxes paid
			<b>Net cash flows from operating activities (a)</b>
			<b>Investing Activities</b>
			Acquisition of subsidiaries, affiliated companies, joint ventures and other investments
			Purchase of tangible and intangible fixed assets
			Proceeds from sale of tangible and intangible assets
			Interest received
			Other net cash flows not included in working capital
			<b>Net cash flows from investing activities (b)</b>
			<b>Financing Activities</b>
			Proceeds from bank borrowings
			Repayments of bank borrowings
			Shareholders' deposits
			Dividends paid
			<b>Net cash flows from financing activities (c)</b>
			<b>Net increase / (decrease) in cash and cash equivalents</b>
			<b>For the period (a) + (b) + (c)</b>
			<b>Cash and cash equivalents at the beginning of the period</b>
			<b>Cash and cash equivalents at the end of the period</b>

- ADDITIONAL DATA AND INFORMATION**
- The accounting principles adopted in the preparation of the financial statements are consistent with those adopted for the financial statements of 31/12/2015.
  - The companies that are included in the consolidated financial statements as well as their country of incorporation, the percentage of the parent company and the method of consolidation, are mentioned in note 4 of the semi-annual financial report.
  - The company and its subsidiaries do not hold any own shares.
  - The financial statements of the parent company are included solely in the consolidated financial statements presented above.
  - Information concerning the unaudited by tax authorities fiscal years of the Company and the Group are presented in note 12 of the financial report.
  - The number of employees as at 30/06/2016 and 30/06/2015 for the parent company was 497 and 489 employees and for the Group 571 and 569 employees respectively.
  - Provisions formed as at 30/06/2016 amount to (fr. in th. €):
 

Provisions for tax obligations regarding unaudited fiscal years	120	120
Other provisions	347	270
  - There are underwritings on the company's fixed assets equal to € 1,800 thousand and there are underwritings and other collaterals on the Group's fixed assets and inventories amounting € 9,095 thousand.
  - There are no disputes under litigation or arbitration or decisions of judicial or arbitral authorities which have or may have significant impact in the financial standing of the Company or the Group.
  - Related party transactions and balances (according to IAS 24) for the period 01/01 to 30/06/2016 are as follows (amount in th. €):
 

	THE GROUP	THE COMPANY
a) Revenue	2.501	4.101
b) Expenses	240	242
c) Receivables from related parties	2.334	4.470
d) Payables to related parties	38	38
e) Compensation of key managers and members of the BoD	229	229
f) Receivables from key managers and members of the BoD	58	58
g) Liabilities to key managers and members of the BoD	0	0
  - There is no activity interruption for any sector or company of the Group.
  - Other comprehensive income after taxes involves foreign exchange differences of group consolidation.

Herakleion, 29 September 2016

THE PRESIDENT OF THE B.o.D. & CEO  <b>ANTONIOS KARATZIS</b> ID Card No. X 357305	THE VICE PRESIDENT  <b>ATHINA KARATZI</b> ID Card No. AK 475716	THE CHIEF EXECUTIVE OFFICER  <b>MARIA KARATZI</b> ID Card No. AM 456332	THE GENERAL MANAGER  <b>KONSTANTINOS ARHONTAKIS</b> ID Card No. AE 456589
THE DIRECTOR OF THE ACCOUNTING DEPARTMENT  <b>NIKOLAOS AMONACHAKIS</b> Accountant Reg. No. O.E.E. 0065793/A*			