



SEMI-ANNUAL FINANCIAL REPORT

For the period from 1 January 2013 to 30 June 2013

In accordance with Law 3556/2007

KARATZIS S.A. Industrial
& HOTEL Enterprises
Industrial Area
71110 Iraklion, Crete
Registry Number of SAs 11396/06/B/86/89
www.karatzis.gr

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(Any differences in totals are attributed to rounding)

General Information	
Company Name	
KARATZIS S.A. - INDUSTRIAL & HOTELIER ENTERPRISES	
Registry Number of SAs :	11396/06/B/86/89
Number in General Commercial Register	077088427000
Supervisor Authority:	Ministry of Development & Competitiveness - Directorate of SAs & Credit
web site :	www.karatzis.gr
e-mail address:	hermes@karatzis.gr
Ticker Symbol of OASIS	KARTZ
Listing Date	Septembr, 04 2000
Board of Directors	
Executive Members	
Karatzis A. Miltiadis - Chairman	
Karatzis M. Athina - Vice Chairman	
Karatzis M. Antonios - CEO	
Karatzis M. Maria - Deputy CEO	
Archontakis L. Konstantinos	
Kalathas A. Ilias	
Non-Executive Members	
	Antonakakis K. Eleutherios
	Perantonakis A. Konstantinos - Independent
	Papastefanakis E Jason - Independent
Activity:	
VAT Number. - Tax Authority :	Industrial products and services, packaging materials, hotelier enterprises, energy production through renewable sources EL 094113381 - "A" Public Tax Authority of Iraklion
Foundation Year :	1979
Address :	Industrial Area of Iraklion, P.O. box 1490, 71110, Iraklion Crete Greece
Tel. :	+30-2810-382900
Subsidiaries :	
MESHPACK GMBH	
Ing.-A.-Rudow-Strasse 1 D-38486 Kusey Germany	STELLA POLARIS CRETA SA Industrial Area of Iraklion, P.O. box 1490 71110, Iraklion Crete Greece
KARATZIS INDUSTRIAL & HOTELIER ENTERPRISES SA & Co	
Industrial Area of Iraklion, P.O. box 1490 71110, Iraklion Crete Greece	CROPPY SOLUTIONS S.L. Montero Calvo, 3 47001 , Valladolid, Spain

This Semi-annual Financial Report is drafted according to Article 5 of Law 3556/2007 and the relevant Decision issued by the Board of Directors of the Hellenic Capital Market Committee (HCMC) with no. 7/448/11.10.2007 and includes:

- (A) the statements of the members of the Board of Directors,
- (B) the review report of the Auditors,
- (C) the semi-annual report of the Board of Directors
- (D) the semi-annual financial statements for the first six-month period of the financial year 2013,
- (E) explanations to the financial statements for the first six-month period of the financial year 2013,
- (F) data and information for the period from 1 January 2013 to 30 June 2013.

Hereby, it is certified that the attached Interim Financial Statements are those which have been approved by the Board of Directors of **KARATZI S.A.** on 28th August 2013 and have been published on the internet, on the company's official website www.karatzis.gr, as well as on the official website of the Athens Stock Exchange, where they will remain at the investors's disposal for a period of at least five (5) years since the date they were drafted and published.

It is noted that the published summary of financial data and information arising from the interim financial statements aims at providing the reader with a general update on the financial position and the results of the company, but does not present a complete view of the financial position, the financial performance and the cash flows of the Company and of the Group, pursuant to the International Financial Reporting Standards.

The Chairman of the Board of Directors

Miltiadis Karatzis

A. Statement of the Members of the Board of Directors

(as required under § 5 Para. 2 of Law 3556/2007)

The following members of the BoD of KARATZI S.A.:

1. Miltiadis Karatzis, son of Antonios, Chairman of the BoD,
2. Antonis Karatzis, son of Miltiadis, Chief Executive Officer,
3. Konstantinos Arhontakis, son of Leonidas, Member of the BoD,

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

(a) the semi-annual financial statements of the Company and the Group for the period from 1 January 2013 to 30 June 2013, which have been drafted according to the applicable accounting standards (IFRS), provide an accurate view of the assets and the liabilities, the equity and the results of the Company, as well as of the companies included in the consolidation taken as a whole,

(b) the semi-annual report of the Board of Directors of the Company provides an accurate view of the Company's progress, performance and position, as well as of the companies included in the consolidation taken as a whole, including the description of the major risks and uncertainties they face.

Iraklion, 28 August 2013

The Chairman of the BoD

Miltiadis Karatzis
ID No. AE456669

The members designated by the BoD

Antonios Karatzis
ID No. X357305

Konstantinos Arhontakis
ID No. AE456589

B. INDEPENDENT AUDITOR'S REVIEW ON INTERIM FINANCIAL INFORMATION

To the Shareholders of KARATZI SA

Introduction

We have reviewed the accompanying condensed separate and consolidated statement of financial position of **KARATZI SA** (the "Company") as at June 30TH, 2013, and the related condensed 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 comprise the interim financial information, which is an integral part of the six-month financial report of Law 3556/2007. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Financial Reporting Standards as adopted by the European Union and applies to interim financial reporting (International Accounting Standard "IAS 34"). Our responsibility is to express a conclusion on this interim condensed 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 interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

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 Crete, August 28, 2013

The Certified Public Accountant

EMMANOUIL N. DIAMANTOULAKIS

Institute of CPA (SOEL) Reg. No. 13 101



Grant Thornton

An instinct for growth™

Chartered Accountants Management Consultants
56, Zefirou str., 175 64 Palaio 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 '**the Report**'), pertains to the first six-month period of the current fiscal year, 2013 (1 January 2013 - 30 June 2013). 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 (HCMC), and especially the Decision no. 7/448/11.10.2007 of the HCMC Board of Directors.

This Report includes all the material individual sections and paragraphs, required by the abovementioned legal framework and provides an actual view of the relevant legally required information, in order to provide a material and documented update regarding the operations of the Company 'KARATZIS Industrial & Hotel Enterprises SA' (hereafter called '**the Company**' or '**KARATZIS**'), as well as of the KARATZIS Group for the abovementioned period. The following subsidiaries are also included in the KARATZIS Group:

S.N.	Company Name	Country of Incorporation	Activity	Sector	Consolidation Method	Percentage
1	MESH PACK GMBH	Germany	Raschel bags, packaging nets	Production	Full	100%
2.	STELLA POLARIS CRETA SA	Greece	Hotel & tourism enterprises	Service	Full	100%
4.	CROPPY SOLUTIONS SL	Spain	Packaging materials	Commercial	Full	80%
5.	KARATZIS INDUSTRIAL & HOTEL ENTERPRISES SA & Co	Greece	Renewable sources of Energy	Production	Full	99,999%

Given that the Company also drafts consolidated financial statements, this report is condensed, and its main reporting sections pertain to the consolidated financial data of the Company and its related companies. Individual (unconsolidated) financial data of the Company are presented only at the points where it is deemed advisable or necessary for clarification purposes. The Report is included in full together with the Company financial statements and all legally required data and declarations in the semi-annual financial report for the first six-month period of the fiscal year 2013.

The chapters of the report and their contents are the following:

CHAPTER 1. Significant events during the first six-month period of 2013

CHAPTER 2. Progress and performance of the Company and the Group

CHAPTER 3. Main risks and uncertainties for the second six-month period of the fiscal year

CHAPTER 4. Transactions with related parties

CHAPTER 5. Data and estimates for the progress of Group operations during the second six-month period of 2013.

CHAPTER 1: Significant events during the first six-month period of 2013

Participation in a subsidiary share capital increase: The share capital increase of the Company's subsidiary 'KARATZIS INDUSTRIAL & HOTEL ENTERPRISES SA & Co' by the amount of EUR 4,696,000 was decided on 13 March 2013. The increase was fully covered by KARATZIS S.A., general partner of the limited partnership (LP), by capitalisation of equal amount of the subsidiary's liabilities towards the parent company.

Upon the increase, the share capital 'KARATZIS INDUSTRIAL & HOTEL ENTERPRISES SA & Co' amounts to EUR 4,700,000 and KARATZIS S.A. participates in the subsidiary with 99.99%.

Positive outcome in a company litigation: In 2006., the company was forced by a decision of the Vice-secretary of National Economy to return the amount of an investment grant received according to the provisions of Law 1892/90. The amount of the return of the subsidy plus interest was in total EUR 3,268,450.

The from 9.12.2010 decision 3582/2010 of the Council of State, partially invalidated the decision of Vice-secretary of National Economy.

In March 2013, the Ministry of Development, Competitiveness, Infrastructure, Transportation and Networks issued a decision regarding the abovementioned annulment by the CoS, and approved the payment of EUR 2,582,802 to the Company, as a difference between the final penalty (EUR 685,648) and the one that was originally imposed. The decision was published in the Official Government Gazette, Issue B, no. 620/2013 and the amount was collected by the Company on 18 August 2013.

Replacement of a non-executive member of the BoD: On 6 June 2013, the Company Board of Directors proceeded with the appointment of Mr Eleftherios K. Antonakakis, as a non-executive member of the BoD, in replacement of Mr Ilias Dapoulakis, who resigned.

General Annual Meeting of Shareholders: During the General Annual Meeting of the Shareholders, which took place on 8 June 2013, with a quorum of 83.241% (12,219,641 shares were represented from a total of 14,679,792) and 6 members of the BoD present, the following resolutions were made:

- 1) The annual financial statements for the fiscal year 2012, together with the relevant auditors' report and the report of the Board of Directors, were unanimously approved.
- 2) The exemption of the Board of Directors and the Auditors from any liability related to the Annual Financial Statements and to the management for the fiscal year 2012 was unanimously approved.
- 3) The BoD unanimously approved the remuneration of its members for the fiscal year 2012 and pre-approved remuneration for the fiscal year 2013.

- 4) The profit distribution for the fiscal year 2012 and the non-distribution of dividends as proposed by the BoD were unanimously approved.
- 5) The appointment of the auditing firm 'Grant Thornton S.A.' to perform the annual tax audit for the financial year 2013 was unanimously approved, and their remuneration was set to EUR 36,000.00 plus VAT.
- 6) The decision of the Company's BoD regarding the amendment of a bank credit agreement for the subsidiary 'KARATZIS INDUSTRIAL & HOTEL ENTERPRISES SA & Co', for which a guarantee has been provided by KARATZIS S.A., was unanimously validated.
- 7) The BoD unanimously approved the appointment of Mr Eleftherios Antonakakis, as a non-executive member of the BoD and as a member of the audit committee pursuant to article 37 of Law 3693/2008, in replacement of a resigned member.

Completion of the first investment phase for Nana Beach Hotel: The first investment phase for the Nana Beach Hotel was completed before the beginning of the tourist season. The investment plan, which has been submitted according to the provisions of Law 3908/2011, pertains to the full renovation of 93 rooms and of other hotel functional areas. The investment will be completed before the beginning of the tourist season of 2014 and its total cost shall amount to € 3.5 million. The benefit for the company from the submission of the investment to Law 3908/2011 pertains to a tax relief amounting to € 1.05 million.

CHAPTER 2. Company and Group Progress and performance

The consolidated statement for the comparable period from 1 January 2012 to 30 June 2012 included the operation of KARATZIS USA-LLC, which was sold on 14 September 2012. In order to ensure the fair presentation of the Group progress regarding its financial performance, the comparison of the financial figures for the first six-month period of the current fiscal year is performed by using the respective figures regarding the continuing operations during the first six months of 2012.

Turnover of continuing operations: The consolidated sales during the first six months of the fiscal year amounted to EUR 35,386 thousand versus EUR 31,573 thousand during the same period in 2012, and the Company recorded an increase of EUR 3,813 thousand or 12.1%.

The group recorded an increase in all of its operations. More specifically, industry sales were increased by 6.7% (EUR 1,783 thousand) due to parent company increased sales.

The sales of 'Nana Beach Hotel' showed an increase of 20.9% (EUR 468 thousand) due to the general rise in the tourist market, as well as to the hotel upgrading to a five-star lodging accommodation. The improved performance of Nana Beach is mainly attributed to the continuous provision of high quality services and the strong brand-name, which was built over time.

Electric power sales increased by 56.6% (increase of EUR 1,562 thousand) due to the contribution of the new solar parks, which were activated during the current fiscal period.

Sales from continuing operations (amounts in €)	KARATZIS GROUP		Variation	
	1.1-30.6.2013	1.1-30.6.2012	€	%
Industrial Activity	28.364.197	26.580.566	1.783.631	6,7%
Hotel	2.701.420	2.233.513	467.907	20,9%
Energy Production (Solar)	4.320.387	2.758.674	1.561.713	56,6%
Total	35.386.004	31.572.753	3.813.251	12,1%

Sales (amounts in €)	KARATZIS SA		Variation	
	1.1-30.6.2013	1.1-30.6.2012	€	%
Industrial Activity	25.382.115	22.675.987	2.706.128	11,9%
Hotel	2.701.420	2.234.144	467.277	20,9%
Energy Production (Solar)	2.783.609	2.434.481	349.128	14,3%
Total	30.867.144	27.344.612	3.522.532	12,9%

Gross profit from continuing operations: The Group gross profit amounted to EUR 9,457 thousand versus EUR 7,711 thousand during the same period of 2012 and increased by EUR 1,746 thousand (22.6%). This increase is mainly attributed to the contribution of the new solar parks which were activated during the reporting period. The gross result regarding the industrial operations was increased by 5% due to the sales increase, despite the Group gross margin reduction, which was set to

20.9% from 21.3%, mainly due to the gross margin reduction of Meshpack GmbH (subsidiary). To the contrary, the gross margin of the parent company was improved and was set to 22.5% from 21.9%. Finally, the gross result of the hotel was improved by EUR 212 thousand (211%), due to the increase of prices and cost containment, as well as the fact that gross profit had been encumbered with increased maintenance expenses during the same period last year.

Gross profit from continuing operations (amounts in €)	KARATZIS GROUP		Variation	
	1.1-30.6.2013	1.1-30.6.2012	€	%
Industrial Activity	5.937.158	5.655.435	281.723	5,0%
Hotel	111.884	-100.524	212.408	-211,3%
Energy Production (Solar)	3.407.570	2.155.878	1.251.692	58,1%
Total	9.456.613	7.710.789	1.745.824	22,6%

Gross profit (amounts in €)	KARATZIS SA		Variation	
	1.1-30.6.2013	1.1-30.6.2012	€	%
Industrial Activity	5.705.337	4.969.388	735.948	14,8%
Hotel	111.884	-100.524	212.408	-211,3%
Energy Production (Solar)	2.236.178	1.887.051	349.128	18,5%
Total	8.053.399	6.755.915	1.297.484	19,2%

Gross margin from continuing operations	KARATZIS GROUP		KARATZIS SA	
	1.1-30.6.2013	1.1-30.6.2012	1.1-30.6.2013	1.1-30.6.2012
Industrial Activity	20,93%	21,28%	22,48%	21,91%
Hotel	4,14%	-4,50%	4,14%	-4,50%
Energy Production (Solar)	78,87%	78,15%	80,33%	77,51%
Total	26,72%	24,42%	26,09%	24,71%

Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA from continuing operations): During the first six-month period of 2013 the EBITDA ratio amounted to EUR 7,775 thousand versus EUR 6,515 thousand from continuing operations for the comparative period; namely there was an increase of EUR 1,260 thousand or 19%. All Group operational activities have contributed to this increase, mainly through increased sales. Moreover, the hotel sector, aside from the sales increase, has also made a significant contribution through the significant profit margin improvement. On the contrary, the electrical power sector showed a profit margin reduction, due to the special solidarity levy imposed on electrical power producers. It is noted that the EBITDA ratio does not include a non-recurring income from recovered subsidies amounting to EUR 2,583 thousand.

EBITDA from continuing operations (amounts in €)	KARATZIS GROUP		Variation	
	1.1-30.6.2013	1.1-30.6.2012	€	%
Industrial Activity	4.388.385	3.953.040	435.345	11,0%
Hotel	434.084	106.051	328.033	309,3%
Energy Production (Solar)	2.952.690	2.455.966	496.724	20,2%
Total	7.775.158	6.515.057	1.260.101	19,3%

EBITDA (amounts in €)	KARATZIS SA		Variation	
	1.1-30.6.2013	1.1-30.6.2012	€	%
Industrial Activity	4.338.773	3.467.370	871.403	25,1%
Hotel	446.581	178.877	267.704	149,7%
Energy Production (Solar)	1.998.811	2.162.550	-163.739	-7,6%
Total	6.784.165	5.808.797	975.368	16,8%

Profit / (loss) before taxes from continuing operations: The consolidated profit before taxes amounted to EUR 6,116 thousand versus EUR 2,774 thousand and the mother company profit before taxes amounted to EUR 6,015 thousand versus EUR 2,566 thousand during the comparative period. This increase is mainly attributed to a non-recurring income from a recovered subsidy amounting to EUR 2,583 thousand. However, one must not oversee the significant improvement of the operating results due to gross margin increase and operating expenses decrease, with the exception of the special solidarity levy imposed on electrical power producers.

Financial ratios: Certain basic liquidity and debt ratios are presented below, which indicate the general improvement of the Group financials.

Ratios	30/06/2013	31/12/2012
Current assets / short-term liabilities	130,9%	127,5%
Working Capital	12.452.618	11.035.202
Total Liabilities / Equity	77,9%	82,8%
Debt / Equity	53,5%	63,9%

Cash flows: The Group net cash flows amounted to EUR 10,107 thousand and to EUR 8,449 thousand for the Company. The achievement of strong cash flows contributed to the reduction of bank borrowing for the Group and the smooth financing of its investment plans.

CHAPTER 3. Main risks and uncertainties for the second six-month period of the fiscal year

Interest rate risk: The Group debt obligations are directly or indirectly linked to Euribor. Consequently, interest risk exists and is proportionate 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 EUR 483 thousand annually. The Company and the Group do not use financial derivative products for hedging. For the reporting period, the Group had an average annual interest rate of 6.1%, which is estimated to reduce during the next six-month period of the current fiscal year.

Credit risk: The customers' financial situation is continuously monitored by the Group companies. Collateral is required as credit guarantee, when deemed necessary. A special IT application checks the level of credit granting, as well as the account credit limits. Provisions for doubtful accounts have been made for special credit risks. It is noted that due to the Company's export nature of revenue, there is no important credit risk concentration in Greece, whereas the Company has taken out credit insurance for foreign customers thus covering 80% of the value of orders. In the Energy sector, there is a concentration of receivables from customer 'Operator of Electricity Market S.A' (LAGIE). As at 30 June 2013, these receivables amounted to EUR 3,486 thousand and correspond to 25% of the Group trade receivables.

Liquidity risk: The sound liquidity management is achieved through the proper combination of cash and approved bank credits. The Group manages the risks that may arise from the lack of adequate liquidity by ensuring that there are approved collateralised bank credit limits at any time. The current unused approved bank credits available provide sufficient liquidity in order to handle any possible fund shortage. The net working capital of the Group as at 30 June 2013 amounted to EUR 12,452,618 (31 December 2012: EUR 11,035,202), while the current ratio amounted to 1.31 (31 December 2012: 1.27).

Raw material price fluctuation risk: The Group is exposed to price fluctuation risk for polyethylene (PE), which is its principal industrial raw material. It is an oil derivative (ethylene) and its price is partially affected by oil prices. To manage this risk, the Group monitors polyethylene prices on a daily basis, and is on continuing negotiations with the suppliers in order to limit the raw material price fluctuations. This is accomplished 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 to an increase of EUR 1,454 thousand in the consumption cost annually, or to an overall increase of industrial production cost by approximately 3.2%.

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

Contractual & Regulatory risk: The Company is exposed to risks deriving from long-term agreements for the sale of electrical power to the Operator of Electricity Market SA.

CHAPTER 4. Important transactions with related parties

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

Subsidiaries

- MESHPACK GMBH, with headquarters in Kusey, Germany, which is wholly owned by KARATZIS S.A.
- STELLA POLARIS KRETA S.A., with headquarters in Iraklion Industrial Park, which is wholly owned by KARATZIS S.A.
- CROPPY SOLUTIONS S.L., with headquarters in Valladolid, Spain, which is 80% owned by KARATZIS S.A.
- KARATZIS INDUSTRIAL & HOTEL ENTERPRISES SA & Co with a percentage of 99.9991489%.

Other related parties

- PLUSPACK S.A., with headquarters in Iraklion Industrial Park, is an affiliated company in which basic shareholders and members of the board are Antonis Karatzis (CEO and primary shareholder of KARATZI S.A.) and Maria Karatzi (Deputy CEO and primary shareholder of KARATZI S.A.)
- K. PERANTONAKIS Sole Proprietorship LTD, with headquarters in Iraklion, Crete, the owner and manager of which is Konstantinos Perantonakis, non-executive member of KARATZI S.A.
- ANTONAKAKIS S.A., with headquarters in Iraklion, Crete, the Managing Director of which is Eleftherios Antonakakis, non-executive member of KARATZI S.A.
- INDUSTRIAL COMMERCIAL CENTER I.C.C. L.T.D, with headquarters in Iraklion, Crete, the chairman of the BoD of which is Eleftherios Antonakakis, non-executive member of KARATZIS S.A.

The transactions of any kind performed by the related parties for the first six-month period of 2013, as well as the balances of receivables and liabilities as at 30 June 2013, are presented below (amounts expressed in Euro):

KARATZIS SA	Subsidiaries					Total
	MESHPACK	STELLA POLARIS	CROPPY SOLUTIONS	KARATIS SA & Co	Other related parties	
Intercompany transactions and balances						
a) Intercompany sales of goods and services	188.180	-	272.226	1.200	162.524	624.130
b) Intercompany purchases of goods and services	34.452	-	11.973	-	183.844	230.268
c) Receivables	192.237	-	248.372	10.159	233.879	684.646
d) Liabilities	1.041	-	-	-	29.749	30.790

Transactions and balances with Board Members and Directors

e) Compensation of key managers and members of the Board of Directors					236.846	236.846
f) Receivables from key managers and members of the Board of Directors					88.694	88.694
g) Liabilities to key managers and members of the Board of Directors					3.173	3.173

KARATZIS GROUP	Subsidiaries					Total
	MESHPACK	STELLA POLARIS	CROPPY SOLUTIONS	KARATIS SA & Co	Other related parties	
Intercompany transactions and balances						
a) Intercompany sales of goods and services	-	-	-	-	162.524	162.524
b) Intercompany purchases of goods and services	-	-	-	-	183.844	183.844
c) Receivables	-	-	-	-	233.879	233.879
d) Liabilities	-	-	-	-	29.749	29.749

Transactions and balances with Board Members and Directors

e) Compensation of key managers and members of the Board of Directors					296.264	296.264
f) Receivables from key managers and members of the Board of Directors					88.694	88.694
g) Liabilities to key managers and members of the Board of Directors					3.173	3.173

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 arises from product sales. The income of MESHPACK GMBH from KARATZIS S.A. has been generated by EUR 7 thousand from product sales and EUR 27 thousand concern expenses for exhibitions in Germany.
- The income of KARATZIS S.A. from CROPPY SOLUTIONS S.L. concerns product sales. The income of CROPPY SOLUTIONS S.L. from KARATZIS S.A. concerns the invoicing of various expenses (primarily exhibitions) that were made in Spain.
- The income of KARATZIS S.A. from PLUSPACK S.A. (other related parties) arises from the sale of scrap, while the expenses concern procurement of products made by PLUSPACK S.A. (plastic garbage bags).

CHAPTER 5. Data and estimates for the progress of Group operations during the second six-month period of 2013.

- The sales from the Group industrial operations, for the current fiscal year, are expected to increase annually by approximately 10%.
- The total sales for hotel operations are expected to increase by 15% for year 2013.
- By the end of the current tourist season, the second phase of investment in Nana Beach Hotel will begin. The investment is expected to be completed within the first quarter of 2014. Continuous investments ensure that the hotel services provided are kept at a high level and the hotel position in the global tourism market is strengthened.
- In August 2013, an investment amounting to EUR 2,972,561.76 was included in the provisions of Law 3908/2011. The investment plan concerns the industrial unit that operates in Iraklion Industrial Park and more specifically the procurement of new mechanical equipment and the modernisation of facilities. The investment is expected to contribute to the increase of the unit production capacity by 20%. Pursuant to the provisions of Law 3908/2011, the Company will receive a tax exemption amounting to EUR 891,768.93.

Iraklion, 28 August 2013

The Board of Directors

The Chairman of the BoD

Miltiadis Karatzis

D. Interim Financial Statements for the period from 1 January 2013 to 30 June 2013

STATEMENT OF FINANCIAL POSITION (consolidated and separate)					
Amounts in Euro					
Assets	Note	KARATZIS GROUP		KARATZIS SA	
		30/06/2013	31/12/2012	30/06/2013	31/12/2012
Non current assets					
Property, plant and equipment	5	105.617.715	104.172.494	84.674.548	82.855.373
Intangible fixed assets	6	2.207.046	2.283.703	149.732	153.500
Investments in subsidiaries		-	-	13.877.551	9.171.551
Deferred tax receivables		-	82.625	-	-
Other non current assets		76.245	81.356	75.606	4.632.160
		107.901.006	106.620.178	98.777.437	96.812.584
Current assets					
Inventory		13.544.205	16.158.262	10.499.661	13.605.488
Trade receivables	7	14.105.907	10.613.806	12.054.841	7.843.954
Other current assets		6.758.356	5.112.663	5.731.739	3.502.105
Prepayments		269.775	302.486	235.698	238.058
Financial assets carried at fair value	23	516.914	10.000	516.914	10.000
Cash and cash equivalents		17.522.601	18.994.829	17.038.055	18.876.019
		52.717.758	51.192.047	46.076.908	44.075.623
Total Assets		160.618.764	157.812.226	144.854.344	140.888.207
Equity & Liabilities					
Equity					
Share Capital		21.138.900	21.138.900	21.138.900	21.138.900
Reserves		61.456.121	59.208.845	58.860.554	56.613.278
Retained earnings		7.631.179	5.938.613	7.150.774	5.396.304
Equity attributable to shareholders of the Parent		90.226.201	86.286.358	87.150.229	83.148.483
Non-controlling interests		48.158	54.571	-	-
Equity		90.274.359	86.340.929	87.150.229	83.148.483
Non current liabilities					
Long-term debt	8	21.336.565	23.371.812	12.921.926	13.715.599
Deferred tax liability	9	5.010.610	4.052.668	5.164.636	4.052.668
Other provisions	14	408.210	408.710	372.510	372.510
Employee benefits	15	568.647	548.691	568.647	548.691
Investment grants		2.755.234	2.932.570	1.603.091	1.656.314
Total Non Current Liabilities		30.079.265	31.314.451	20.630.809	20.345.782
Current liabilities					
Trade and other payables		7.440.805	4.945.872	6.969.607	4.606.635
Short-term debt	8	24.755.936	29.360.025	23.965.206	28.438.977
Current portion of long term debt	8	2.192.653	2.429.648	991.575	1.382.883
Tax liabilities		2.396.716	1.736.023	1.903.990	1.478.420
Other current liabilities		3.479.031	1.685.279	3.242.928	1.487.027
Total current liabilities		40.265.140	40.156.846	37.073.307	37.393.943
Total Liabilities		70.344.405	71.471.297	57.704.116	57.739.724
Total Equity and Liabilities		160.618.764	157.812.226	144.854.344	140.888.207

STATEMENT OF COMPREHENSIVE INCOME (consolidated)

Amounts in Euro

	Note	KARATZIS GROUP							
		1/1 - 30/6/2013	Continuing operations	1/1 - 30/6/2012 Discontinuing operations	Total	1/4 - 30/6/2013	Continuing operations	1/4 - 30/6/2012 Discontinuing operations	Total
Sales	10	35.386.004	31.572.753	3.722.856	35.295.609	20.829.362	17.458.573	1.945.916	19.404.490
Cost of Sales		(25.929.391)	(23.861.964)	(2.996.811)	(26.858.775)	(15.068.711)	(13.134.790)	(1.579.470)	(14.714.260)
Gross Profit		9.456.613	7.710.789	726.044	8.436.834	5.760.651	4.323.783	366.446	4.690.229
Administrative expenses		(1.085.910)	(1.274.587)	(248.027)	(1.522.614)	(555.329)	(697.030)	(140.029)	(837.059)
Distribution expenses		(2.149.071)	(2.246.811)	(5.574)	(2.252.385)	(1.186.461)	(1.143.672)	(41)	(1.143.713)
Other income		193.144	331.354	14.111	345.465	91.634	156.869	9.509	166.378
Other expenses		(1.258.675)	(270.859)	(6.914)	(277.773)	(942.339)	(174.648)	13.341	(161.308)
Earnings before interest & taxes		5.156.101	4.249.887	479.640	4.729.526	3.168.157	2.465.302	249.226	2.714.528
Non-operating foreign exchange differences		-	-	160.502	160.502	-	-	341.278	341.278
Investment results		(51.800)	338	-	338	(51.800)	338	-	338
Financial income		6.490	69.375	0	69.375	4.807	32.076	0	32.076
Financial expenses		(1.577.559)	(1.545.918)	-	(1.545.918)	(1.009.698)	(1.162.639)	-	(1.162.639)
Revenue from recovered grant	20	2.582.802	-	-	-	-	-	-	-
Earnings before taxes		6.116.035	2.773.682	640.142	3.413.824	2.111.466	1.335.077	590.504	1.925.582
Deferred tax		(1.040.566)	(52.637)	-	(52.637)	81.781	27.786	-	27.786
Income tax	9	(1.142.038)	(238.206)	-	(238.206)	(656.125)	(34.399)	-	(34.399)
Profit after taxes (A)		3.933.431	2.482.839	640.142	3.122.981	1.537.122	1.328.465	590.504	1.918.969
Effect of the amendment to IAS 19		-	(81.325)	-	(81.325)	-	(81.325)	-	(81.325)
Exchange differences due to consolidation		-	-	119.821	119.821	-	-	174.961	174.961
Other Comprehensive Income (B)		-	(81.325)	119.821	38.496	-	(81.325)	174.961	93.636
Total comprehensive income after taxes (A + B)		3.933.431	2.401.514	759.963	3.161.477	1.537.122	1.247.140	765.465	2.012.605
Profit attributable to:									
Shareholders of the Parent		3.936.857	2.469.120	640.142	3.109.262	1.537.120	1.315.695	590.504	1.906.199
Non-controlling interests		(3.426)	13.719	-	13.719	2	12.770	-	12.770
Total comprehensive income attributable to:									
Shareholders of the Parent		3.936.857	2.387.795	759.963	3.147.758	1.537.120	1.234.370	765.465	1.999.835
Non-controlling interests		(3.426)	13.719	-	13.719	2	12.770	-	12.770
Number of shares		14.679.792	14.679.792	14.679.792	14.679.792	14.679.792	14.679.792	14.679.792	14.679.792
Basic earnings per share in €	18	0,2679	0,1691	0,0436	0,2127	0,1047	0,0905	0,0402	0,1307
Summary of result of the period									
		1/1 - 30/6/2013		1/1 - 30/6/2012		1/4 - 30/6/2013		1/4 - 30/6/2012	
Earnings before interest & taxes		5.156.101	4.249.887	479.640	4.729.526	3.168.157	2.465.302	249.226	2.714.528
Earnings before interest, taxes, depreciation and amortization		7.775.158	6.515.057	749.296	7.264.353	4.680.173	3.794.489	394.424	4.188.912
Earnings before taxes		6.116.035	2.773.682	640.142	3.413.824	2.111.466	1.335.077	590.504	1.925.582
Profit after taxes		3.933.431	2.482.839	640.142	3.122.981	1.537.122	1.328.465	590.504	1.918.969

STATEMENT OF COMPREHENSIVE INCOME (unconsolidated)

Amounts in Euro

	Note	KARATZIS SA							
		1/1 - 30/6/2013	Continuing operations	1/1 - 30/6/2012 Discontinuing operations	Total	1/4 - 30/6/2013	Continuing operations	1/4 - 30/6/2012 Discontinuing operations	Total
Sales	10	30.867.144	27.338.989	5.623	27.344.612	18.109.101	14.905.454	2.779	14.908.234
Cost of Sales		(22.813.745)	(20.582.884)	(5.813)	(20.588.697)	(13.278.326)	(11.204.573)	(3.606)	(11.208.179)
Gross Profit		8.053.399	6.756.105	(190)	6.755.915	4.830.775	3.700.881	(827)	3.700.055
Administrative expenses		(883.658)	(1.114.836)	-	(1.114.836)	(474.970)	(624.851)	-	(624.851)
Distribution expenses		(1.791.040)	(1.846.815)	-	(1.846.815)	(1.031.307)	(943.008)	-	(943.008)
Other income		95.135	252.713	-	252.713	67.156	133.747	-	133.747
Other expenses		(759.481)	(186.587)	-	(186.587)	(601.737)	(90.626)	-	(90.626)
Earnings before interest & taxes		4.714.356	3.860.580	(190)	3.860.390	2.789.917	2.176.143	(827)	2.175.316
Non-operating foreign exchange differences		-	-	160.502	160.502	-	-	341.278	341.278
Investment results		(47.814)	338	-	338	(52.100)	338	-	338
Financial income		5.814	68.886	210.138	279.024	4.660	31.872	111.355	143.227
Financial expenses		(1.240.290)	(1.363.543)	-	(1.363.543)	(843.153)	(989.852)	-	(989.852)
Revenue from recovered grant	20	2.582.802	-	-	-	-	-	-	-
Earnings before taxes		6.014.867	2.566.262	370.450	2.936.712	1.899.325	1.218.502	451.806	1.670.308
Deferred tax		(1.111.968)	(37.293)	-	(37.293)	21.266	43.130	-	43.130
Income tax	9	(901.153)	(168.272)	(24.291)	(192.563)	(452.229)	9.172	(24.291)	(15.119)
Profit after taxes (A)		4.001.746	2.360.697	346.159	2.706.857	1.468.362	1.270.803	427.515	1.698.319
Effect of the amendment to IAS 19		-	(81.325)	-	(81.325)	-	(81.325)	-	(81.325)
Other Comprehensive Income (B)		-	(81.325)	-	(81.325)	-	(81.325)	-	(81.325)
Total comprehensive income after taxes (A + B)		4.001.746	2.279.372	346.159	2.625.532	1.468.362	1.189.479	427.515	1.616.994
Number of shares		14.679.792	14.679.792	14.679.792	14.679.792	14.679.792	14.679.792	14.679.792	14.679.792
Basic earnings per share in €	18	0,2726	0,1608	0,0236	0,1844	0,1000	0,0866	0,0291	0,1157
Summary of result of the period									
		1/1 - 30/6/2013		1/1 - 30/6/2012		1/4 - 30/6/2013		1/4 - 30/6/2012	
Earnings before interest & taxes		4.714.356	3.860.580	(190)	3.860.390	2.789.917	2.176.143	(827)	2.175.316
Earnings before interest, taxes, depreciation and amortization		6.784.165	5.808.797	(190)	5.808.607	4.026.588	3.327.888	(827)	3.327.061
Earnings before taxes		6.014.867	2.566.262	370.450	2.936.712	1.899.325	1.218.502	451.806	1.670.308
Profit after taxes		4.001.746	2.360.697	346.159	2.706.857	1.468.362	1.270.803	427.515	1.698.319

STATEMENT OF CHANGES IN EQUITY (KARATZIS GROUP)

	Note	Consolidated					
		Attributable to shareholders of the Parent				Non-controlling interests	
		Share Capital	Share premium	Total reserves	Retained earnings	Total	Total equity
Opening Balance 1st January 2013		21.138.900	20.455.827	38.753.018	5.938.613	86.286.358	86.340.929
Comprehensive income for the period					3.936.857	3.936.857	3.933.431
Change due to the percentage increase in a subsidiary					2.986	2.986	(2.986)
Transfer to reserves				2.247.276	(2.247.276)	-	-
Total changes for the period		-	-	2.247.276	1.692.567	3.939.843	3.933.431
Closing Balance 30st June 2013		21.138.900	20.455.827	41.000.294	7.631.179	90.226.201	90.274.359

Previous Period

	Note	Consolidated					
		Attributable to shareholders of the Parent				Non-controlling interests	
		Share Capital	Share premium	Total reserves	Retained earnings	Total	Total equity
Opening Balance 1st January 2012		21.138.900	20.455.827	33.319.182	5.491.831	80.405.740	80.451.561
Effect from the retrospective application of amendment to IAS 19	15				427.712	427.712	427.712
Comprehensive income for the period (continuing operations)					2.387.795	2.387.795	2.401.514
Comprehensive income for the period (discontinuing operations)					759.963	759.963	759.963
Transfer to reserves				5.515.537	(5.515.537)	-	-
Total changes for the period		-	-	5.515.537	(1.940.067)	3.575.470	3.589.189
Closing Balance 30st June 2012		21.138.900	20.455.827	38.834.719	3.551.764	83.981.210	84.040.750

STATEMENT OF CHANGES IN EQUITY (KARATZIS SA)

	Note	Separate				
		Share Capital	Share premium	Total reserves	Retained earnings	Total
Opening Balance 1st January 2013		21.138.900	20.455.827	36.157.451	5.396.304	83.148.483
Comprehensive income for the period					4.001.746	4.001.746
Transfer to reserves				2.247.276	(2.247.276)	-
Total changes for the period		-	-	2.247.276	1.754.470	4.001.746
Closing Balance 30st June 2013		21.138.900	20.455.827	38.404.727	7.150.774	87.150.229

Previous period

	Note	Separate				
		Share Capital	Share premium	Total reserves	Retained earnings	Total
Opening Balance 1st January 2012		21.138.900	20.455.827	30.641.942	6.243.675	78.480.345
Effect from the retrospective application of amendment to IAS 19	15				427.712	427.712
Comprehensive income for the period (continuing operations)				-	2.279.372	2.279.372
Comprehensive income for the period (discontinuing operations)				-	346.159	346.159
Transfer to reserves				5.515.509	(5.515.509)	-
Total changes for the period		-	-	5.515.509	(2.462.265)	3.053.244
Closing Balance 30st June 2012		21.138.900	20.455.827	36.157.451	3.781.410	81.533.588

CASH FLOW STATEMENT (consolidated and separate)

Amounts in Euro

<i>Indirect method</i>	KARATZIS GROUP		KARATZIS SA	
	1/1 - 30/6/2013	1/1 - 30/6/2012	1/1 - 30/6/2013	1/1 - 30/6/2012
Operating Activities				
Profit before tax (continuing operations)	6.116.035	2.773.682	6.014.867	2.566.262
Profit before tax (discontinued operations)	-	640.142	-	370.450
<i>Plus: Adjustments for:</i>				
Depreciation and amortization	2.711.863	2.337.708	2.114.055	2.020.754
Provisions and provision reversals	94.258	8.215	94.758	8.215
Investment results	51.800	(338)	47.814	(338)
Financial results	1.571.068	1.476.543	1.234.477	1.294.656
Other non-cash expenses / (revenues)	(2.669.542)	(132.577)	(2.620.981)	(104.640)
Operating cash flows before changes in the working capital	7.875.483	7.103.375	6.884.990	6.155.360
<i>Plus: Adjustments for changes in the working capital</i>				
Decrease / (increase) in inventories	2.614.057	2.826.570	3.105.827	3.613.671
Decrease / (increase) in receivables	(2.603.150)	(5.462.152)	(3.936.229)	(4.906.538)
Increase / (decrease) in liabilities (except loans)	4.262.955	1.208.753	4.093.143	1.444.719
	12.149.345	5.676.546	10.147.731	6.307.212
<i>Less:</i>				
Interest and similar expenses taxes paid	1.551.829	1.545.918	1.214.561	1.363.543
Taxes paid	490.323	505.460	484.561	359.670
Operating cash flows from discontinuing operations	-	838.020	-	391.827
Net cash flows from operating activities (a)	10.107.194	4.463.188	8.448.609	4.975.826
Investing Activities				
Acquisition of subsidiaries, associates and other investments	(559.055)	-	(5.265.055)	-
Purchase of tangible and intangible assets	(4.081.785)	(17.018.203)	(3.986.533)	(6.370.261)
Proceeds from sale of tangible and intangible assets	1.700	-	61.400	543
Interest received	6.490	68.886	5.814	68.886
Other inflows (outflows) not included in the working capital	(70.440)	(420.581)	4.556.554	(2.003.950)
Investing cash flows from discontinuing operations	-	(5.210)	-	210.138
Net cash flows from investing activities (b)	(4.703.091)	(17.375.107)	(4.627.821)	(8.094.644)
Financing activities				
Grants related to fixed assets	-	-	-	-
Proceeds from bank loans	13.910.393	28.759.093	13.910.393	19.236.133
Repayments of bank loans	(20.786.725)	(13.364.352)	(19.569.144)	(13.280.930)
Dividends paid	-	(3.158)	-	(3.158)
Net cash flows from financing activities (c)	(6.876.332)	15.391.583	(5.658.751)	5.952.046
Net increase / (decrease) in cash and cash equivalents of the period (a) + (b) + (c)	(1.472.229)	2.479.663	(1.837.964)	2.833.228
Cash and cash equivalents at the beginning of the period (continuing operations)	18.994.829	5.124.756	18.876.019	4.525.605
Cash and cash equivalents at the beginning of the period (discontinuing operations)	-	1.844.310	-	-
Cash and cash equivalents at end of the period	17.522.601	9.448.730	17.038.055	7.358.833

E. Notes to the financial statements

1. General information about the Company and the Group

'KARATZI INDUSTRIAL & HOTEL ENTERPRISES S.A.' under the distinctive title 'KARATZI S.A.' (hereafter the 'Company' or 'Parent company') together with its subsidiaries (hereafter the 'Group') conduct business activities in the following sections: a) production of polymers and synthetic fibres for agricultural, manufacturing and industrial use b) operation of a five star hotel, c) production of electrical power from solar parks.

The Company has its registered office in Melidohori Monofatsiou, in the Municipality of Archanes-Asterousia, in the Prefecture of Iraklion, while its headquarters are located at the Iraklion Industrial Park, A Street. The stocks of the parent company are listed in the Primary Market of the Athens Stock Exchange.

The interim financial statements of the Company and of the Group for the period from 1 January 2013 to 30 June 2013 were approved by decision of the BoD on 28 August 2013.

The subsidiaries, which have been included in the attached consolidated financial statements of the Group, are described in note 4. The amounts of the explanations are expressed in Euro, unless otherwise stated.

2. Basis of preparation and accounting policies

The present interim financial statements have been prepared according to IAS 34 "Interim Financial Information" and should be examined in relation to the published annual financial statements as at December 31st 2012 which are available on the company's official website www.karatzis.gr.

The interim condensed financial statements for period January 1st to June 30th 2013 have been prepared according to the historical cost convention as it is modified by the adjustment of certain assets and liabilities to market values, and to the going concern assumption. The accounting principles used to prepare the annual financial statements of December 31st 2012 remain unchanged, with exception to the retrospective application of the amendment of IAS 19 (see Note 15).

The preparation of the annual financial statements according to the IFRS requires by the Management the use of certain accounting estimates and judgment in the application of accounting principles. It also requires the use of calculations and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the financial statements' date and the reported amounts of revenues and expenses during the period under report. Although these estimates are based on the best knowledge of management with respect to current events and actions, actual results ultimately may differ from those estimates.

3. New accounting standards and IFRIC Interpretations

The Group has entirely adopted all IFRS and IFRIC Interpretations as adopted by the European Union and whose application is mandatory for the preparation of financial statements for the fiscal year 2013.

▪ **New Standards, Interpretations, Revisions and Amendments to existing Standards that are effective and have been adopted by the European Union**

- Amendments to IAS 1 "Presentation of Financial Statements" – Presentation of Items of Other Comprehensive Income
- IFRS 13 "Fair Value Measurement"
- Amendments to IAS 19 "Employee Benefits"
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"
- Amendments to IFRS 7 "Financial Instruments: Disclosures" - Offsetting Financial Assets and Financial Liabilities
- Amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" - Government loans
- Annual Improvements 2009–2011 Cycle: In May 2012, IASB issued Annual Improvements 2009–2011 Cycle, a collection of amendments to 5 International Financial Reporting Standards (IFRSs), as its latest set of annual improvements. The amendments are not significant and have not a material impact on Group's/Company's financial statements. (to be adjusted accordingly). The current amendments were approved by the European Union in March 2013. In the following paragraphs are presented the new Standards and Interpretations that have been issued by the International Accounting Standards Board (IASB) and their application is mandatory from or after 01/01/2013.

▪ **Standards and Interpretations mandatory for annual periods beginning on or after January 1, 2014**

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after January 1, 2015)
- IFRS 7 (Amendment) "Financial Instruments: Disclosures" (effective for annual periods beginning on or after January 1, 2015)
- IAS 32 (Amendment) "Financial Instruments: Presentation" (effective for annual periods beginning on or after January 1, 2014)
- Group of standards on consolidation and joint arrangements (effective for annual periods beginning on or after January 1, 2014)

- IFRS 10, IFRS 11 and IFRS 12 (Amendment) "Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition Guide" (effective for annual periods beginning on or after 1 January 2014)
- IAS 36 (Amendment) 'Recoverable Amount Disclosures for Non-Financial Assets' (effective for annual periods beginning on or after January 1, 2014)
- IFRIC 21 "Levies" (effective for annual periods beginning on or after January 1, 2014)
- IAS 39 (Amendment) "Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting" (effective for annual periods beginning on or after January 1, 2014)

The company does not intend to apply any of the abovementioned Standards or Interpretations early. Based on the applied accounting policies, the Management does not expect material effects on the financial statements by the application of the abovementioned Standards or Interpretations, when they become effective.

4. Consolidation

The consolidated financial statements comprise of the financial statements of the Parent company and of its subsidiaries. The following table presents the companies included in the consolidated financial statements for the period from 1 January 2013 to 30 June 2013.

S.N.	Company Name	Country of Incorporation	Activity	Consolidation Method	Percentage
1.	KARATZIS SA	Greece	Plastic & elastic nets, Hotel Enterprises, Energy Production through renewable sources	Parent Company	
2.	MESH PACK GMBH	Germany	Raschel bags and packaging nets production	Full	100%
3.	STELLA POLARIS CRETA SA	Greece	Hotel & tourism enterprises	Full	100%
4.	CROPPY SOLUTIONS SL	Spain	Packaging materials (commercial)	Full	80%
5.	KARATZIS INDUSTRIAL & HOTELIER ENTERPRISES SA & Co (KARATZIS ENERGY)	Greece	Energy Production through renewable sources	Full	99,999%

On 13 March 2013, KARATZI S.A. took place in the share capital increase of KARATZI ENERGIAKI carried out through the capitalisation of liabilities, thus increasing its participation percentage in the said company from 99% to 99.999%

The financial statements for the respective period last year include KARATZIS USA LLC (presented in the discontinued operations column for the Company and the Group), which was sold on 14 September 2013.

The balance sheet presents the subsidiaries at acquisition cost less impairment provisions, if any.

The accounting method used for the consolidation is the acquisition method. The acquisition cost of a subsidiary is the fair value of its assets, the equity instruments issued and the obligations undertaken as at the exchange date, plus any transaction-related cost. Individual property assets, liabilities and contingent liabilities that comprise a business consolidation are valued upon acquisition at fair value, irrespectively of the participation percentage. If the total acquisition cost is lower than the fair value of the individually acquired assets, the difference is identified directly in the profit and loss statement.

Intra-group transactions and intra-group balances and profits or losses from transactions carried out between companies of the Group are written off.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

5. Property, plant and equipment

The movement of the property, plant and equipment of the **Group** for the first six-month period of 2013 is analyzed as follows:

a) ACQUISITION COST FIXED ASSETS CATEGORY	Balance 31/12/2012	Additions	Sales 2013	Disposals 2013	Balance 30/6/2013
Land	24.342.135	-	-	-	24.342.135
Buildings - Building installations	42.215.570	1.916.587	-	-	44.132.156
Machinery - Technical installations	71.651.337	2.214.353	2.945	-	73.862.745
Transportation Equipment	779.919	5.525	-	-	785.444
Furniture and Fixtures	7.008.159	682.687	-	2.267	7.688.579
Total	145.997.120	4.819.151	2.945	2.267	150.811.060

b) DEPRECIATION FIXED ASSETS CATEGORY	Balance 31/12/2012	Depreciation for the period	Depreciation of Sales 2013	Disposals 2013	Balance 30/6/2013
Buildings - Building installations	11.003.814	608.150	-	-	11.611.964
Machinery - Technical installations	27.223.171	1.833.669	1.587	-	29.055.252
Transportation Equipment	503.796	27.921	-	-	531.718
Furniture and Fixtures	5.580.518	136.421	-	217	5.716.722
Total	44.311.300	2.606.162	1.587	217	46.915.657

c) NET VALUE FIXED ASSETS CATEGORY	Balance 31/12/2012	Balance 30/6/2013
Land	24.342.135	24.342.135
Buildings - Building installations	31.211.756	32.520.192
Machinery - Technical installations	44.428.166	44.807.493
Transportation Equipment	276.123	253.726
Furniture and Fixtures	1.427.641	1.971.857
Total	101.685.821	103.895.403

	Balance 31/12/2012	Additions	Transfers	Balance 30/6/2013
Under construction	924.225	2.389.620	2.505.972	807.873
Prepayments	485.449	984.934	555.944	914.439
Orders from abroad	1.077.000	12.180	1.089.180	-
Grand Total	104.172.494	3.386.735	4.151.096	105.617.715

The Group's fixed assets under constructions are as follows: a) the amount of EUR 2,315 thousand pertains to the investment of the parent company for the renovation of 'Nana Beach hotel', b) the amount of EUR 68.5 thousand pertains to the acquisition of fixed assets held by Mesh Pack and c) the amount of EUR 8 thousand pertains to other investments.

The changes of the **Company's** tangible fixed assets for the period from 1 January 2013 to 30 June 2013 is analyzed as follows:

a) ACQUISITION COST FIXED ASSETS CATEGORY	Balance 31/12/2012	Additions	Sales 2013	Disposals 2013	Balance 30/6/2013
Land	19.328.186				19.328.186
Buildings - Building installations	38.276.858	1.914.288			40.191.145
Machinery - Technical installations	50.334.897	2.220.680	93.295		52.462.282
Transportation Equipment	734.508	5.525			740.032
Furniture and Fixtures	6.509.127	669.751		2.267	7.176.611
Total	115.183.575	4.810.243	93.295	2.267	119.898.257

b) DEPRECIATION FIXED ASSETS CATEGORY	Balance 31/12/2012	Depreciation for the period	Depreciation of Sales 2013	Disposals 2013	Balance 30/6/2013
Buildings - Building installations	9.929.893	528.822			10.458.715
Machinery - Technical installations	18.640.416	1.425.628	36.223		20.029.821
Transportation Equipment	495.911	25.362			521.273
Furniture and Fixtures	5.195.088	119.221		217	5.314.092
Total	34.261.308	2.099.033	36.223	217	36.323.900

c) NET VALUE FIXED ASSETS CATEGORY	Balance 31/12/2012	Balance 30/6/2013
Land	19.328.186	19.328.186
Buildings - Building installations	28.346.965	29.732.431
Machinery - Technical installations	31.694.481	32.432.461
Transportation Equipment	238.597	218.759
Furniture and Fixtures	1.314.039	1.862.519
Total	80.922.268	83.574.357

	Balance 31/12/2012	Additions	Transfers	Balance 30/6/2013
Under construction	370.657	2.321.066	2.505.972	185.752
Prepayments	485.449	984.934	555.944	914.439
Orders from abroad	1.077.000	12.180	1.089.180	-
Grand Total	82.855.373	3.318.181	4.151.096	84.674.548

For the period from 1 January 2012 to 30 June 2012 the changes of the tangible fixed assets both for the Group and the Company are the following:

a) ACQUISITION COST FIXED ASSETS CATEGORY	Balance 31/12/2011	Additions	Revaluations & exchange differences 2012	Sales 2012	Disposals 2012	Balance 30/06/2012
Land	21.485.535	1.697.687	937	-	-	23.184.159
Buildings - Building installations	43.065.473	802.058	47.701	-	118.942	43.796.291
Machinery - Technical installations	61.237.855	15.010.581	144.396	-	-	76.392.832
Transportation Equipment	874.543	16.060	1.423	461	17.965	873.600
Furniture and Fixtures	6.608.490	302.023	977	-	712	6.910.778
Total	133.271.896	17.828.409	195.434	461	137.618	151.157.660

b) DEPRECIATION FIXED ASSETS CATEGORY	Balance 31/12/2011	Depreciation for the period	Revaluations & exchange differences 2012	Depreciation of Sales 2012	Disposals 2012	Balance 30/06/2012
Buildings - Building installations	10.210.015	578.170	4.053	-	11.496	10.780.742
Machinery - Technical installations	26.061.778	1.793.726	33.315	-	-	27.888.818
Transportation Equipment	503.386	36.837	505	256	9.582	530.889
Furniture and Fixtures	5.284.149	123.470	451	-	-	5.408.070
Total	42.059.328	2.532.202	38.323	256	21.078	44.608.519

c) NET VALUE FIXED ASSETS CATEGORY	Balance 31/12/2011					Balance 30/06/2012
Land	21.485.535					23.184.159
Buildings - Building installations	32.855.458					33.015.549
Machinery - Technical installations	35.176.077					48.504.013
Transportation Equipment	371.157					342.710
Furniture and Fixtures	1.324.341					1.502.709
Total	91.212.569					106.549.141

	Balance 31/12/2011	Additions	Transfers	Balance 30/06/2012
Under construction	2.564.252	11.763.461	12.363.126	1.964.588
Prepayments	645.034	559.160	789.967	414.227
Grand Total	94.421.855			108.927.956

a) ACQUISITION COST ASSET CATEGORY	Balance 31/12/2011	Additions	Sales 2012	Disposals 2012	Balance 30/06/2012
Land	16.437.786	1.697.687			18.135.474
Buildings - Building installations	39.209.289	800.510			40.009.798
Machinery - Technical installations	46.421.771	3.731.608			50.153.379
Transportation Equipment	757.124	16.060	461	17.965	754.758
Furniture and Fixtures	6.143.775	273.648		712	6.416.711
Total	108.969.745	6.519.513	461	18.677	115.470.120

b) DEPRECIATION ASSET CATEGORY	Balance 31/12/2011	Depreciation for the period	Depreciation of Sales 2012	Disposals 2012	Balance 30/06/2012
Buildings - Building installations	9.105.045	508.899			9.613.944
Machinery - Technical installations	15.893.974	1.365.746			17.259.719
Transportation Equipment	455.649	28.323	256	9.582	474.134
Furniture and Fixtures	4.931.824	100.056			5.031.881
Total	30.386.491	2.003.024	256	9.582	32.379.677

c) NET VALUE ASSET CATEGORY	Balance 31/12/2011				Balance 30/06/2012
Land	16.437.786				18.135.474
Buildings - Building installations	30.104.244				30.395.855
Machinery - Technical installations	30.527.797				32.893.660
Transportation Equipment	301.476				280.624
Furniture and Fixtures	1.211.951				1.384.830
Total	78.583.254				83.090.443

	Balance 31/12/2011	Additions	Transfers	Balance 30/06/2012
Under construction	125.266	1.157.599	1.101.519	181.346
Prepayments	645.034	559.160	789.967	414.227
Grand Total	79.353.554			83.686.016

Note: The additions of fixed assets include non-cash transactions, while the cash flow table has been adjusted for non-cash figures.

6. Intangible fixed assets

The changes of the intangible fixed assets of the **Group** for the first six-month period of 2013 is analyzed as follows:

a) ACQUISITION COST	Balance	Additions	Sales 2013	Disposals	Balance
FIXED ASSETS CATEGORY	31/12/2012			2013	30/6/2013
Client list	421.906	-	-	-	421.906
Software	532.083	25.151	-	-	557.234
Licence for energy production	1.895.124	-	-	-	1.895.124
Total	2.849.113	25.151	-	-	2.874.264

b) AMORTIZATION	Balance	Amortization	Amortization of	Disposals	Balance
FIXED ASSETS CATEGORY	31/12/2012	for the period	Sales 2013	2013	30/6/2013
Client list	182.826	42.191	-	-	225.017
Software	334.519	22.313	-	-	356.832
Licence for energy production	48.065	41.198	-	-	89.263
Total	565.410	105.702	-	-	671.112

c) NET VALUE	Balance	Balance
FIXED ASSETS CATEGORY	31/12/2012	30/6/2013
Client list	239.080	196.890
Software	197.564	200.403
Licence for energy production	1.847.059	1.805.860
Total	2.283.703	2.203.153

	Balance	Additions	Transfers	Balance
	31/12/2012			30/6/2013
Prepayments	-	4.493	600	3.893
Grand Total	2.283.703	4.493	600	2.207.046

The changes of the **Company's** intangible fixed assets for the period from 1 January 2012 to 30 June 2012 are analyzed as follows:

a) ACQUISITION COST	Balance	Additions	Sales 2013	Disposals	Balance
FIXED ASSETS CATEGORY	31/12/2012			2013	30/6/2013
Software	436.112	7.361	-	-	443.473
Total	436.112	7.361	-	-	443.473

b) AMORTIZATION	Balance	Amortization	Amortization of	Disposals	Balance
FIXED ASSETS CATEGORY	31/12/2012	for the period	Sales 2013	2013	30/6/2013
Software	282.612	15.022	-	-	297.634
Total	282.612	15.022	-	-	297.634

c) NET VALUE	Balance	Balance
FIXED ASSETS CATEGORY	31/12/2012	30/6/2013
Software	153.500	145.839
Total	153.500	145.839

	Balance	Additions	Transfers	Balance
	31/12/2012			30/6/2013
Prepayments	-	4.493	600	3.893
Grand Total	153.500	4.493	600	149.732

For the period from 1 January 2012 to 30 June 2012 the changes of the intangible fixed assets both for the Group and the Company are the following:

The Group

a) ACQUISITION COST FIXED ASSETS CATEGORY	Balance 31/12/2012	Additions	Revaluations & exchange differences 2012	Sales 2012	Disposals 2012	Balance 30/6/2012
Client list	421.906	-	-	-	-	421.906
Software	511.713	25.475	1.711	-	-	538.899
Licence for energy production	1.895.124	-	-	-	-	1.895.124
Total	2.828.743	25.475	1.711	-	-	2.855.929

b) AMORTIZATION FIXED ASSETS CATEGORY	Balance 31/12/2012	Amortization for the period	Revaluations & exchange differences 2012	Amortization of Sales 2012	Disposals 2012	Balance 30/6/2012
Client list	98.445	42.191	-	-	-	140.636
Software	312.412	26.105	596	-	-	339.114
Licence for energy production	-	6.866	-	-	-	6.866
Total	410.857	75.162	596	-	-	486.616

c) NET VALUE FIXED ASSETS CATEGORY	Balance 31/12/2012	Balance 30/6/2012
Client list	323.461	281.271
Software	199.301	199.785
Licence for energy production	1.895.124	1.888.257
Total	2.417.885	2.369.313

The company

a) ACQUISITION COST FIXED ASSETS CATEGORY	Balance 31/12/2012	Additions	Sales 2012	Disposals 2012	Balance 30/6/2012
Software	399.716	25.475	-	-	425.190
Total	399.716	25.475	-	-	425.190

b) AMORTIZATION FIXED ASSETS CATEGORY	Balance 31/12/2012	Amortization for the period	Amortization of Sales 2012	Disposals 2012	Balance 30/6/2012
Software	245.219	17.730	-	-	262.950
Total	245.219	17.730	-	-	262.950

c) NET VALUE FIXED ASSETS CATEGORY	Balance 31/12/2012	Balance 30/6/2012
Software	154.496	162.241
Total	154.496	162.241

7. Trade Debtors

	KARATZIS GROUP		KARATZIS SA	
	30/06/2013	31/12/2012	30/06/2013	31/12/2012
Customers of industrial activity	9.973.315	6.190.437	9.177.673	4.946.727
Customers of hotel activity	662.943	89.236	662.943	89.236
Customers of solar energy	3.485.669	4.199.770	2.090.176	2.531.406
Cheques receivable	1.343.226	1.420.961	1.343.226	1.420.961
Less: Provisions	1.359.246	1.286.596	1.219.177	1.144.374
	14.105.907	10.613.806	12.054.841	7.843.954

The trade receivables of the company and the Group increased mainly due to the increased sales performed at the end of the six-month period, as well as to accrued receivables amounting to EUR 3,485.7 thousand from the sales of electrical power.

8. Loans and current encumbrances

Long-term Debts	KARATZIS GROUP		KARATZIS SA	
	30/06/2013	31/12/2012	30/06/2013	31/12/2012
Long-term Debts	21.336.565	23.371.812	12.921.926	13.715.599
Short-term Debts				
Bank loans	24.755.936	29.360.025	23.965.206	28.438.977
Long-term debts payable within the next 12 months	2.192.653	2.429.648	991.575	1.382.883
Total Short-term Debt	26.948.589	31.789.673	24.956.782	29.821.860
Total Debt	48.285.153	55.161.485	37.878.708	43.537.459

Part of the additional borrowing has been used to enhance the working capital and the rest was used for financing the Group's investment activity.

The long-term loans from banks as at the end of the period under review were as follows:

Long-term Debts payable in	KARATZIS GROUP		KARATZIS SA	
	30/06/2013	31/12/2012	30/06/2013	31/12/2012
> 1 year and ≤ 2 years	2.613.961	2.350.494	1.598.911	1.382.883
> 2 years and ≤ 5 years	10.455.842	8.132.680	6.395.645	4.884.097
Over 5 years	8.266.762	12.888.639	4.927.370	7.448.619
TOTAL	21.336.565	23.371.812	12.921.926	13.715.599

Collaterals: There are mortgages and underwritings on the property, the mechanical and the other installations of the German subsidiary Mesh Pack GMBH, amounting to EUR 1,578 thousand. The mechanical installations of KARATZI ENERGIAKI have been pledged for the amount of EUR 5,233 thousand. There is an underwriting for the amount of EUR 1,800 thousand on the property of the parent company, while there are no mortgages or underwritings on the other subsidiaries.

Furthermore, as a guarantee towards the banks for any claims regarding the respective long-term loans and any future amounts in excess of the loans, the Company and the Group have pledged their receivables from their counterparty 'Operator of Electricity Market S.A' (LAGIE), which arise from the sales of electrical power.

9. Taxation

	KARATZIS GROUP		KARATZIS SA	
	1/1 - 30/6/2013	1/1 - 30/6/2012	1/1 - 30/6/2013	1/1 - 30/6/2012
Earnings before taxes	6.116.035	3.413.824	6.014.867	2.936.712
Plus: Losses of subsidiaries	287.117	72.728	-	-
Plus: Adjustments between IFRS - Greek Accounting Standards	(2.917.011)	(550.576)	(2.753.360)	(550.576)
Less: Profit destined for tax-free reserves	-	(1.502.682)	-	(1.502.682)
Less: Offsetting of Subsidiaries' losses carried forward	-	(318.942)	-	-
Plus: Tax reformation of expenses	903.687	79.476	203.810	79.359
Taxable earnings	4.389.828	1.193.828	3.465.317	962.814
Income tax	1.142.038	238.206	901.153	192.563
Deferred tax / effect from the increase of tax rate	1.189.025	-	1.189.025	-
Deferred tax / effect of IAS 19	-	16.265	-	16.265
Deferred tax expense / (income)	(148.459)	36.372	(77.058)	21.028
Total tax in income statement	993.579	274.578	824.096	213.591

10. Operating segments

An operating segment is a component of a financial entity, which conducts business activities from which income and expenses arise. The operating results are regularly reviewed by the entity's management for business decision-making purposes. The information disclosed is information used internally by the management for the performance evaluation of the operational segments. The Group operates in the sectors of industrial production, the provision of hotel services and the production of electrical power from solar parks.

With respect to the industrial production, there are three industrial sites in Greece, one in Germany, as well as a commercial undertaking in Spain.

The hotel business activity is an operating segment which comprises the hotel of the parent company and STELLA POLARIS S.A.

Furthermore, the Group conducts business activities in the electrical power production sector from solar parks, which consists a separate operating segment. The Group has solar parks owned by the parent company with a total power of 8.84 MW (three solar stations installed on the rooftops of the industrial sites in the Prefecture of Iraklion, with a power of 80 KW each, four solar stations in the area of Thiva, with a total power of 7 MW, one 1 MW solar station located on the rooftop of the industrial site in Larissa, six solar stations in Kefalonia with a power of 100 KW each) and the 5.5 MW solar station owned by KARATZI INDUSTRIAL & HOTEL ENTERPRISES S.A. & Co. in the Prefecture of Pieria.

The sales and the results of the operating segments of the Group are as follows:

First half 2013

KARATZIS GROUP (amounts in €)	Industry	Hotel	Solar power	Total
Sales	28.533.208	2.701.420	4.320.387	35.555.015
Less: Intercompany Sales	(169.011)	-	-	(169.011)
Sales to 3rd parties	28.364.197	2.701.420	4.320.387	35.386.004
Gross Profit	5.937.158	111.884	3.407.570	9.456.613
Administrative expenses	(871.632)	(83.600)	(130.678)	(1.085.910)
Distribution expenses	(2.149.071)	-	-	(2.149.071)
Other income	157.386	35.758	-	193.144
Other expenses	(188.057)	(32.973)	(1.037.645)	(1.258.675)
Operating and extraordinary results	2.885.785	31.070	2.239.247	5.156.101
Non-operating foreign exchange differences	-	-	-	-
Investment results	(21.182)	(14.349)	(16.268)	(51.800)
Financial income	3.077	1.600	1.814	6.490
Financial expenses	(577.780)	(341.329)	(658.450)	(1.577.559)
Revenue from recovered grant	1.066.185	710.790	805.826	2.582.802
Earnings before taxes	3.356.085	387.781	2.372.170	6.116.035
Deferred tax	(253.002)	(523.095)	(264.470)	(1.040.566)
Income tax	(543.653)	(59.970)	(538.415)	(1.142.038)
Profit after taxes	2.559.430	(195.284)	1.569.285	3.933.431

Fixed Assets Additions	802.087	2.307.329	972.369	4.081.785
Fixed Assets Depreciation & Amortization	1.580.013	418.407	713.443	2.711.863

Comparable period (First half 2013)

KARATZIS GROUP (amounts in €)	Industry	Hotel	Solar power	Total
Sales	30.628.695	2.234.144	2.758.674	35.621.513
Less: Intercompany Sales	(325.273)	(631)	-	(325.904)
Sales to 3rd parties	30.303.421	2.233.513	2.758.674	35.295.609
Gross Profit	6.381.480	(100.524)	2.155.878	8.436.834
Administrative expenses	(1.319.468)	(90.613)	(112.533)	(1.522.614)
Distribution expenses	(2.252.385)	-	-	(2.252.385)
Other income	291.970	48.628	4.868	345.465
Other expenses	(172.464)	(98.370)	(6.939)	(277.773)
Operating and extraordinary results	2.929.132	(240.879)	2.041.274	4.729.526
Non-operating foreign exchange differences	160.502	-	-	160.502
Investment results	338	-	-	338
Financial income	25.087	16.399	27.889	69.375
Financial expenses	(516.854)	(324.605)	(704.459)	(1.545.918)
Earnings before taxes	2.598.206	(549.085)	1.364.703	3.413.824
Deferred tax	(11.461)	(17.099)	(24.077)	(52.637)
Income tax	(177.207)	27.949	(88.948)	(238.206)
Profit after taxes	2.409.538	(538.235)	1.251.678	3.122.981

Fixed Assets Additions	1.343.777	2.688.457	12.991.179	17.023.412
Fixed Assets Depreciation & Amortization	1.831.739	360.933	414.692	2.607.364

The Financial Position of the Group per segment are as follows:

30/06/2013

KARATZIS GROUP (amounts in €)	Industry	Hotel	Solar power	Total
Intangible fixed assets	371.113	30.072	1.805.860	2.207.046
Tangible fixed assets	29.250.704	45.191.046	31.175.965	105.617.715
Inventories	13.391.557	152.648	-	13.544.205
Trade receivables	9.911.911	708.327	3.485.669	14.105.907
Other assets	11.316.573	5.766.558	8.060.760	25.143.891
Investment in subsidiaries	-	-	-	-
Total Assets	64.241.858	51.848.652	44.528.254	160.618.764
Total Liabilities	30.394.619	17.520.358	22.429.428	70.344.405
Equity attributable to shareholders of the Parent	33.799.125	34.328.294	22.098.782	90.226.201
Non-controlling interests	48.114	-	44	48.158
Equity	33.847.239	34.328.294	22.098.826	90.274.359

31/12/2012

KARATZIS GROUP (amounts in €)	Industry	Hotel	Solar power	Total
Intangible fixed assets	407.783	28.861	1.847.059	2.283.703
Tangible fixed assets	29.992.266	43.347.111	30.833.116	104.172.494
Inventories	16.121.459	36.803	-	16.158.262
Trade receivables	6.241.346	172.691	4.199.770	10.613.806
Other assets	12.473.191	4.748.700	7.362.068	24.583.960
Investment in subsidiaries	-	-	-	-
Total Assets	65.236.045	48.334.167	44.242.014	157.812.226
Total Liabilities	31.255.100	12.960.922	27.255.275	71.471.297
Equity attributable to shareholders of the Parent	33.929.404	35.373.245	16.983.710	86.286.358
Non-controlling interests	51.542	-	3.029	54.571
Equity	33.980.945	35.373.245	16.986.739	86.340.929

11. Unaudited fiscal years

<u>Company name</u>	<u>Unaudited years</u>
Karatzis S.A.	2010
Mesh Pack GMBH	2011 – 2012
Stella Polaris Creta S.A.	2010
Croppy Solutions SL	2009 – 2012
KARATZI INDUSTRIAL & HOTEL ENTERPRISES S.A. & Co.	2010 – 2012

The parent company and Stella Polaris Creta S.A. have been tax audited by the legal auditors pursuant to the provisions of Article 82, paragraph 5 of Law 2238/1994 for the fiscal years 2011 and

2012. The Tax Compliance Reports for 2012 were issued on 14 August 2013 and were 'unqualified' without material changes in the taxes and the relevant tax provisions included in the financial statements for 2012. According to the relevant legislation, these fiscal years are considered completed from a taxation aspect after the lapse of eighteen months from the issue of the tax compliance reports.

12. Seasonality of business activity

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

The hotel business activity begins on the 2nd 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 also accelerates during the same quarter.

The hotel business activity improves significantly during the 3rd quarter due to the high prices charged per night (high season). During the same period the solar parks activity peaks, due to the long sunshine duration.

The hotel business activity declines during the 4th 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.

13. 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.

14. Provisions

The parent company has formed provisions for the unaudited tax fiscal years amounting to EUR 120 thousand and for disputed claims EUR 253 thousand.

The Meshpack GmbH subsidiary has formed, on a cumulative basis, other provisions amounting to EUR 36.2 thousand pertaining to guarantees provided for products sold.

15. Changes in accounting estimates

No change was noted in the accounting methods or accounting estimates with the exception of the readjustment of the comparable period stated in the financial statements in order to present the adjustments from the retrospective application of the revised IAS 19 'Employee Benefits'. IAS 19 has been applied on a retrospective basis, according to its transition provisions. As a result, the Company has restated its financial statements for the comparable period. The impact on the Group's financial statements for the comparable period is analyzed as follows:

KARATZIS GROUP 30.06.2012	Published	Effect (IAS 19)	Restated
Profit / (loss) after tax	3.106.716	16.265	3.122.981
Other comprehensive income / (expenses)	119.821	(81.325)	38.496
Total comprehensive income	3.226.537	(65.060)	3.161.477
Employee benefits	1.076.059	81.325	1.157.384
Equity attributable to shareholders of the Parent	83.618.558	362.652	83.981.210
Non-controlling interests	59.540	-	59.540
Total Equity	83.678.098	362.652	84.040.750

KARATZIS GROUP 31.12.2012	Published	Effect (IAS 19)	Restated
Profit / (loss) after tax	5.061.319	32.530	5.093.849
Other comprehensive income / (expenses)	118.774	(162.650)	(43.876)
Total comprehensive income	5.180.093	(130.120)	5.049.973
Employee benefits	920.681	(371.990)	548.691
Equity attributable to shareholders of the Parent	85.988.766	297.592	86.286.358
Non-controlling interests	54.571	-	54.571
Total Equity	86.043.337	297.592	86.340.929

The company has restated its statements for the comparable period as follows:

KARATZIS SA 30.06.2012	Published	Effect (IAS 19)	Restated
Profit / (loss) after tax	2.690.592	16.265	2.706.857
Other comprehensive income / (expenses)	-	(81.325)	(81.325)
Total comprehensive income	2.690.592	(65.060)	2.625.532
Employee benefits	1.076.059	81.325	1.157.384
Equity attributable to shareholders of the Parent	81.170.936	362.652	81.533.588
Non-controlling interests	-	-	-
Total Equity	81.170.936	362.652	81.533.588

KARATZIS SA 31.12.2012	Published	Effect (IAS 19)	Restated
Profit / (loss) after tax	4.370.546	32.530	4.403.076
Other comprehensive income / (expenses)	-	(162.650)	(162.650)
Total comprehensive income	4.370.546	(130.120)	4.240.426
Employee benefits	920.681	(371.990)	548.691
Equity attributable to shareholders of the Parent	82.850.891	297.592	83.148.483
Non-controlling interests	-	-	-
Total Equity	82.850.891	297.592	83.148.483

16. Other total income after taxes

In the consolidated financial statements for the comparable period, the amount of EUR 119,821, which was directly recorded in equity in the discontinued operations column, pertains to the exchange difference generated from the consolidation of KARATZIS USA – LLC.

Moreover, in the consolidated financial statements for the comparable period, an expense amounting to EUR 81,324.89 was recorded in the other comprehensive income for the six-month period of 2012, which concerns the adjustment of the profit and loss statement for the period according to the amended IAS 19 (see note 15).

17. Number of Employees and payroll cost

The number of employees on 30 June 2013 and 30 June 2012, as well as the salary cost for the six-month period of 2013 and 2012, for the Group and the Company are as follows:

	KARATZIS GROUP		KARATZIS SA	
	1/1 -	1/1 -	1/1 -	1/1 -
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
Permanent employees	353	381	268	265
Seasonal employees	193	177	193	177
Total	546	558	461	442

Salaried employees	250	232	239	220
Day-paid employees	296	326	222	222
Total	546	558	461	442

PERSONNEL COST PER ACTIVITY	KARATZIS GROUP		KARATZIS SA	
	1/1 -	1/1 -	1/1 -	1/1 -
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
INDUSTRY	3.410.473	3.880.914	2.527.627	2.626.347
HOTEL	956.152	855.363	956.152	855.363
SOLAR PARKS	22.978	30.741	22.978	30.741
DISTRIBUTION	320.448	487.807	212.247	388.481
ADMINISTRATION	338.391	544.256	295.537	383.399
TOTAL	5.048.442	5.799.081	4.014.541	4.284.332

18. Earnings per share

For the first six-month period of 2013, the average weighted number of shares is 14,679,792 (Average weighted number of shares for the first six-month period of 2012: 14,679,792). The basic earnings per share are specified as follows:

Earnings per share	KARATZIS GROUP			
	1.1 - 30.6.2013	1.1 - 30.6.2012		Total
		Continuing operations	Discontinued operations	
Profit / (loss) after tax	3.933.431	2.482.839	640.142	3.122.981
Weighted average number of shares	14.679.792	14.679.792	14.679.792	14.679.792
Basic earnings per share	0,2679	0,1691	0,0436	0,2127

Earnings per share	KARATZIS SA			
	1.1 - 30.6.2013	1.1 - 30.6.2012		Total
		Continuing operations	Discontinued operations	
Profit / (loss) after tax	4.001.746	2.360.697	346.159	2.706.857
Weighted average number of shares	14.679.792	14.679.792	14.679.792	14.679.792
Basic earnings per share	0,2726	0,1608	0,0236	0,1844

19. Related parties transactions

KARATZIS SA	Subsidiaries					Total
	MESHPACK	STELLA POLARIS	CROPPY SOLUTIONS	KARATZIS SA & Co	Other related parties	
Intercompany transactions and balances						
a) Intercompany sales of goods and services	188.180	-	272.226	1.200	162.524	624.130
b) Intercompany purchases of goods and services	34.452	-	11.973	-	183.844	230.268
c) Receivables	192.237	-	248.372	10.159	233.879	684.646
d) Liabilities	1.041	-	-	-	29.749	30.790

Transactions and balances with Board Members and Directors

e) Compensation of key managers and members of the Board of Directors					236.846	236.846
f) Receivables from key managers and members of the Board of Directors					88.694	88.694
g) Liabilities to key managers and members of the Board of Directors					3.173	3.173

KARATZIS GROUP	Subsidiaries					Total
	MESHPACK	STELLA POLARIS	CROPPY SOLUTIONS	KARATZIS SA & Co	Other related parties	
Intercompany transactions and balances						
a) Intercompany sales of goods and services	-	-	-	-	162.524	162.524
b) Intercompany purchases of goods and services	-	-	-	-	183.844	183.844
c) Receivables	-	-	-	-	233.879	233.879
d) Liabilities	-	-	-	-	29.749	29.749

Transactions and balances with Board Members and Directors

e) Compensation of key managers and members of the Board of Directors					296.264	296.264
f) Receivables from key managers and members of the Board of Directors					88.694	88.694
g) Liabilities to key managers and members of the Board of Directors					3.173	3.173

20. Income from recovered grant

According to decision no 3582/2010, issued by the Hellenic Council of State, the parent company had been partially vindicated regarding the annulment of the submission of an investment made by it to the provisions of Law 1892/90 and was forced to return of a subsidy plus interest, amounting in total to EUR 3,268 thousand.

By order of the Ministry of Development, Competitiveness, Infrastructure, Transportation and Networks, the amount that will be paid by the State to the Company, was set to EUR 2,583 thousand. This amount was recorded in the profit and loss statement for the 1st quarter of 2013 as 'Income from recovered grant'.

21. Participation in the share capital increase of a subsidiary:

On 13 March 2013, KARATZI S.A. covered the entire share capital increase of its subsidiary, 'KARATZIS INDUSTRIAL & HOTEL ENTERPRISES S.A. & Co.', which amounted to EUR 4,696,000 through the capitalisation of equal amount of the subsidiary's liabilities towards the parent company.

Upon the said increase, the share capital of 'KARATZI INDUSTRIAL & HOTEL ENTERPRISES S.A. & Co.' amounts to EUR 4,700,000 and KARATZI S.A. participates in the said capital at a percentage of 99.999%.

22. Treasury shares

At the end of the current period the parent company, the subsidiaries and the affiliates did not own any shares of KARATZI S.A.

23. Financial instruments carried at fair value

IAS 34 requires the financial statements to include certain disclosures in relation to the fair value of financial instruments, according to the requirements set by IFRS 13 'Fair value measurement' and IFRS 7 'Financial instruments: Disclosures'. The said disclosures include the classification of fair value measurements in three levels. The Group uses the following hierarchy to define and disclose the fair value of its financial instruments, according to valuation technique;

Level 1: Investments carried at fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Investments carried at fair value based on valuation models where all inputs that have a material effect on the fair value are based directly or indirectly on observable market data.

Level 3: Investments carried at fair value based on valuation models where the material inputs are not based on observable market data.

The Group applies IAS 39 "Financial instruments: Recognition and measurement"; at the end of each reporting period the Group carries out the necessary calculations regarding the fair value of its financial instruments. The financial instruments held by the Group as at 30.06.2013 and are carried at fair value amount to € **517** thousand and are analyzed as follows:

Financial Instruments	The Group		The Company	
	Level 1	Level 3	Level 1	Level 3
Shares listed in the ASE	339.524		339.524	
Warrants listed in the ASE	167.390		167.390	
Other stock		10.000		10.000
TOTAL	506.914	10.000	506.914	10.000

The book value of the subsequent financial assets and liabilities is considered as a reasonable approximation of their fair value:

- Trade and other receivables
- Cash and cash equivalents
- Suppliers and other liabilities.

24. Approval of financial statements by the BoD

The financial statements for the period from 1 January 2013 until 30 June 2013 were approved by the Board of Directors of 'KARATZI S.A.' on 28 August 2013.

25. Events after the reporting period

In August 2013, an investment amounting to EUR 2,972,561.76, in the industrial unit that operates in Iraklion Industrial Park and produces packing nets for agricultural applications, was included in the provisions of Law 3908/2011. The investment concerns the procurement of new mechanical equipment and the modernisation of facilities, and will contribute in the increase of the unit production capacity by approximately 20%. There are no other post reporting period events concerning the Group or the Company for which a disclosure must be made according to the International Accounting Standards.

Iraklion, 28 August 2013

THE CHAIRMAN OF THE
BoD

THE VICE CHAIRMAN
OF THE BoD

THE CHIEF
EXECUTIVE OFFICER

THE GENERAL
MANAGER

THE DIRECTOR OF THE
ACCOUNTING DEPARTMENT

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