ANNUAL FINANCIAL REPORT

For the period from 1 January 2018 to 31 December 2018

Pursuant to Article 4 of Law 3556/2007 and the

executive decisions by the Board of Directors of the Capital Market Commission

KARATZI S.A.
Industrial & Hotel Enterprises
Municipality of Acharnes - Asterousia
Heraklion, Crete
S.A. Companies Registration No 11396/06/B/86/89
General Commerce Registry no 77088427000
www.karatzis.gr

Company & Group General Information

Company Name

KARATZIS S.A. - INDUSTRIAL & HOTEL ENTEPRISES

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

Board of Directors

Executive Members	Non executive members
Antonios M. Karatzis - Chairman and CEO	
Karatzi S. Athina - Vice Chairman	Eleftherios k. Antonakakis
Maria M. Karatzi - CEO	Fanourios M. Zampetakis - independent
Konstantinos L. Archontakis	Iason E. Papastefanakis - independent
Ilias A. Kalathas	Georgios V. Veneris - independent

Activity:	Industrial products and services, packaging materials, hotelieer enterprises, energy production
VAT Number - Tax Authority:	EL 094113381 - Public Tax Authority of Heraklion
Foundation Year:	1979
Address:	Stelios Kazantzidis street & 2A Vosporos street, Heraklion, 71601 Heraklion Crete
Tel:	+30 28210 382900

Subsidiaries:

MESH PACK	**CROPPY SOLUTIONS S.L.**
Ing.-A.-Rudow-Strasse 1	Montero Calvo 3
D-38486 Kusey	47001, Valladolid
Germany	Spain
KARATZIS INDUSTRIAL & HOTELIER ENTERPRISES SA & Co	**KARATZIS ITALIA SRL**
Heraklion Industrial Zone, P.O. Box 1490,	Via Antonio Stradivari, 4, 20131
ZIP Code: 71601, Heraklion Crete Greece	Milan, Italy
KEN S.A.	**KARATZIS RUSSIA LTD**
6, Kazantzidi Avenue	350037, Krasnodar City
ZIP Code:71601, Heraklion Crete	Region Krasnodarsky, Russia

Affliates:

ZEUS PACKAGING AGRI LTD	**SPAREAL PPC**
Aspect One / Gunnels Wood Road	Stelios Kazantzidis street & 2A Vosporos street,
Stevenage / Hertfordshire	Zip Code: 71601 Heraklion Crete
SG1 2DG	
UK	
KKX MARKET PPC	**KARMYL PPC**
Stelios Kazantzidis street & 2A Vosporos street	Stelios Kazantzidis street & 2A Vosporos street
Zip Code: 71601 Heraklion Crete	Zip Code: 71601 Heraklion Crete

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

This Annual Financial Report is drafted pursuant to Article 5 of Law 3559/2007 and the decision issued thereto by the Board of Directors of the Capital Market Committee with number 7/448/11.10.2007, as well as the legal requirements in force of article 43a and 107a and paragraph 1 (cases c and d) of article 43bb of Law 2190/1920 and includes:

(A) the declaration of the BoD members,
(B) the audit report of the Chartered Accountant Auditors,
(C) the annual report of the Board of Directors,
(D) the annual financial statements for fiscal year 2018 (1 January – 31 December 2018),
(E) explanations on the financial statements for fiscal year 2018 (1 January – 31 December 2018),

It is certified that the attached Annual Financial Statements are those approved by the Board of Directors of ***KARATZIS S.A.*** on the 25th of April 2019 and have been posted on the internet at 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.

The Chairman of the Board and CEO

Antonios 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 KARATZI 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 Archontakis, son of Leonidas, Member of the BoD

under our above-mentioned capacity, and as appointed by the BoD of the company 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 annual financial statements of the Company and the Group for the fiscal year 2018 (1 January - 31 December 2018), 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,
(b) the 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.

Heraklion, 25 April 2019

The Signatories

The Chairman of the BoD	**The appointed by the BoD members**	
Antonios Karatzis	**Maria Karatzis**	**Konstantinos Archontakis**
ID no X 357305	**ID no AN 922943**	**ID no AN 464624**

B. Independent Auditors’ Report

To the Shareholders of “KARATZIS INDUSTRIAL & HOTEL ENTEPRISES S.A”

Report on the Company and Consolidated Financial Statements

We have audited the accompanying Company financial statements of “KARATZIS Industrial & Hotel Enterprises S.A” (the ‘Company’) and the consolidated financial statements of the Company and its subsidiaries, which comprise the company and consolidated statement of financial position as at December 31st, 2018, the company and consolidated income statements of comprehensive income, changes in equity and cash flows for the year then ended, as well as a summary of significant accounting principles and policies and other explanatory information.

In our opinion, the accompanying company and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsiadiaries (the Group) as at December 31st, 2018, their financial performance and their cash flows for the year then ended, in accordance with the International Financial Reporting Standards as these have been adopted by the European Union.

Basis of opinion

We conducted our audit in accordance with the International Standards on Auditing (IPS) as incorporated in the Greek Legislation. Our responsibilities, according to these standards, are further described in the section of our report "Auditor's Responsibilities for the Audit of Corporate and Consolidated Financial Statements". We are independent of the Company and its consolidated subsidiaries throughout our appointment in accordance with the Code of Conduct for Professional Auditors of the Board of International Standards on Auditors' Ethics as incorporated in the Greek Legislation and the ethical requirements related to the control of corporate and consolidated financial statements in Greece and we have fulfilled our ethical obligations in accordance with the requirements of applicable laws and of the aforementioned Code of Conduct. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Important audit issues

The most important issues of the audit are those issues that, in our professional judgment, were of paramount importance in our audit of the Company's and Consolidated Financial Statements for the current fiscal year. These issues and the associated risks of material inaccuracy have been addressed in the context of the audit of the Company and Consolidated Financial Statements as a whole in order to form our opinion on them and we do not express a separate opinion on these matters.

Important audit issues	How has the most important issue been dealt with in our audit
Inventory Valuation	
At 31/12/2018, the Group presents in its financial statements' inventories of € 28.4 million (Company: € 25.2 million), which constitute 12.1% of the Group's Assets (Company: 12.9%). Inventories are valued at the lower value between acquisition cost and net liquidation value. Net liquidation value is estimated based on current sales prices of the inventories, within the context of ordinary activity, deducting any selling expenses. The provision for impairment of inventories is formed on the basis of the management's estimates of the actual situation and the possibility of using the stocks if necessary. We believe that the evaluation of the Group's inventory valuation is one of the most important audit issues, because on one hand inventories are one of the Group's and Company's main assets, and on the other hand due to the significant estimates and judgments of the Management for the determination of their net liquidation value. The disclosures of the Company and the Group regarding their accounting policies as well as the estimates and assumptions used in the valuation of inventories are included in Notes 2.8 and 9 of the accompanying financial statements.	Our audit procedures for inventory valuation are described as follows: • Recording of inventory management procedures and controls designed by the Company's Management. • Inspection of the physical inventory process in all the warehouses and factories of the parent company, thus in eight storage sites in total. • Examination of an inventory sample in order to confirm the correct calculation of acquisition cost of purchased stocks in accordance with market invoices and on the other hand the correct allocation of production costs to the produced stocks. • Examination of the completeness of the valuation by comparing the net liquidation value, we estimated, using data analysis software to total sales after the reference date to the acquisition cost of inventories. • Examination of the warehouse balance using data analysis software to detect immovable and slow-moving inventories. • Apart from the audit on the internal audit's safety valves, we also performed substantial inventory procedures (audit of documentation, contracts and accounting records) as well as analytical procedures. In addition, we have evaluated the sufficiency and adequacy of the disclosures of the financial statements.

Important audit issues	How has the most important issue been dealt within the context of our audit
Revenue recognition	
The turnover of the Group as at 31/12/2018 amounted to € 182.6 million while the Company’s turnover formed at € 70.0 million. The Group's revenues come from diversified sectors of activity. Their recognition has been identified as an area of particular audit interest as it involves complexity, related to the volume of transactions, the use of information systems as well as judgments and management's estimations, which pose a certain degree of uncertainty. In particular, the Group's revenue related to the retail sale of electricity is determined through complex information systems and includes judgments and calculations in areas such as the non-invoiced customer revenue. Reference is made to Notes 2.16, 3 and 11 of the consolidated financial statements.	Our audit procedures regarding revenue include: • Examining the suitability of the Group's revenue recognition policies and evaluating their compliance with applicable accounting standards (IFRS 15). • Audit of the general internal audit safety valves regarding IT systems, used by the Group to ensure the correct recognition of revenues. • We examined the correct transfer of data from the individual IT systems to the general accounting balance. • We have reviewed the assumptions for recognizing the non-invoiced revenue at the end of the year ended 31 December 2018. • In the above procedures, where deemed necessary, we used an expert of our company. • In addition to the audit on internal audit safety valves, we also performed substantial revenue procedures (audit of documentation, contracts and accounting records) as well as analytical procedures. In addition, we have evaluated the sufficiency and adequacy of the disclosures in the financial statements.

Other Information

The administration is responsible for other information. Other information included in the Annual Financial Report is the Management Report of the Board of Directors, which is referred in the “Report on Other Legal and Regulatory Requirements” and the Statements of the Members of the Board of Directors. Other information does not include the financial statements and the related audit report.

Our opinion on the Company's and Consolidated Financial Statements does not cover other information. We do not express with our opinion any form of assurance conclusion regarding other information.

Regarding our audit of the Company's and Consolidated Financial Statements, it is our responsibility to read other information and thus to examine whether the other information is materially inconsistent with the Company's and Consolidated Financial Statements or the knowledge we obtained during the audit or otherwise appear to be fundamentally incorrect. If, on the basis of the work we have done, we come to the conclusion that there is a material error in this other information, we are obliged to report this fact. We have nothing to say about this issue.

Responsibilities of Management and of those responsible for corporate governance regarding company and consolidated financial statements

Management is responsible for the preparation and fair presentation of corporate and consolidated financial statements in accordance with the IFRS as adopted by the European Union, as well as those internal audit safety valves, that the management determines as necessary in order to enable the preparation of company and consolidated financial statements that are free from substantial error, due to either fraud or error.
During the drafting of the company and consolidated financial statements, management is responsible for assessing the Company's and Group's ability to continue their business, proceeding to the relevant disclosures if necessary, the issues related to the continuing operations and the use of the accounting base of the continuing operations, unless the management either intends to liquidate the Company and the Group or to discontinue their operations, or has no other realistic alternative but to proceed with these actions.

The Audit Committee (article 44 of Law 4449/2017) of the Company is responsible for overseeing the financial reporting process of the Company and the Group.

Auditor's responsibilities for the audit of company and consolidated financial statements

Our objectives are to obtain reasonable assurance that the Company's and Consolidated Financial Statements as a whole, are free of any substantial error, whether due to fraud or error, and to issue an auditor's report which includes our opinion. The reasonable assurance is a high-level assurance, but it is not a guarantee that the audit carried out in accordance with the ICS as incorporated into the Greek Legislation will always detect a substantial error when it exists. Errors can result from fraud or mistakes and are considered essential when individually or collectively, could reasonably be expected that they will affect the economic decisions of users, taken on the basis of these company and consolidated financial statements.

As a duty of the audit, according to the ICS as incorporated in the Greek Legislation, we exercise a professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and evaluate the risks of substantial error in company and consolidated financial statements, whether due to fraud or error, by designing and conducting audit procedures that respond to those risks and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of failing to detect a substantial error due to fraud is higher than that due to error, as fraud can involve collusion, forgery, deliberate omissions, false assertions or bypassing the safety valves of internal audit.
- Comprehend internal audit safety valves related to the audit, aiming at designing audit procedures appropriate to the circumstances, but not to express an opinion on the effectiveness of the Company's and the Group's internal audit safety valves.
- Assess the adequacy of the accounting policies and methods used and the fairness of accounting estimates and relevant notifications made by management.
- Decide on the suitability of the management's use regarding the accounting basis of continuing operations, based on the audit evidence obtained, so as to conclude if there is material uncertainty about events or circumstances that may indicate significant uncertainty as to the ability of the Company and the Group to continue their business. If we conclude that there is material uncertainty, we are required to

draw the attention of the auditor's report to the relevant disclosures in the consolidated and consolidated financial statements or if these disclosures are insufficient to differentiate our opinion. Our conclusions are based on audit evidence obtained until the date of the auditor's report. However, future events or conditions may result in the Company and the Group ceasing to operate as an ongoing operation.

- Assess the overall presentation, structure and content of the Company's and Consolidated Financial Statements, including disclosures, and whether company and consolidated financial statements reflect the underlying transactions and events in a manner that achieves a fair presentation.
- Collect sufficient and appropriate audit evidence regarding the financial reporting of entities or business activities within the Group to express an opinion on the Company's and Consolidated Financial Statements. We are responsible for conducting, supervising and performing the audit of the Company and its subsidiaries. We remain solely responsible for our audit opinion.

Among other issues, we notify those responsible for governance, the planned amplitude and the timetable of the audit, as well as important audit findings, including any significant deficiencies in internal audit safety valves, that we detect during our review.

In addition, we declare to those responsible for governance that we have complied with the relevant requirements of ethics concerning independence, and we disclose to them all relationships and other matters that may reasonably be considered to affect our independence and the relevant protection measures, where applicable.

From the issues that have been notified to those responsible for governance, we determine those issues that were of prominent importance for the audit of the Company's and Consolidated Financial Statements for the current period and are therefore the most important audit issues.

Report on Other Legal and Regulatory Requirements

1. Management Report of the Board of Directors

Considering that the management is responsible for the preparation of the Board of Directors' Report and the Corporate Governance Statement contained in this report, pursuant to the provisions of paragraph 5 of article 2 of Law 4366/2015 (Part B) we note that:

The Management Report of the Board of Directors includes a corporate governance statement, which provides the information specified in article 43bb of the Codified Law. 2190/1920.

In our opinion, the Management Report of the Board of Directors has been prepared in accordance with the applicable legal requirements of articles 43a and 107A and paragraph 1 (c and d) of article 43bb of CL 2190/1920 and its content corresponds to the attached financial statements of the year ended on 31/12/2018.

Based on the knowledge we have acquired during our audit, for the Company **"KARATZIS INDUSTRIAL & HOTELS ENTERPRISES S.A."** and its environment, we have not identified substantial inaccuracies in the Management Report of the Board of Directors.

2. Supplementary Report to the Audit Committee

Our opinion on the attached company and consolidated financial statements is consistent with our Supplementary Report to the Audit Committee of the Company provided by Article 11 of the European Union Regulation (EU) 537/2014.

3. Provision of Non-Auditing Services

We did not provide the Company and its subsidiaries with non-audit services prohibited pursuant to Article 5 of the European Union (EU) 537/2014. The permitted non-audit services we have provided to the Company and its subsidiaries during the year ended on December 31, 2018 are disclosed in the note 42 of the attached Company and Consolidated Financial Statements.

4. Appointment of Auditor

We were appointed as Certified Auditors of the Company for the first time by the decision of the Annual Ordinary Shareholders' Meeting dated 30.05.2011. Since then, our appointment has been continuously renewed for a total period of 8 years, based on the annual decisions of the ordinary shareholders' meeting.

Heraklion, 26 April 2019

The Certified Public Accountant

Konstantinos Emm. Antonakakis

Institute of CPA (SOEL) Reg. No. 22 781

Grant Thornton
An instinct for growth™

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

C. Annual Report of the Board of Directors

The following Annual Report of the Board of Directors (hereafter for brevity '**the Report**'), pertains to the fiscal year 2018 (1 January 2018 - 30 December 2018). 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 as well as the legal requirements in force of articles 43a and 107a and paragraph 1 (cases c and d) of article 43bb of Codified Law 4190/1920.

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	Gernamy	Production and trade of packaging materials	Full	100%
2.	CROPPY SOLUTIONS SL	Spain	Trade of packaging materials	Full	90%
3.	KARATZIS INDUSTRIAL & HOTEL ENTERPRISES SA & Co	Greece	Renewable sources of energy	Full	99%
4.	KEN S.A.	Greece	Commercial trade of electric energy	Full	100%
5.	KARATZIS RUSSIA LTD	Russia	Trade of packaging materials	Full	90%
6.	KARATZIS ITALIA SRL	Italy	Trade of packaging materials	Full	51%
7.	ZEUS PACKAGING AGRI LTD	U.K.	Trade of packaging materials	Net worth	50%
8.	SPAREAL PPC	Greece	Body care services	Net worth	50%
9.	KKX MARKET PPC	Greece	Trade of food, haberdashery and beverages	Net worth	50%
10.	KARMYL PPC	Greece	Trade of gold jewelry	Net worth	50%

The Private Capital Companies (PCC) Spareal, KKX Market and Karmyl were established on June 2018. Therefore, they do not demonstrate significant activity during the current year or sizeable transactions or assets and liabilities. Their activity refers to the exploitation of commercial stores within the new hotel Nana Princess.

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 (not consolidated) financial data of the Company only at the points where it is deemed advisable or necessary for the optimum comprehension of its contents. The report is included as such along with the Company financial statements and all legally required data and declarations in the annual financial report for the fiscal year 2018.

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

CHAPTER A. Brief Description of the Business Model
CHAPTER B. Important events of fiscal year 2018
CHAPTER C. Company and Group progress and performance
CHAPTER D. Main risks and uncertainties
CHAPTER E. Other Non-Financial Information

CHAPTER F. Important transactions with related parties

CHAPTER G. Corporate Governance Declaration of Law 3873/2010

CHAPTER H. Explanatory report regarding the information of Article 4, paragraph 7, Law 3556/2007

CHAPTER I. Information and outlook regarding the progress of group activities

CHAPTER J. Distribution Proposal for the Profits of FY 2018

CHAPTER A: Brief description of the business model

KARATZI Group constitutes of:

- The parent company KARATZI SA (industry sector, tourism sector and electric energy production from RES sector),
- The subsidiary KEN SA (sale of electric energy – electric energy sale sector),
- The subsidiary MESH PACK GmbH (Production and trade of packaging materials – industry sector),
- The subsidiary KARATZI INDUSTRIAL AND HOTELS ENTERPRISES SA & CO. (electric energy production from RES - electric energy production sector),
- The subsidiary CROPPY SOLUTIONS S.L. (Trading of packaging materials – industry sector),
- The subsidiary KARATZI ITALIA Srl (Trade of packaging materials – industry sector),
- The subsidiary KARATZIS RUSSIA Ltd (Trade of packaging materials – industry sector),
- The affiliate ZEUS PACKAGING AGRI LTD (Trade of packaging materials – industry sector),
- The affiliates Spareal PPC, KKX Market PPC, Karmyl PPC, which are commercial enterprises activated in the exploitation of stores within the new hotel Nana Princess.

KARATZI Group SA was established in 1974 and is active in diversified sectors by pursuing variety in its portfolio. Industrial activities, hotel services (tourism sector), electric energy production via photovoltaic stations as well as the trade of electric energy form the main activities of the Group.

The basic pillars of the Group's medium-term Growth Strategy are the following:

- Development of the Group's commercial presence in international markets, through new business deals or acquisitions and mainly through a network of subsidiaries.
- Focusing on research and development to produce innovative products with high added value.

- Continuous enhancement and modernization of the Group's production base with selected capital investments.
- Increase the efficiency of production facilities by adopting innovative production methods.
- Expansion of the Group's presence in the field of wind energy in Greece.
- Optimization of production costs and operating costs of the Group's companies.
- Maintaining and further improving the Group's financial standing through careful debt management and strict control of working capital.
- Maintain high-level facilities and services in the tourism sector, within the context of planned renovation and new investment projects.
- The enhancement of the position of the Group in the energy trading sector so that in the coming years it will be included in the country's leading providers.

Industry

Basic activity of the company began in 1974 with the manufacturing of nets materials, dominating the Greek market in the field and holding one of the top positions in the global market with all its activity being exported. The Group has three factories in Greece (Melidochori, Heraklion Industrial Area, Larissa) and one in Germany (Kusey) with a total annual production capacity of more than 25,000 tons, while it is also present in other countries such as Spain, Italy, the United Kingdom and Russia. Karatzi Group in its production units, produces raschel bags, crop baling, tubular nets, pallet netwraps, Christmas tree netting, display bags, meat processing nets, shade nets, as well as nets for the agricultural and livestock sectors and the construction industry, covering a wide range of needs.

Tourism

The company has been active in the tourism industry since the early 1980s. In 1985 the Group inaugurated a privately owned 5-star all-inclusive hotel, NANA BEACH, with a capacity of 1,400 beds, located on the Hersonisos of Crete. The hotel has 500 rooms, bungalows and suites. The company cooperates with major travel agencies abroad and offers high quality hospitality services to Greek and foreign visitors.

In April 2018, NANA PRINCESS, will commence its operations. NANA PRINCESS is a second privately-owned 5-star hotel, also located in the Hersonisos of Heraklion, possessing 112 luxurious rooms and suites.

Production of Electric Energy

With a strong sense of social responsibility and distinguishing the importance of protecting the environment, the Group could only invest in renewable energy, one of the fastest growing business sectors in the Greek and international economy. KARATZI Group is activated in the field of electricity production since 2010, with the construction of photovoltaic parks in Katerini, Larisa, Viotia, Kefalonia and Heraklion, with a total installed capacity of 15 MW.
The electricity produced is then sold to administrators of electric energy distribution to Interconnected Areas (OEM) and Non-Interconnected Islands (HEDNO).

Sale of Electric Energy

With the establishment of the Group's subsidiary, KEN SA, the Group added an additional sector to its portfolio, having distinguished the growth prospects of this particular sector. The company was founded on July 2016 and became operational on March 2017. Its headquarters are located in Heraklion, Crete. Within the first two years of its operation, KEN has achieved to enhance its position in the energy sector, experiencing a continuous increase in its client base, both households and enterprises. The company, with respect and responsibility towards household and corporate accounts, aims to establish its presence in the Greek market, within the next three years. Sustainable growth and respect towards the society and the environment, the provision of low cost high quality reliable services as well as the introduction of innovative ideas and services constitute the basic axes of KEN’s activity regarding its recognition as the most reliable and competitive energy provider, as well as for the creation of a powerful trust relationship with its clientele. The company possesses extended presence throughout Greece, with more than 300 points of sales all over the country. Through its strategic partnerships KEN manages to strengthen its position in the market on an ongoing basis.

CHAPTER B: Important events of fiscal year 2018

Commencement of operations of the hyper luxurious hotel Nana Princess: On early June 2018, the new hyper luxurious hotel of the parent company, Nana Princess, welcomed its first guests. This resort addresses itself to clients that desire to enjoy high caliber hospitality services. It comprises of 112 hyper luxurious rooms, suites and villas along with world class recreation and entertainment facilities, which include interior and exterior pools in the rooms, state of the art spa and gym as well as six different restaurants and bars. Total invested amount has exceeded 25 million euro.

Investment plan in wind energy: The company at the end of the year agreed to acquire the company "Aioliki Pnoi Aposkias LTD", which possesses a 9 MW capacity license to produce electric energy from a wind station.

Investments in industry: The company proceeded to the restructuring of the warehousing and packaging process, as within November 2018 it acquired building infrastructure in Heraklion Industrial Area, with a total covered surface of 5.000 square meters, on a 10.000 square meters plot, in order to respond to the increasing demand for its industrial products.

KEN activity: The subsidiary KEN during the second year of its operation in the electric energy retail trade sector, continued to record significant growth rates and to demonstrate notable increase in its financial figures. During these two years of operations, emphasis was placed upon the expansion of the sales network and on the company's establishment in the market. The result is deemed satisfactory since the above goals were mostly achieved.
KEN as a licensed company for the supply of electric energy has simoultaneusly the ability to sell energy to the 5 electrical interconnections of Greece with its neighboring countries. Within 2017, the company completed its registration to the bureaus for the allocation of transfer rights SEECAO, JAO, ESO, IPTO regarding the sale of energy to Albania, FYROM, Bulgaria and Turkey. Within 2018, the company was registered in the Italian energy exchange (GME – Gestore Mercati Energetici) as well as in the Italian System Administrator (TERNA), aiming at the optimum exploitation of opportunities in the interconnection of Greece and Italy. Finally, the company's registration in the European Energy Exchange (EEX), based in Leipzig Germany was also approved. This registration aims at the exploitation of opportunities in the area of energy financial contracts, contributing in this way in the company's shielding against price volatility.
The company's total turnover during FY 2018 exceeded 102 million euro. KEN today possesses more than 60.000 active connections. Moreover, the company possesses a license for the sale of natural gas.
Regarding infrastructures and within the context of better servicing the company's clientele, KEN established new offices in the center of Athens in order to house retail, sales and cross border trade departments.

Annual general assembly of the shareholders: The Annual General Assembly of the Shareholders of our company held on the 16th of June 2018 with a quorum of 87.18% (represented shares with voting rights: 12.798.382 out of 14.679.792) and the participation of 13 shareholders, decided the following:

1) Unanimously approved the annual financial statements for the period 1/1 to 31/12/2017 and the relevant Reports and Declarations by the Board of Directors and the Auditors.
2) Unanimously approved the distribution of profits for the fiscal year 2017, which provides for the non-distribution of a dividend.

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 to 31/12/2017.
4) Unanimously approved the Directors' remuneration for 2017 amounting to EUR 330,000.00 and preauthorized the amount of EUR 330,000.00 as Directors' remuneration for the period 1/1/2018 to 31/12/2018.
5) Unanimously elected the audit firm "Grand Thornton SA" for the regular and tax audit for the fiscal year 1/1-31/12/2018 and determined its remuneration to the 34,000.00 euro plus VAT.
6) Unanimously approved the amendment of article 1 of the Company's Articles of Association.
7) Unanimously approved the increase of existing corporate guarantees in bank credit agreements of the subsidiary KEN SA to the ALPHA BANK and EUROBANK. VIII. Unanimously approved the non-distribution of the formed reserves for the coverage of the company's contribution in investment projects included to the provisions of Investment Law 3908/2011 five years from the completion and commencement of the production operation of each investment.

CHAPTER C. Company and Group progress and performance

*For the assessment of financial data and changes, **we note the significant impact arising from the increase in KEN accounts** on the consolidated financial position and results for the year 2018. Indicative, the turnover of KEN in 2018 amounted to 102.3 million euro (2017: 18,1 million euro) and its total assets amounted to 30 million euro (2017: 10.9 million euro).*

Turnover: Consolidated sales during the fiscal year amounted to 182.606 thousand euro compared to 100.483 thousand euro during previous fiscal year, recording an increase of 81,7%. The sales increase was generated mainly from the energy sector, where a 83.435 thousand euro increase is being recorded due to the increase in the activity of the subsidiary KEN S.A. Industry sector sales reduced by 3.301 thousand euro or 5,1%. The hotel operation sector showed an increase by 1.990 thousand euro or 16,6%.

Sales	THE GROUP		Change	
	1.1-31.12.2018	1.1-31.12.2017	€	%
Industrial Activity	62,015,181	65,316,419	-3,301,238	-5.1%
Hotel	13,988,846	11,998,726	1,990,120	16.6%
Energy	106,602,319	23,167,716	83,434,602	360.1%
Total	**182,606,346**	**100,482,861**	**82,123,484**	**81.7%**

Sales	THE COMPANY		Change	
	1.1-31.12.2018	1.1-31.12.2017	€	%
Industrial Activity	51,900,833	54,113,397	-2,212,564	-4.1%
Hotel	13,988,846	11,998,726	1,990,120	16.6%
Energy	4,088,538	4,318,946	-230,408	-5.3%
Total	**69,978,217**	**70,431,069**	**-452,852**	**-0.6%**

Gross profits: The group's gross profits amounted to 28.023 thousand euro compared to 26.152 thousand euro of last year, recording a 7,2% increase. The increase of gross results is due to the improvement of the energy sector gross profits.

Gross Profit	THE GROUP		Change	
	1.1-31.12.2018	1.1-31.12.2017	€	%
Industrial Activity	15,712,545	16,187,069	-474,524	-2.9%
Hotel	1,693,783	3,138,955	-1,445,172	-46.0%
Energy	10,616,287	6,826,226	3,790,062	55.5%
Total	**28,022,616**	**26,152,250**	**1,870,365**	**7.2%**

Gross Profit	THE COMPANY		Change	
	1.1-31.12.2018	1.1-31.12.2017	€	%
Industrial Activity	14,500,538	14,963,378	-462,840	-3.1%
Hotel	1,693,783	3,136,727	-1,442,944	-46.0%
Energy production (photovoltaic)	2,697,216	3,031,331	-334,115	-11.0%
Total	**18,891,538**	**21,131,436**	**-2,239,899**	**-10.6%**

Gross Margin	THE GROUP		THE COMPANY	
	1.1-31.12.2018	1.1-31.12.2017	1.1-31.12.2018	1.1-31.12.2017
Industrial Activity	25%	24%	28%	26%
Hotel	26%	24%	26%	24%
Energy	29%	66%	70%	69%
Total	**26%**	**27%**	**30%**	**28%**

Selling and Administrative Expenses: Selling and administrative expenses amounted to 15.300 thousand euro for the group and 7.936 thousand euro for the company. As a percentage of sales, they reduced from 10,4% in 2017 to 8,4% of consolidated turnover in 2018 and increased from 10,3% to 11,3% for the company. The increase in cost is attributed mainly to sales commissions and third party fees due to the increase of the turnover of the subsidiary KEN.

Selling & Distribution Expenses	THE GROUP		THE COMPANY	
	1.1-31.12.2018	1.1-31.12.2017	1.1-31.12.2018	1.1-31.12.2017
Salaries	2,643,875	2,501,333	1,387,411	1,352,912
Trasportation and other expenses	4,698,205	4,433,465	3,510,855	3,766,657
Depreciation	462,485	348,575	318,548	238,952
Other expenses	7,495,841	3,153,468	2,719,407	1,922,240
Total	**15,300,406**	**10,436,841**	**7,936,220**	**7,280,762**

Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA): During 2018, group EBIDTA amounted, to 18.459 thousand euro compared to 21.284 thousand euro, during the corresponding period of the previous year, displaying a 13,3% decrease. The increase in gross results was counterbalanced by the increase in selling expenses, resulting to the reduction of EBIDTA.

Profit / (loss) before taxes: The consolidated profits before taxes amounted to 9.904 thousand euro compared to 24.139 thousand euro regarding the previous fiscal year. The reduction is mostly attributed to the investment results (profits) from the sale of the subsidiary STELLA POLARIS KRETA SA which are presented in the discontinued operations, as well as to reduced results of the energy and hotel sectors.

Profit after taxes: Profits after taxes for the Group as at 31 December 2018 amounted to 7.370 thousand euro compared to 16.644 thousand euro during the respective period last year.

Cash flows: Net cash flows from operations formed at 6.329 thousand euro for the group and 4.151 thousand euro for the company. The accomplishment of powerful operational cash flows contributed to self-financing a significant portion of the Group's investment plans.

Basic information on the statement of financial position:

- The acquisition cost of the group's assets for the current year shaped at 205.7034 thousand euro versus 182.764 thousand euro during 2017. Realized investments amounted 25.0 million euro, concerning mostly the new hotel unit Nana Princess, while depreciation remained unchanged if compared to the previous period.
- Inventories formed at 28.388 thousand euro from 25.632 thousand euro in 2017, marking an increase of 10,8%. The policy of increasing inventories constitutes a Management decision for the readjustment of safety stocks, order servicing as well as the total planning of the production process in the production units. Furthermore, part of the increase of the inventory of raw materials is due to the production capacity increase of the plant located in Heraklion Industrial Zone, already having taken place from the previous year, and to the fulfilment of the production process needs.
- The group's trade receivables increased to 19.192 thousand euro compared to 15.188 thousand euro during the previous year or by 26,4%. This increase is attributed to the increase in the activity of the subsidiary KEN.
- The group's other current assets amounted to 19.272 thousand euro versus 10.483 thousand euro during the previous fiscal year. This increase is mainly due to the increase in KEN's contractual receivables, which are depicted in a separate account in the balance sheet, according to IFRS 15, i.e. "Contractual Assets" amounting to 9.115 thousand euro.

- The Group's other short term liabilities increased to 16.861 thousand euro from 6.281 thousand euro mainly due to the increase in KEN's contractual liabilities, which are depicted in a separate account in the balance sheet, according to IFRS 15, i.e. "Contractual Liabilities" amounting to 7.754 thousand euro.
- The Group's trade payables shaped at 14.619 thousand euro over 10.971 thousand euro and are largely attributed to the increase in KEN's trade payables.
- The group's net debt amounts to 17.897 thousand euro from 1.568 thousand euro. The increase is due to new loans for the financing of the group's investments and specifically the investment of the new hotel Nana Princess.

Financial indicators: Both the financial balance and performance indicators of the Group, are evaluated as particularly positive. The reduction in EBITDA margin (EBITDA / Turnover) is due to the increase in KEN's turnover without the corresponding contribution of the subsidiary in the Group's EBITDA.

Key Ratios	31-12-18	31-12-17
Current Ratio (Current Assets / Short-term Liabilities)	1.65	2.17
Working Capital (Current Assets - Short -term Liabilities)	43,192,285	48,635,853
Average Inventory Period (Avg Inventory / Cost of goods sold)*365	168 ημέρες	161 ημέρες
Average Collection Period (Avg trade debtors / Sales)*365	34 ημέρες	49 ημέρες
Average Payment Period (Avg. Trade Creditors / Cost of goods sold)*365	80 ημέρες	55 ημέρες
Total Liabilities / Equity	76.4%	57.9%
Bank Liabilities / Equity	43.4%	30.6%

	31-12-18	31-12-17
EBITDA	18,458,664	21,284,363
Sales	182,606,346	100,482,861
EBITDA / Sales	10.1%	21.2%
Interest coverage (EBITDA / Financial results)	10.83	13.00

Alternative Indicators for Performance Measurement ("AIPM"):

These adjusted indicators are calculated using combinations of accounts from the financial statements and/or by subtracting from the financial indicators, which have been calculated using accounts from the annual financial statements, external or non-recurring events, in order for these indicators to become comparable throughout the fiscal years.

For the description of the Group's performance, the management evaluates EBITDA and leverage ratio.

EBITDA: EBIDTA represents an indicator depicting the operational profitability of the Group and is calculated as follows: Income before tax minus results from investments minus net financial cost the depreciation minus the proportion of the amortization of grants within the year.

EBITDA calculation	31-12-18
Total Debt	9,904,231
Minus	1,505,902
Depreciation	7,226,528
Amortization of grants	-177,997
EBITDA	**18,458,664**

Leverage ratio: This indicator is calculated by dividing net debt with total capital employed. As "net debt" is provided the sum loan obligations (long term and short term) minus cash and cash equivalents while "total capital employed" is the sum of owners' equity plus net debt.

	THE GROUP	
	31-12-18	31-12-17
Total Debt	57,735,187	38,382,356
Minus: Cash	39,838,519	36,814,001
Net Debt (a)	17,896,668	1,568,356
Total Equity	132,941,081	125,634,411
Total Capital Employed (b)	**150,837,749**	**127,202,766**
Leverage Ratio (a) / (b)	**12%**	**1%**

CHAPTER D. 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 577 thousand euro annually. The Company and the Group do not use financial derivative products for hedging. For the fiscal year that ended on 31 December 2018, the Group's average annual interest rate was approximately 3,55%.

Credit risk: The financial standing of the customers is continuously monitored by the Group's companies. Where appropriate, additional insurance coverage is required as a guarantee for the credit. The company as of January 1, 2018 has applied IFRS 9, using the simplified approach for the estimation of the expected credit losses from trade receivables and the calculation of provisions. The maximum exposure in credit risk on December 31, 2018 amounts to 72,6 million euro (including cash and cash equivalents).

Industry sector: It is noted that due to the exporting nature of the company there are no significant credit risk concentrations, except for one client whose receivable amounts 1.052.340 or approximately 5% in the total. For international customers the Company has insured credits, covering 80% of the value of the orders.

Hotel sector: There are no significant credit risk concentrations or high counterparty risk.

Energy sector: In the Energy sector there is a concentration of receivables regarding the customer "Administrator of Renewable Energy Sources and Guarantees of Origin" (former "Electricity Market Operator SA"). These receivables as at 31.12.2018 amounted to 1,9 million euro compared to 2,7 million euro in the previous year and represent 9,9% of the Group's trade receivables.

Regarding electric energy consumers, concentration risk is limited since the company's receivables come from a wide base of consumers (households and enterprises) and are adequately dispersed.

Counterparty risk is high, due to the size of the receivables, and it is statistically expected that credit losses will be incurred to a large number of customers regardless of the effectiveness of the policies implemented by the company. Credit risk increases:

- As the consumers' disposable income suffers from macroeconomic figures and taxation, direct or indirect or special which is related with charges in electric energy bills.
- As the cost of supplied electric energy from producers increases
- From the intensification of competition in the energy providers' sector

The group applies processes for the prevention and limitation of credit loss. More specifically:

- Evaluation of the customer's financial profile in every stage and mostly in the stage of its acceptance
- Reception of guarantees
- Connection of payments with credit cards and bank accounts
- Provision of consistency discount
- Ongoing monitoring of delays
- Termination of loss-making contracts

Liquidity risk: There is no liquidity risk since the Group has significant cash and cash equivalents and positive working capital. The Group's cash as at 31 December 2018, amounted to 39.839 thousand euro, whereas the Group's net working capital as at 31 December 2018 amounted to 43.192 thousand euro compared to 48.636 thousand euro during the previous fiscal year, while the current ratio formed to 1,65 (2017: 2,17).

Raw material price fluctuation risk: The Group is exposed to price fluctuation risk for polyethylene (PE), which is its main industrial raw material. As an oil derivative (ethylene) its price depends on oil prices as well as on the internationally shaped demand and supply for product. 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 1,4 million euro in the consumption cost, or an overall increase of industrial production cost by approximately 2,7% approximately.

Exchange rate risk: There is no significant exchange rate risk from trade transactions for the group and the parent company as most transactions are settled in euro. Foreign exchange risk is limited to the conversion of the financial position of the subsidiary Karatzis Russia, as well as the incorporation of the results of the associate Zeus Packaging Agri Ltd.

Electric energy price fluctuation risk (NOME): The subsidiary KEN participates in auctions regarding the purchase of electric energy (NOME), according to article 138 par. 1 Law 4389/2016 as in force. Within the context of this procedure there is price risk as well as cash flow risk.

Contractual & Regulatory risk: The Company is exposed to risks deriving from the nature of its activity and its operation within the state supervised energy market (production from RES and sale of electric energy).

Macroeconomic risk: The instability of the economic environment, the country's debt crisis as well as imposed capital controls resulted to the increase of the group's exposure to financial and operational risks. However, management deems that there are no essential repercussions in the group's activity and cash flows because of the group's extroversion and significant liquidity it possesses due to the improvements in capital limitations and economic climate. Despite that, macroeconomic variables to the extent that they affect the disposable income of households and businesses, that is to say, consumers of energy, influence the same the cash flows and the income of the subsidiary KEN and consequently the cash flows and the income of the Group.

Competition – Market conditions: The Greek energy market is governed by European legislation, according to which enterprises are not allowed to sell more than 50% of the energy produced and / or imported to Greece until 2020. PPC, as a traditional provider of electric energy, still holds the vast share of the Greek market. The number of available licenses in the Greek energy market is still limited. KEN has achieved significant growth rates and is included among the largest alternative providers. The company's market share increased from 0,27% in 2017 to 0,83% at the end of 2018. During 2019 a notable increase in turnover is expected because of the growth in connections and their performance on a twelve-month basis. Moreover, during the next year, the company will enter the natural gas market while a total increase in energy demand of approximately 2% is expected for Greece as a whole, after the collapse of the market during the years 2010-2015, with total demand shaping at circa 50,25 TWh.

CHAPTER E. Other non-financial information

I. ENVIRONMENT:

The Group applies strict, environmentally responsible guidelines in all phases of our production to reduce the Environmental Footprint (PEF), while it is simultaneously educating its workforce on the proper use of natural resources, energy and water consumption, as well as and waste management. It promotes recycling by recycling all production waste in each production unit. The headquarters of the company are part of the local community paper recycling program. Finally, the Group has applied the EN ISO 14001: 2004 environmental standard.

We provide practical support to institutions and organizations active in the protection of the environment, biodiversity and natural heritage such as:

- the Hellenic Society for the Protection of Nature
- the Foundation for Environmental Education. The Blue Flag Program
- the ARCHELON club
- the Legambiente ecological team

The Green Key Program

Green Key is a voluntary ecological quality label for tourist facilities which promote sustainable tourism development, and which aims to help reduce climate change by awarding and advising on facilities that take proper initiatives. The Green Key was launched in Denmark in 1994 and was adopted by the Environmental Education Foundation in 2002. Since then, it has spread to 12 countries and continues to expand. The Green Key educates and empowers tour operators, including businesses, authorities, visitors and local communities, to change unsustainable behaviours and to make a significant contribution to protecting the environment.

II. LOCAL COMMUNITY:

Respect for community

The Group supports various programs of noble purpose, events and initiatives, trying to add our share of responsibility to issues related to education, environmental protection, culture, sports and the work of Non-Governmental Organizations.

We consider our participation in various public organizations, citizens’ organizations and initiative associations organizations, as an ongoing voluntary collaboration. The Group's contribution focuses mainly on developing cooperation, exchanging information, resources and skills, while at the same time is facilitating the awareness of support for less favoured social groups, the promotion of culture and sports, the protection of the environment and the upgrading of equal opportunities in a wide variety of fields. KARATZI Group is an active supporter of the work of distinguished institutions (Action Aid, Medecins sans Frontiers, Cretan Animal Welfare Group, MERIMNA, 18 & above, Hellenic Red Cross, Hellenic Cancer Society etc.).

KARATZI SA blood bank

The company with solidarity to the fellow human as its first concern, organizes twice per year voluntary blood donation. The company’s blood bank is accessed by blood donors and people in need of help.

III. LABOR:

We are proud that our Group is considered to be a source for the enhancement of employment and economic growth in the communities in which we operate. Our strategy regarding hiring local people and using local businesses in our day-to-day activities is part of the strong network of long-term partnerships that underline our business success and constitute a cornerstone of our investment in society.

The Group's approach to issues related to labor and respect to human rights, emphasizes the following areas:

- Health and safety
- Staff selection, recruitment procedures, non-discrimination in the workplace
- Continuous employee training
- Development of evaluation & reward systems

CHAPTER F. Important transactions with related parties

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

Subsidiaries

- KEN PRODUCTION AND TRADE OF ENERGY PRODUCTS SA, with headquarters in Heraklion Crete which is wholly owned by KARATZIS S.A.
- MESHPACK GMBH with headquarters in Kusey, Germany, 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 90%.
- 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, owned by KARATZIS S.A. by 51%.
- KARATZIS RUSSIA LTD, with headquarters in Krasndar Russia, 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.
- Spareal PPC, with headquarters in Heraklion Crete which is owned by KARATZIS S.A by 50%.
- KKX MARKET PPC, with headquarters in Heraklion Crete which is owned by KARATZIS S.A by 50%.
- Karmyl PPC, with headquarters in Heraklion Crete which is owned by KARATZIS S.A by 50%.

Other related parties

- PLUSPACK S.A., with headquarters in the Heraklion Industrial Zone, in which Antonios 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.
- AK GRAFF S.A., with headquarters in the Heraklion Industrial Zone, in which major shareholder and member of the board is Antonios Karatzis (Chairman of the BoD, CEO and main shareholder of KARATZIS S.A.).
- 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 fiscal year 2018, as well as the balances of receivables and liabilities as at 31 December 2018, are presented below (amounts expressed in Euro):

Company	Sales	Purchases / Expenses	Receivables	Liabilities
MESHPACK	406,899	25,884	183,396	-
CROPPY SOLUTIONS	806,604	-	144,702	-
KARATZIS RUS LTD	542,891	6,797	2,568	-
KARATZIS ITALIA	140,711	270,020	185,769	26,637
KARATZIS ENERGY	2,645	-	-	-
KEN SA	4,413	1,590,536	5,472	110,765
ZEUS PACKAGING AGRI LTD	1,032,497	-	-	-
Other related parties	416,095	315,464	60,239	-
		Compensation	Receivables	Liabilities
BoD members and Directors		875,968	12,581	9,001

Group	Sales	Purchases / Expenses	Receivables	Liabilities
Other related parties	1,742,198	342,329	641,172	111,111
		Compensation	Receivables	Liabilities
BoD members and Directors		1,086,790	15,067	27,687

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, which amounted to 406,9 thousand euro.
- The income of MESHPACK GMBH from KARATZIS S.A. was generated mostly from the sale of products.
- The income of KARATZIS S.A. from CROPPY SOLUTIONS S.L. concerns product sales of 806,6 thousand euro.
- The income of KARATZIS S.A. from KARATZIS ITALIA SRL pertain to the sale of products amounting to 140,7 thousand euro.
- The income of KARATZIS S.A. from KARATZIS RUSSIA LTD pertain to the sale of products amounting to 542 thousand euro.
- 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 produced by PLUSPACK S.A. (plastic garbage bags).

CHAPTER G. Corporate Governance Declaration of Law 3873/2010

I. Reference to Corporate Governance Code, which the company is subject or which it has voluntarily decided to apply, and the place where the relevant text is available.

According to decision no 09/19.03.2012 issued by the BoD, the company has adopted a Corporate Governance Code, which is posted on the company's site at: CORPORATE GOVERNANCE CODE

The corporate governance code of KARATZIS S.A. focuses on the implementation of optimum governance practices, in order to achieve the company's long-term goals on growth and profitability, as well as the satisfaction and information of all stakeholders regarding the environment in which the company is governed and controlled.

The company's Corporate Governance Code follows legislation, as established by several Laws, such as Law 3016/2002 'On corporate governance, remuneration issues and other provisions', which specifies the definitions and requires the existence of executive and non-executive members of the Board of Directors, as well as the drafting of an internal operation regulation by the Board of Directors, Law 3693/2008' 'Harmonisation of Greek legislation with Directive 2006/43/EC on statutory audits on annual and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and the repealing of Council Directive 84/253/EEC and other provisions', which requires the establishment of an audit committee, Law 3873/2010 'Incorporation into the Greek legal order the Directive 2006/46/EC of the European Parliament and of the Council regarding the annual and consolidated accounts of certain types of companies and Directive 2007/63/EC of the European Parliament and of the Council as regards the requirement of an independent expert's report on the occasion of merger or division of public limited liability companies' which outlines the obligation to include a summary in the corporate governance declaration of the BoD's annual report and the main sections that the said report must include.

II. Reference to practices applied by the company beyond the requirements under national law and the place where they have been published.

The company is applying the minimum requirements of Greek legislation that forms the Greek corporate governance framework. The said minimum requirements have been incorporate in the Corporate Governance Code that has been adopted.

III. Description of the main features of the company's internal control and risk management systems in relation to the financial reporting process.

The main features of the internal control and risk management systems applied by the Company in relation to the financial reporting process are as follows:

- The financial department has been staffed with adequate personnel, well trained in their field of expertise and who are provided constant training depending on the company's needs.
- Existence of recorded and updated procedures regarding the identification of financial events and their recording in the company's books, pursuant to the provisions of the International Financial Reporting Standards.
- Existence of software safety procedures. Access to authorised users through personal passwords, only to application relevant to their field of work.

- Adoption of a single financial reporting method by the group's companies and dispatch of monthly financial information by the subsidiaries.
- Regular communication between the Independent Chartered accountants and Management.
- Regular meetings are carried out to confirm and record important estimates that may affect the financial statements.
- Existence of risk management methodology and documentation of its implementation, as well as the presentation of risk management results to the company's senior management.
- Annual evaluation of the internal control and risk management system adopted in order to issue the financial statements by the BoD, upon recommendation by the Audit Committee.

IV. Information required by Article 10(1), points (c), (d), (f), (h) and (i) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids where the company is subject to that Directive.

No takeover bids or public offerings were made during this fiscal year.

V. Information on the operation of the shareholder meeting and its key powers, and a description of shareholders' rights and how they can be exercised.

The Company's general shareholders Meeting is convened pursuant to the respective provisions of Law 2190/1920 as in force, as well as the special practices of the Company's Corporate Governance Code.
The method in which the general shareholder meeting operates, its key powers as well as the shareholder rights and how they are exercised are listed in Articles 10-19 of the Company's Statute, which is posted on the company site at: http://www.karatzis.com/upload_images/Investors/corporate%20governance/statute.pdf

VI. The composition and operation of the Board of Directors and any other company administrative, management or supervisory bodies or committees.

The Board of Directors and its independent members have been elected under the minute 20/20.06.2017 as follows:

Executive Members of the BoD

1. Antonios Karatzis, son of Miltiadis – BoD Chairman & Chief Executive Officer
2. Athina Miltiadis Karatzis – BoD Vice-Chairman
3. Maria Karantzis, daughter of Miltiadis – Chief Executive Officer,
4. Konstantinos Archodakis, son of Leonidas – Executive Member
5. Ilias Kalathas, son of Anastasios – Executive Member

Non-Executive Members of the BoD

6. Eleftherios Antonakakis, son of Konstantinos – Non-executive member
7. Iason Papastefanakis, son of Emmanouil – Independent non-executive member
8. Fanourios Zampetakis, son of Michael – Independent non-executive member
9. Georgios Veneris, son of Vasileios – Independent non-executive member

The term of the above Board of Directors will be five years in accordance with the provision of Article 20 § 3 of the Articles of Association and as such will expire on 17 June 2022 and will be extended until the Ordinary General Meeting of the year of exit.
Brief CVs of the BoD members are posted on the Company's site www.karatzis.com.

The BoD must exercise its leadership in an effective manner and manage corporate affairs to the benefit of the company and its shareholders, guaranteeing that Management is applying the company's strategy. It must also guarantee a fair and equal treatment of all shareholders, including minority and foreign shareholders.
While exercising their duties, the BoD must take into consideration the members who have vested interest in the company, such as customers, creditors, employees and social groups affected by the company's operation, to the extent that it does not conflict with the company's interest. The BoD's main non-granted responsibilities (in the sense that such decision-making requires the prior consent of the BoD or in case of an emergency a renewed ratification by the BoD), should include:

- The approval of long-term strategy and operational goals of the company,
- The approval of the annual budget and business plan, as well as decision-making for major capital expenses, takeovers and sales,
- The option, when necessary, to replace the company's executive authority, as well as supervise its succession planning,
- Control over senior management performance and harmonisation of senior management remuneration with the long-term interests of the company and its shareholders,
- Guarantee the reliability of the company's financial statements and information, financial information systems, and data and information that become public, as well as ensure the effectiveness of the internal audit and risk management systems,
- Alertness, regarding existing and potential conflicts of interest between the company, on the one hand, and its Management, BoD members or main shareholders on the other (including shareholders with direct or indirect power to form or affect the BoD's composition and behaviour), as well as the appropriate treatment of such conflicts; to that purpose the BoD should adopt a transaction supervision process that is based on transparency and protecting its corporate interests,
- Guarantee the existence of an effective corporate regulatory compliance procedure,
- Responsibility of making the respective decisions and monitoring the effectiveness of the company's management system, including decision-making procedures and appointment of powers and responsibilities to other executives, and
- Expression, dissemination and application of the company's basic values and principles that govern its relations with all parties, whose interests are associated with those of the company.

The remuneration of the BoD members is approved by the Annual Ordinary Shareholders Meeting, which also pre-approves the remuneration for the next fiscal year.
The BoD should convene with the necessary frequency so that it can exercise its duties effectively. The information provided to the BoD by the Management should be up-to-date so that it has the ability to react effectively to the responsibilities derived from its duties. Specific operation regulations for the BoD do not exist as the provisions in the Company's statute (Articles 20 – 28) are deemed adequate for the BoD's organisation and operation.

For fiscal year 2018, the Company's BoD convened 66 times.

The BoD operations are supported by the Audit Committee, which is appointed during the General Shareholders Meeting (Article 37, Law 3693/2008) and indicatively has the following obligations:

- To monitor the financial information procedure,
- To monitor the effective operation of the internal control and risk management systems, as well as to monitor the proper operation of the internal auditors' unit of the entity under control,
- To monitor the progress of the mandatory audit of company and consolidated financial statements,
- To review and monitor matters relevant to the existence and preservation of the objectivity and independence of the statutory auditor or auditing firm, especially when the entity under control is provided other services by the statutory auditor or auditing firm.

The Audit Committee consists of: Iason Papastefanakis, son of Emmanouil (chairman) Eleftherios Antonakakis, son of Konstantinos, Alexandros Kotsifakis son of Panagiotis. For fiscal year 2018, the committee convened three (3), and all its members were present.

VII. Deviations from the Corporate Governance Code and explanations. Special provisions of the Code not applied by the Company and explanation why they were not applied.

First of all, through this declaration the Company confirms that it is applying precisely, and without deviation, the provisions set out by Greek legislation (Codified Law 2190/1920, Law 3016/2002 and Law 3693/2008), which describe the minimum requirements that must be met by any Greek Corporate Governance Code (GCGC), applied by a Company, whose shares are listed in an organised market. The said minimum requirements are incorporated in the Greek Corporate Governance Code which was adopted by the company by BoD Decision no 09/19.03.2012. Currently there are certain deviations (including non-application) for which deviations there is a short analysis as well as an explanation of the reasons why these deviations exist.

Specifically:

- Regarding the BoD's role and duties:

a) The Board of Directors has not documented the roles of the BoD and Managements (in its statute and internal regulation or other internal documents) – A.I (1.1.)

b) A clear policy has not been adopted regarding the assignment of powers from the BoD to management, including a list of issues for which the BoD must take decisions. - A.I (1.1)

c) No committees for the remuneration of BoD members and senior executives, as well as the submission of BoD candidacies have been established – A.I (1.2)

- Regarding the BoD Chairman's role and necessary capacities:

a) The BoD does not appoint an independent Vice-Chairman if the Chairman and the CEO is the same person, or in the event of an Executive Chairman. - A.III (3.3)

b) She/he do not specify the duties of the independent Vice-Chairman – A.III (3.4a)

- Regarding the duties and behaviour of BoD members

The BoD has not adopted any policies governing conflict of interest issues between its members or persons to whom the BoD has delegated some of its powers and the company and its subsidiaries or any policies regarding information confidentiality in the framework of the company's internal regulations. Also, they have not adopted procedures that provide early warning and adequate disclosure to the BoD on conflict of interest between its members for transactions between related parties or other contingent conflict of interest with the company or its subsidiaries – A.IV (4.2)

- Regarding the nomination of candidate BoD members:

The Company has not deemed necessary the creation of a committee that will nominate candidate BoD members A.V (5.4, 5.5, 5.6, 5.7, 5.8)

- Regarding the BoD's operation in general:

a) The BoD does not have a specific operation regulation, nor has it adopted a meeting calendar or 12-month action plan A.VI (6.1)

b) We do not have any introductory programs for new BoD members or non-stop education programs A.VI (6.5)

c) The BoD does not provide regular information on business developments and important risks, understanding of legislation and market environment, through contacts with the company's executives. A.VI (6.6)

- Regarding the BoD's evaluation:

a) There is no evaluation procedure for the BoD as a collective body every two years in order to take measures to deal with failures, as well as personal evaluation of the Chairman – A.VII (7.1)

b) The non-executive BoD members do not convene regularly without the presence of the executive members, in order to evaluate the performance of the latter and to determine their remuneration. - A.VII (7.2).

- Regarding the Internal Audit System:

a) The audit committee does not convene 4 times a year as stipulated – B.I (1.6).

b) The Audit Committee's duties are not specified in writing in its operating regulations – B.I (1.7)

- Regarding the level and structure of remuneration:

No committee on BoD member remuneration has been established, nor is there a competent body that undertakes such duties – C.I (1.6 & 1.7).

CHAPTER H. Explanatory report regarding the information of Article 4, paragraph 7, Law 3556/2007

a. Company share capital structure

The share capital of KARATZI S.A. currently amounts to 24,662,051 euro, which is fully paid and divided into 14,679,792 common registered shares with a nominal value of 1.68 euro each. All company shares are listed in the Athens Exchange.

b. Restrictions to company share transfers.

There are no limitations governing company share transfers.

c. Significant direct and indirect shareholdings within the meaning of Articles 9 to 11 of Law 3556/2007.

The important direct or indirect participation in the company's share capital as defined in the provisions of Articles 9 to 11 of Law 3556/2007, as at 31 December 2017 are as follows:

S/N	SHAREHOLDER'S NAME	NUMBER OF SHARES	PERCENT
1	Antonios Karatzis, son of Miltiadis	6,480,204	44.14%
2	Maria Karatzis, daughter of Militiadis	5,643,204	38.44%

d. Shares granting special control rights.

There are no shares that grant special control rights.

e. Restrictions on the right to vote.

The company's statute does impose any restrictions on the right to vote.

f. Agreements between shareholders that are known to the company, which may result in restrictions on share transfers or voting rights.

To the company's knowledge there are no agreements between shareholders, which impose restrictions on share transfers or the right to vote.

g. Rules governing the appointment and replacement of BoD members and the amendment of the Stature that are different from those stipulated in Codified Law 2190/1920.

The rules on the appointment and replacement of company BoD members and the amendment of the company's Statute are not different from those stipulated in Codified Law 2190/1920.

h. The responsibility of the Board of Directors or certain of its members to issue new shares or purchase own shares pursuant to Article 16 of Codified Law 2190/1290.

The BoD is responsible for share capital increases through the issuance of new shares, as per the provisions and restrictions of Article 13 of Codified Law 2190/20.

The Board of Directors or certain members of the Board of Directors do not have special responsibilities regarding the purchase of own shares, pursuant to Article 16 of Codified Law 2190/1290.

i. Any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company, following a public offering and the effects thereof.

No such significant agreement exists, to which the company is a party, and which takes effect, alters or terminates upon change of control of the company, following a public offering.

j. Any agreement between the company and its BoD members or employees providing for compensation, if they resign or are made redundant, without valid reason, or if their employment ceases because of a public offering.

There are no agreements between the company and its BoD members or employees providing for compensation, if they resign or are made redundant, without valid reason, or if their employment ceases because of a public offering.

It should be noted that as of January 1, 2019 the provisions of Law 4548/2018 Reformation of the law of societes anonyms (new law on societes anonyms), has been set in force. Concerning the above issues, there are no substantial differentiations with the provisions of the new law.

CHAPTER I. Data and estimates regarding the progress of group activities

- The group's industrial activity in terms of turnover is expected to remain at the same levels compared to FY 2017. The Management plans a new investment in the Larissa factory for the production of twine for crop baling, with a budget of 4 million euro. This product is similar to crop baling nets and it is considered that through the group’s extended sales network, the growth of this product will be promoted rapidly. The group’s immediate operational planning includes the further development of the Polish market, which represents a dynamic market for the group’s products.
- In the hotel sector industry during 2019, the total turnover is expected to increase mainly due to the full operation of the Nana Princess hotel complex, while the management’s goal is to keep Nana Beach's turnover at last year's high levels.

  Nana Princess is in the 2nd year of operation and provides high-standard hotel services. The pursuit of group management is Nana Princess establishment as one of the best hotels in Greece.

  With regard to the Nana Beach Hotel, the first phase of the investment plan was completed, which included the radical renovation and energy upgrade of 200 rooms and other communal areas. The second phase of the renovation of 200 more rooms, restaurants and swimming pools will be implemented in the next winter season. The renovation of the Nana Beach Hotel, which will be completed in two phases, has a total budget of 15 million euros and is expected to be subject to the provisions of Law 4399/2016. The management after this renovation and total upgrading of the hotel will seek to establish it with a new name and services on a significantly higher level.

  Through the participation in significant exhibitions in Cannes, London, Moscow and Berlin, the brand name of the group’s hotels is built and gradually being upgraded.

  Finally, the group examines and evaluates investment proposals in the tourism sector in existing hotel units or the development of new units in popular tourist destinations in Greece.

- Regarding the energy production sector, the turnover of the photovoltaics sector depends on weather conditions. However, during 2019 notable changes are not expected in comparison to 2018.
- KARATZI Group's investment planning in the energy sector includes the completion of licensing procedures for two wind farms with a capacity of 3 MW each. In addition, the group invests in the solar power sector by submitting licenses of photovoltaic stations with a total installed capacity of 100 MW in central Greece, with a total budget of 55 million euro. In the context of future developments in European energy planning, KARATZI Group has filed an application for a power generation license for a thermal power plant with combined cycle technology using natural gas as fuel, with a capacity of 660 MW. The amount of the investment is estimated at 370 million euro.

  Finally, within 2019, licenses will be received for both wind farms and PV parks in order to participate in the tender process and the implementation of the projects will take place in 2020. Generally, the Group intends to strengthen its position in RES by making new investments.

- Regarding the electric energy retail trade sector, in which the subsidiary KEN SA is activated, it is noted that the growth rate of the company's operations is quite satisfactory. Connections are progressing to a satisfactory level, with the increase of associates and new promotional packages. It is expected by the end of 2019 that the connections will exceed the amount of 90,000. Additionally, the development of new franchise stores is evolving fast and is expected to reach 35 stores by the end of the year. On 17/04/2019, the second NOME auction of FY 2019 was completed, with 355 MWh / h sold, with an average price of EUR 54,74 per MWh / h.

- At the Athens Administrative Court of Appeal, an appeal was lodged and expected to be trialed within May 2019 an appeal regarding a lawsuit of the parent company against the Greek State. With this lawsuit the parent company claims from the Greek State the amount of EUR 3 million relating to the interest on the unduly paid grant amount of a realized investment. The return of the grant was ordered from 54490 / NN 365 / N. 1892/90 / 24.7.2001 decision of the Deputy Minister of National Economy and was canceled by virtue of decision 3582/2010 of the Council of State.
- In the framework of the implementation of its investment plan, Karatzi SA proceeded to the issuance of two common bond loans, which were fully covered by the National Bank of Greece. The first, amounting to 10.090.200 euros, will finance the investment of the modernization of the Nana Beach Hotel, while the second, amounting to 12.400.000 euros, will be used to cover investment projects mainly in renewable energy sources.

CHAPTER J. Profit Distribution Proposal

The part of the profits of FY 2018, intended to form tactical reserve and for the formation of other reserves, are presented in the following table.

The decision regarding the distribution of dividend for FY 2018, will be taken during the annual shareholders' meeting. In case that a dividend is distributed, the amount will be deducted from retained earnings.

	2018
Total Comprehensive Income after Tax	**7,330,948.02**
Statutory reserve	366,547.40
Formation of Reserves:	
Tax free reserve (grant) Law 3299/2004	101,858.86
Balance of Retained Earnings	**6,862,541.76**

Heraklion**, 25 April 2019**

The Board of Directors

The Chairman of the BoD and CEO
Antonios Karatzis

D. Annual Financial Statements for the period from 1 January to 31 December 2018

STATEMENT OF FINANCIAL POSITION (consolidated and parent company)

Amounts in euro

	Note	The Group		The Company	
Assets		31-12-18	31-12-17	31-12-18	31-12-17
Non current assets					
Property, plant and equipment	5	121,620,197	105,629,946	109,932,926	93,193,187
Intangible fixed assets	4	1,589,370	1,572,488	276,922	226,451
Investments in subsidiaries	6	-	-	9,717,159	9,717,159
Investments in affiliates	7	473,101	344,157	65,125	125
Deferred tax receivables	18	398,371	332,173	-	-
Other non current assets	8	366,645	232,640	231,000	472,499
		124,447,684	**108,111,403**	**120,223,133**	**103,609,420**
Current Assets					
Inventory	9	28,387,595	25,631,516	25,197,897	22,056,879
Trade receivables	10	19,192,236	15,187,836	6,146,050	10,088,140
Contractual assets	11	9,114,562	-	-	-
Other current assets	12	10,157,002	10,482,873	7,695,640	6,582,006
Prepayments	13	3,359,963	2,075,316	603,312	390,636
Investments for trade	14	30,000	30,049	30,000	30,000
Cash and cash equivalents	15	39,838,519	36,814,001	35,155,614	34,657,644
		110,079,877	**90,221,591**	**74,828,513**	**73,805,306**
Total Assets		**234,527,561**	**198,332,994**	**195,051,646**	**177,414,726**
Equity & Liabilities					
Equity					
Share capital	16	24,662,051	24,662,051	24,662,051	24,662,051
Other reserves	17	64,803,393	62,964,675	63,705,050	62,798,473
Retained earnings		43,362,911	38,173,996	39,725,838	33,467,914
Equity attributable to shareholders of the parent		132,828,355	125,800,722	128,092,938	120,928,438
Non controlling interests		112,726	(166,311)	-	-
Equity		**132,941,081**	**125,634,411**	**128,092,938**	**120,928,438**
Non current liabilities					
Long term debt	18	26,219,726	22,414,411	25,091,640	19,749,540
Deferred tax liability	19	4,355,907	5,019,906	4,141,117	4,612,682
Other provisions	20	804,311	637,400	668,011	600,000
Financial contracts		328	32,722	-	-
Employee benefits	21	900,824	914,164	869,876	894,521
Other non current liabilities	22	2,417,791	2,094,241	977,687	1,049,115
Total non Current Liabilities		**34,698,888**	**31,112,845**	**31,748,331**	**26,905,858**
Current Liabilities					
Trade and other payables	23	14,618,800	10,970,558	6,611,741	9,530,678
Short term debt	18	28,761,630	13,747,231	22,219,349	9,336,452
Current portion of long term debt	18	2,753,831	2,220,714	2,356,924	1,489,173
Current portion of financial contracts		-	9,343	-	-
Tax liabilities	24	3,891,989	8,356,914	3,142,093	7,771,867
Contractual liabilities	25	7,753,871	-	-	-
Other current liabilities	26	9,107,471	6,280,978	880,270	1,452,258
Total Current Liabilities		**66,887,592**	**41,585,738**	**35,210,376**	**29,580,429**
Total Liabilities		**101,586,480**	**72,698,583**	**66,958,708**	**56,486,287**
Total Equity and Liabilities		**234,527,561**	**198,332,994**	**195,051,646**	**177,414,726**

STATEMENT OF COMPREHENSIVE INCOME
(consolidated and parent company)

Amounts in euro

	Note	THE GROUP						THE COMPANY					
		1/1 - 31/12/2018			1/1 - 31/12/2017			1/1 - 31/12/2018			1/1 - 31/12/2017		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Sales	3	182,606,346	-	182,606,346	100,482,861	-	100,482,861	69,978,217	-	69,978,217	70,431,069	-	70,431,069
Cost of Sales	27	(154,583,730)	-	(154,583,730)	(74,330,611)	-	(74,330,611)	(51,086,679)	-	(51,086,679)	(49,299,632)	-	(49,299,632)
Gross Profit		**28,022,616**	**-**	**28,022,616**	**26,152,250**	**-**	**26,152,250**	**18,891,538**	**-**	**18,891,538**	**21,131,436**	**-**	**21,131,436**
Administrative expenses	27	(3,727,823)	-	(3,727,823)	(3,367,079)	(7,322)	(3,374,401)	(3,112,176)	-	(3,112,176)	(2,791,540)	-	(2,791,540)
Distribution expenses	27	(11,572,584)	-	(11,572,584)	(7,062,440)	-	(7,062,440)	(4,824,045)	-	(4,824,045)	(4,489,222)	-	(4,489,222)
Other income	28	974,191	-	974,191	452,001	-	452,001	576,700	-	576,700	302,890	-	302,890
Other expenses	28	(2,286,267)	-	(2,286,267)	(1,310,879)	-	(1,310,879)	(603,571)	-	(603,571)	(1,122,462)	-	(1,122,462)
Earnings before interest and taxes		**11,410,134**	**-**	**11,410,134**	**14,863,853**	**(7,322)**	**14,856,531**	**10,928,446**	**-**	**10,928,446**	**13,031,103**	**-**	**13,031,103**
Profit (Loss) from affiliate firms	7	63,944	-	63,944	73,915	-	73,915	-	-	-	-	-	-
Investment results	29	133,995	-	133,995	9,817	10,836,377	10,846,194	133,995		133,995	24,229	10,836,377	10,860,606
Financial income	30	125,871	-	125,871	14,410	-	14,410	12,206	-	12,206	28,050	-	28,050
Financial expenses	30	(1,829,713)	-	(1,829,713)	(1,651,793)	-	(1,651,793)	(1,390,473)	-	(1,390,473)	(1,333,117)	-	(1,333,117)
Earnings before taxes		**9,904,231**	**-**	**9,904,231**	**13,310,201**	**10,829,055**	**24,139,256**	**9,684,174**	**-**	**9,684,174**	**11,750,265**	**10,836,377**	**22,586,641**
Deferred tax	19	621,366	-	621,366	310,029	-	310,029	420,493	-	420,493	752,966	-	752,966
Income tax of previous year	31	26,714	-	26,714	-	-	-	26,714		26,714	-	-	-
Income tax	31	(3,182,295)	-	(3,182,295)	(4,662,340)	(3,142,549)	(7,804,889)	(2,841,846)	-	(2,841,846)	(4,351,288)	(3,142,549)	(7,493,837)
Profit after taxes (A)		**7,370,016**	**-**	**7,370,016**	**8,957,891**	**7,686,506**	**16,644,396**	**7,289,537**	**-**	**7,289,537**	**8,151,943**	**7,693,827**	**15,845,770**
Group consolidation differences	7	(23,154)	-	(23,154)	(26,070)	-	(26,070)	-	-		-	-	-
Actuarial income (expenses) to the statement of comprehensive income	21	58,326	-	58,326	-	-	-	58,326	-	58,326	-	-	-
Deferred taxation on comprehensive income		(16,915)	-	(16,915)	-	-	-	(16,915)	-	(16,915)	-	-	-
Other Comprehensive Income (B)	32	**18,257**	**-**	**18,257**	**(26,070)**	**-**	**(26,070)**	**41,411**	**-**	**41,411**	**-**	**-**	**-**
Total comprehensive income after taxes(A+B)		**7,388,273**	**-**	**7,388,273**	**8,931,821**	**7,686,506**	**16,618,327**	**7,330,948**	**-**	**7,330,948**	**8,151,943**	**7,693,827**	**15,845,770**
Profit attributable to:													
Shareholders of the parent company		7,507,479	-	7,507,479	9,226,296	7,686,506	16,912,802	7,289,537	-	7,289,537	8,151,943	7,693,827	15,845,770
Non controlling interests		(137,463)	-	(137,463)	(268,406)	-	(268,406)	-	-	-	-	-	-
Total comprehensive income attributable to:													
Shareholders of the parent company		7,525,736	-	7,525,736	9,200,227	7,686,506	16,886,733	7,330,948	-	7,330,948	8,151,943	7,693,827	15,845,770
Non controlling interests		(137,463)	-	(137,463)	(268,406)	-	(268,406)	-	-	-	-	-	-
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	14,679,792	14,679,792	14,679,792
Basic earnings per share in €	33	0.5021		0.5021	0.6102	0.5236	1.1338	0.4966	-	0.4966	0.5553	0.5241	1.0794
Summary of result of the period													
Earnings before interest and taxes		**11,410,134**	**-**	**11,410,134**	**14,863,853**	**(7,322)**	**14,856,531**	**10,928,446**	**-**	**10,928,446**	**13,031,103**	**-**	**13,031,103**
Earnings before interest, taxes, depreciation and amortization		**18,458,664**	**-**	**18,458,664**	**21,291,684**	**(7,322)**	**21,284,363**	**16,910,244**	**-**	**16,910,244**	**18,487,601**	**-**	**18,487,601**
Earnings before taxes		**9,904,231**	**-**	**9,904,231**	**13,310,201**	**10,829,055**	**24,139,256**	**9,684,174**	**-**	**9,684,174**	**11,750,265**	**10,836,377**	**22,586,641**
Earnings after taxes		**7,370,016**	**-**	**7,370,016**	**8,957,891**	**7,686,506**	**16,644,396**	**7,289,537**	**-**	**7,289,537**	**8,151,943**	**7,693,827**	**15,845,770**
Taxes		**(2,560,930)**	**-**	**(2,560,930)**	**(4,352,311)**	**(3,142,549)**	**(7,494,860)**	**(2,421,352)**	**-**	**(2,421,352)**	**(3,598,322)**	**(3,142,549)**	**(6,740,871)**
Financial results		**(1,703,841)**	**-**	**(1,703,841)**	**(1,637,384)**	**-**	**(1,637,384)**	**(1,378,267)**	**-**	**(1,378,267)**	**(1,305,067)**	**-**	**(1,305,067)**
Investments results		**197,939**	**-**	**197,939**	**83,732**	**10,836,377**	**10,920,108**	**133,995**	**-**	**133,995**	**24,229**	**10,836,377**	**10,860,606**
Depreciation		**(7,226,528)**	**-**	**(7,226,528)**	**(6,619,647)**	**-**	**(6,619,647)**	**(6,083,657)**	**-**	**(6,083,657)**	**(5,570,786)**	**-**	**(5,570,786)**
Non operating foreign exchange differences		**(23,154)**	**-**	**(23,154)**	**(26,070)**	**-**	**(26,070)**	**-**	**-**	**-**	**-**	**-**	**-**
Grants attributable to the fiscal year		**177,997**	**-**	**177,997**	**191,816**	**-**	**191,816**	**101,859**	**-**	**101,859**	**114,288**	**-**	**114,288**

STATEMENT OF CHANGES IN EQUITY (THE GROUP)

	Note	Consolidated Attributable to the shareholders of the parent						
		Share capital	Share premium	Total reserves	Retained earnings	Total	Non controlling interests	Total equity
Opening balance January 1, 2018		**24,662,051**	**19,993,151**	**42,971,524**	**38,173,996**	**125,800,722**	**(166,311)**	**125,634,411**
Effect from the application of IFRS 9		-	-	-	(308,448)	(308,448)	-	(308,448)
Reformed equity on the beginning of the period 1/1/2018		**24,662,051**	**19,993,151**	**42,971,524**	**37,865,548**	**125,492,274**	**(166,311)**	**125,325,962**
Total comprehensive income for the period(cont. oper.)		-	-	-	7,525,736	7,525,736	(137,463)	7,388,273
Total comprehensive income for the period(discon. oper.)	40	-	-	-	-	-	-	-
KARATZIS Italia loss offset		-	-	849,999	(599,999)	250,000	-	250,000
KARATZIS Italia loss offset / minority		-	-	-	(416,500)	(416,500)	416,500	-
Formation of reserves	17	-	-	973,326	(973,326)	-	-	-
Foreign exhange differences			-	19,337	(42,492)	(23,154)	-	(23,154)
Total changes for the period		-	-	1,842,662	5,493,419	7,336,081	279,037	7,615,119
Closing balance December 31, 2018		**24,662,051**	**19,993,151**	**44,814,186**	**43,358,967**	**132,828,355**	**112,726**	**132,941,081**

Previous period

	Note	Consolidated Attributable to the shareholders of the parent						
		Share capital	Share premium	Total reserves	Retained earnings	Total	Non controlling interests	Total equity
Opening balance January 1, 2017		**24,662,051**	**19,993,151**	**44,711,490**	**20,942,249**	**110,308,941**	**85,152**	**110,394,093**
Total comprehensive income for the period(cont. oper.)					9,200,227	**9,200,227**	(268,406)	8,931,821
Total comprehensive income for the period(discon. oper.)	40				7,686,506	**7,686,506**	-	7,686,506
Formation of reserves	17			986,328	(986,328)	**-**		-
Payment of dividends / distribution of reserves				-	(1,027,585)	**(1,027,585)**		(1,027,585)
Other changes			-	(2,726,294)	2,358,927	**(367,367)**	16,943	(350,424)
Total changes for the period		-	-	(1,739,966)	17,231,747	**15,491,781**	(251,463)	15,240,318
Closing balance December 31, 2017		**24,662,051**	**19,993,151**	**42,971,524**	**38,173,996**	**125,800,722**	**(166,311)**	**125,634,411**

STATEMENT OF CHANGES IN EQUITY (THE COMPANY)

	Note	The Company				
		Share capital	Share premium	Total reserves	Retained earnings	Total equity
Opening balance January 1, 2018		**24,662,051**	**19,993,151**	**42,805,322**	**33,467,914**	**120,928,438**
Effect from the application of IFRS 9		**-**	**-**	**-**	(166,448)	(166,448)
Reformed equity on the beginning of the period 1/1/2018		**24,662,051**	**19,993,151**	**42,805,322**	**33,301,466**	**120,761,990**
Total comprehensive income for the period(cont. oper.)		-	-	-	7,330,948	7,330,948
Total comprehensive income for the period(discon. oper.)	40	-	-	-	-	**-**
Formation of reserves		-	-	906,576	(906,576)	**-**
Foreign exhange differences		-	-	-	-	**-**
Total changes for the period		-	-	-	-	**-**
Closing balance December 31, 2018		**-**	**-**	**906,576**	**6,424,372**	**7,330,948**

Previous period

	Note	The Company				
		Share capital	Share premium	Total reserves	Retained earnings	Total equity
Opening balance January 1, 2017		**24,662,051**	**19,993,151**	**42,004,084**	**19,450,968**	**106,110,254**
Total comprehensive income for the period(cont. oper.)		**-**	**-**	**-**	**8,151,943**	**8,151,943**
Total comprehensive income for the period(discon. oper.)	40	**-**	**-**	**-**	**7,693,827**	**7,693,827**
Formation of reserves		**-**	**-**	801,238	(801,238)	-
Payment of dividends / distribution of reserves		**-**	**-**	-	(1,027,585)	(1,027,585)
Other changes		-	-	-	-	-
Total changes for the period		-	-	801,238	14,016,946	14,818,185
Closing balance December 31, 2017		**24,662,051**	**19,993,151**	**42,805,322**	**33,467,914**	**120,928,438**

CASH FLOW STATEMENT (consolidated and parent company)

Amounts in Euro

Indirect Method		The Group 1/1 - 31/12/2018	The Group 1/1 - 31/12/2017	The Company 1/1 - 31/12/2018	The Company 1/1 - 31/12/2017
Operating Activities					
Profit before tax (continuing operations)		9,904,231	13,310,201	9,684,174	11,750,265
Profit before tax (discontinued operations)		-	10,829,055	-	10,836,377
Plus: Adjustments for:					
Depreciation and amortization		7,226,528	6,619,647	6,083,657	5,570,786
Provisions and provision reversals		1,637,198	1,294,236	488,693	1,115,787
Foreign exchange differences		(23,192)	-	-	-
Results from the sale of assets (profits) / losses		(133,995)		(133,995)	
Results from the sale of participations		-	-	-	-
Other investment results		(63,944)	(97,215)	-	(24,229)
Financial results		1,675,388	1,609,342	1,378,262	1,305,067
Other non-cash expenses / (revenues)		(314,053)	(191,696)	(238,243)	(114,168)
Operating cash flows before changes in the working		19,908,161	33,373,571	17,262,547	30,439,884
Plus: Adjustments for changes in the working capital					
Decrease / (increase) in inventories		(2,539,982)	(346,235)	(3,141,019)	95,477
Decrease / (increase) in receivables		(14,015,821)	(12,735,129)	3,357,044	(3,865,217)
Increase / (decrease) in liabilities (except loans)		12,405,113	10,282,084	(4,497,243)	4,033,190
		15,757,471	30,574,291	12,981,329	30,703,334
Minus:					
Interest and similar expenses paid		1,808,225	1,641,197	1,385,267	1,322,521
Taxes paid		7,620,266	3,925,248	7,444,906	3,706,407
Operating cash flows from discontinued operations		-	10,835,249	-	10,836,377
Net cash flows from operating activities	**(a)**	**6,328,979**	**14,172,597**	**4,151,156**	**14,838,029**
Investing Activities					
Acquisition of subsidiaries, affiliates and other investments		(65,000)		(65,000)	
Purchase of tangible and intangible assets		(23,638,394)	(14,017,968)	(23,278,639)	(13,509,492)
Proceeds from sale of tangible and intangible assets		584,281	55,378	584,281	55,378
Proceeds from the sale of subsidiaries and other investments		-	15,800,000	-	15,800,000
Collections from interest, dividends, rent income of investment activity		138,038	42,451	12,206	28,050
Other inflows (outflows) not included in the working capital		323,977	(28,651)	1,411	(519,387)
Net cash flows from investing activities	**(b)**	**(22,657,098)**	**1,851,211**	**(22,745,741)**	**1,854,549**
Financing activities					
Proceeds from bank loans		45,817,564	44,262,276	45,262,466	41,302,327
Repayments of bank loans		(26,464,734)	(42,479,004)	(26,169,718)	(40,990,217)
Dividends paid		(193)	(1,026,864)	(193)	(1,026,864)
Payment of share capital		-	-	-	-
Net cash flows from financing activities	**(c)**	**19,352,637**	**756,408**	**19,092,554**	**(714,754)**
Net increase / (decrease) in cash and cash equivalents of the period (a) + (b) + (c)		**3,024,518**	**16,780,215**	**497,970**	**15,977,825**
Cash and cash equivalents at the beginning of		**36,814,001**	**20,037,526**	**34,657,644**	**18,679,819**
Cash equivalents from discontinued operations		**-**	**3,741**		
Cash and cash equivalents at the end of the year		**39,838,519**	**36,817,741**	**35,155,614**	**34,657,644**

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 1st class hotel complex, and c) the production of electric energy from photovoltaic parks d) the sale of electric energy.

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 and the company is classified as a small to medium capitalisation enterprise.

The annual financial statements of the company and the group for the period from 1 January 2018 to 31 December 2018 were approved upon the decision of the Board of Directors on 25 April 2019.

The subsidiaries, which were included in the Group's attached consolidated financial statements, are listed in note 2.2. The amounts stated in the explanations are expressed in euro, unless stated otherwise. Any differences in the amounts or totals are due to the rounding of values.

2. Basis of preparation for the annual Financial Statements

The financial principles used for the preparation and the presentation of these financial statements conform to those used for the drafting of the annual financial statements for the year which ended on 31 December 2017, with the exception of the application of IFRS 9 and IFRS 15, which are applied since 01/01/2018.

The company first adopted the IFRS for the drafting of its financial statements in the fiscal year that ended on 31 December 2005. The company has chosen its bookkeeping procedures pursuant to the IFRS and to present differences for the adaptation of accounts according to Greek Accounting Standards. No Standards have been applied before the effective date of their application.

The financial statements have been prepared pursuant to the cost principle. Regarding the tangible fixed assets of the parent company, after the IFRS were adopted for the first time, pursuant to IFRS 1, the deemed cost was considered the acquisition cost.

The preparation of the financial statements pursuant to generally accepted accounting principles requires the use of estimates and assumptions that affect the balance amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of their preparation, as well as the reported income and expenses during the fiscal years under review. Although these estimates are based, to the furthest extent, on the Management's knowledge, actual results may ultimately differ from the said estimates.

2.1. New accounting standards and IFRIC Interpretations

The Group has adopted all the new standards and interpretations, the applications of which were rendered mandatory for the periods beginning on 1 January 2018. Paragraph 2.1.1 presents the standards adopted since 1

January 2018. Paragraph 2.1.2 presents the standards, amendments and interpretations which are either not effective or have not yet been adopted by the EU.

2.1.1. 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) and the Interpretation Committee, and their application is mandatory from or after 01/01/2018. The most important new standards and interpretations are the following:

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 01/01/2018).

In July 2014, the IASB issued the final version of IFRS 9. The improvements introduced by the new Standard include the creation of a reasonable model for classification and measurement, a single predictive model for impairment "expected losses", and also one essentially reformed approach for hedging accounting. The Company will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. The new standard has an impact on the consolidated financial statements.

The adoption of IFRS 9 lead to a change in the accounting treatment of impairment losses for financial assets (with an impact on the account "Trade Receivables"), as it replaced the treatment of IAS 39 for the recognition of realized losses with the recognition of expected credit losses. The group applies the simplified approach of IFRS 9 for the calculation of expected credit losses, according to which, the loss provision is measured to amount equal with the expected credit losses throughout life cycle of trade receivables and contractual assets. For the calculation of expected credit losses in relation to trade receivables, o group uses a table of credit loss provision for each customer category (industry customers, hotel customers, energy consumers), based on historical data for credit losses, adjusted to future factors regarding debtors and the economic climate. The impairment provision for the group and the company on 01.01.2018 amounts to 434 thousand euro and 234 thousand euro respectively and the provision formation resulted to the adjustment of the accounts "Retained Earnings", "Trade Payables" and deferred taxation. The group proceeded to the application of IFRS 9 on 01.01.2018 without the reformation of the comparable figures, and as result the comparable amounts of the group regarding FY 2017, are presented according to IAS 39.

Effect of IFRS 9 adoption	Parent Company	KEN SA	Total
Trade debtors / Increase in cumulative impairment provisions	(234,434)	(200,000)	(434,434)
Deferred tax	67,986	58,000	125,986
Total effect on net worth 01.01.2018	**(166,448)**	**(142,000)**	**(308,448)**

Evaluation of the business model: The business model of a economic entity is determined on a level that mirrors the way with which the financial assets' groups lie under common management, so as to achieve a specific business goal. Essentially, it refers to the way that the economic entity administers its financial assets in order to generate cash flows. Thus, the business model determines whether cash flows will be generated from the sale of contractual cash flows, the sale of financial assets or from both. According to IFRS 9, it is defined that financial assets destined for commercial use or financial assets whose administration takes place based on the fair value, will be measured in fair value via the income statement. According the evaluation of the business model and the

SPPI test (Solely payments of principal and interest) no differences have emerged in the classification of the company and the group's financial instruments.

- IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 01/01/2018)

In May 2014, IASB issued a new Standard, IFRS 15. This Standard is fully in line with revenue recognition requirements in accordance with the principles of both IFRS and US GAAP. The underlying principles on which this Standard is based are consistent with an important part of current practice. The new Standard is expected to improve financial reporting by establishing a more robust framework to resolve issues arising by enhancing comparability across industries and capital markets by providing additional disclosures and clarifying the accounting treatment of contract costs. The new Standard is superseded by IAS 18, Revenue, IAS 11, Construction Contracts, and some revenue-related interpretations.
As of 1 January 2018, the Group adopted the new standard by applying the modified retrospective approach without any adjustment to comparative information. The new standard did not have a significant impact on the consolidated financial statements during its application, since there were no significant differences in the application of the new accounting policies. As a result of the application of the new standard, the Contractual Receivables and Liabilities respectively relating to the Electricity Sale Contracts of the subsidiary KEN (see note 11 and note 25) are classified in a separate account.

- Clarifications on IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 01/01/2018)

In April 2016, the IASB issued clarifications to IFRS 15. The amendments to IFRS 15 do not alter the basic principles of the Standard but provide clarification as to the application of those principles. The amendments clarify how an execution commitment is recognized in a contract, how it is determined whether an entity is the assignor or the assignee, and how it is determined whether the income from granting a license should be recognized at a particular time; or with time. The amendments have no impact on the consolidated Financial Statements.

- Amendment in IFRS 2 "Share – Based Payment" effective for annual periods beginning on or after 01/01/2018)

In June 2016, IASB issued a limited-purpose amendment to IFRS 2. The purpose of this amendment is to provide clarification on the accounting treatment of specific types of equity-based payment transactions. In particular, the amendment introduces the requirements for the accounting treatment of the effect of vesting and non-vesting conditions on the measurement of cash settled equity based payments, the accounting treatment of equity-settled payment transactions bearing a settlement characteristic in a counterbalance basis for a withholding tax and an amendment to the terms and conditions of an equity-based payment which changes the classification of the transaction from cash settled to equity-settled. The amendments have no impact on the consolidated Financial Statements.

- Amendments in IFRS 4 "Application of IFRS 9 Financial Instruments in combination with IFRS 4 Insurance Contracts" (effective for annual periods beginning on or after 01/01/2018)

In September 2016, IASB issued amendments to IFRS 4. The purpose of these amendments is to determine the treatment of the temporary accounting effects due to the different date of entry into force of IFRS 9 Financial Instruments and the current version of the Standard on Insurance Contracts. Amendments to the existing requirements of IFRS 4 allow entities whose main insurance-related activities postpone the application of IFRS 9 by 2021 ('temporary exemption') and allow all issuers of insurance contracts to recognize in other comprehensive income rather than in profits or losses, the volatility that may result from the application of IFRS 9 before the adoption of the new Standard on Insurance Contracts ("overlapping approach"). The amendments have no impact on the consolidated Financial Statements.

- Annual Improvements to IFRSs - Cycle 2014-2016 (effective for annual periods beginning on or after 01/01/2018)

In December 2016, the IASB issued the "Annual Improvements to IFRS - Cycle 2014-2016", which consists of a series of amendments to some Standards and is part of the program for annual improvements to the IFRS. The amendments included in this cycle, that is effective for annual periods beginning on or after 1 January 2018 are as follows: IFRS 1: Deletion of short-term exemptions for first-time adopters, IAS 28: Measurement of an affiliate or a joint venture at fair value. The amendments have no impact on the consolidated Financial Statements.

- Amendments in IAS 40: Investment Property" (effective for annual periods beginning on or after 01/01/2018)

In December 2016, IASB issued limited-purpose amendments to IAS 40. The purpose of these amendments is to strengthen the principle of transfers from or to investment property so as to determine that (a) a transfer from, or to investment property should be realized only if there is a change in the use of the property, and (b) such a change in the use of the property would include an assessment whether the property in question meets the criteria for classification as an investment property. This change within the year should be supported by relevant documentation / evidence. The amendments have no impact on the consolidated Financial Statements.

- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 01/01/2018)

In December 2016, IASB issued a new IFRIC 22 Interpretation. This Interpretation includes the exchange rate requirements to be used when presenting foreign currency transactions (eg revenue transactions) when payment has been received or paid in advance. The new Interpretation has no impact on the consolidated financial statements.

2.1.2. New Standards, Interpretations, revisions and amendments to existing Standards that are not effective or have not been adopted by the European Union yet

The following new Standards, interpretations and standard revisions have been published but they are either not effective or have not been adopted by the European Union yet:

- IFRS 16 Leases (effective for annual periods beginning on or after 01/01/2019)

In January 2016, IASB issued a new Standard, IFRS 16. The purpose of the IASB was to develop a new Lease Model that sets out the principles that both parties apply to a contract - that is, both the client ("The lessee") and the supplier ("the lessor") - to provide relevant lease information in a manner that exactly reflects these transactions. To achieve this, the lessee will have to recognize the assets and liabilities arising from the lease. The

Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. The above have been adopted by the European Union and entered into force on 01/01/2019. From the recognition of the operating leases of real estate (photovoltaic parks, offices and warehouses) according to IFRS 16 it is expected that as of 1 January 2019, an amount of 2.535 thousand euro will increase the value of the tangible assets of the Group as rights of use and, respectively, the liabilities from lease agreements.

- Amendments in IFRS 9: "Prepayment Features with Negative Compensation" (effective for annual periods beginning on or after 01/01/2019)

In October 2017, IASB issued limited-purpose amendments to IFRS 9. Based on the existing requirements of IFRS 9, an economic entity would measure a financial asset with negative return on fair value through profit or loss, as the characteristic of "negative return", could be considered as generating potential cash flows that are not only composed of capital and interest payments. Under the amendments, economic entities may measure specific prepaid financial assets with a negative return on depreciated cost or at fair value through other comprehensive income, provided that a specific condition is met. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. The above have been adopted by the European Union and entered into force on 01/01/2019.

- IFRIC 23: "Uncertainty over Income Tax Treatments (effective for annual periods beginning on or after 01/01/2019)

In June 2017, IASB issued a new IFRIC 23 Interpretation. IAS 12 "Income Taxes" specifies the accounting for current and deferred tax but does not specify how it should reflect the impact of uncertainty. IFRIC 23 includes the additional requirements to IAS 12, specifying how the effects of uncertainty on the accounting treatment of income taxes should be reflected. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. The above have been adopted by the European Union and entered into force on 01/01/2019.

- Amendments in IAS 28: "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 01/01/2019)

In October 2017, IASB issued limited-purpose amendments to IAS 28. The purpose of these amendments is to provide clarifications on the accounting treatment of long-term participations in an affiliate or joint venture - to which the equity method does not apply - based on IFRS 9. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. The above have been adopted by the European Union and entered into force on 01/01/2019.

- Annual Improvements to IFRSs - Cycle 2015-2017 (effective for annual periods beginning on or after 01/01/2019)

In December 2017, IASB issued the "Annual Improvements to IFRSs - Cycle 2015-2017", which consists of a series of amendments to some Standards and is part of the program for annual improvements to IFRSs. The amendments included in this cycle are as follows: IFRS 3 - IFRS 11: Interests previously held by the acquirer in a joint venture, IAS 12: Effect on income tax from payments for financial instruments classified as equity, IAS 23: Borrowing costs eligible for capitalization. The amendments are effective for annual periods beginning on or after 1

January 2019. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. The above have not been adopted by the European Union.

- Amendments in IAS 19: "Plan Amendment, Curtailment or Settlement" (effective for annual periods beginning on or after 01/01/2019)

In February 2018, IASB issued limited-purpose amendments to IAS 19, under which an economic entity is required to use updated actuarial assumptions when determining the current service cost and net interest for the remaining period after the plan amendment, curtailment or settlement. The purpose of these amendments is to enhance the understanding of the financial statements and to provide more useful information to their users. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. The above have not been adopted by the European Union.

- Revision of the Conceptual Framework for Financial Reporting (effective for annual periods beginning on or after 01/01/2020)

In March 2018, IASB revised the Conceptual Framework for Financial Reporting, the purpose of which was to incorporate important issues that were not covered, as well as updating and providing clarification in relation to specific guidance. The revised Conceptual Framework for Financial Reporting contains a new chapter regarding measurements, which analyses the measurement concept, including factors to be taken into account when choosing a measurement basis, issues relating to presentation and disclosure in the Financial Statements and guidance regarding the derecognition of assets and liabilities from the Financial Statements. Furthermore, the revised Conceptual Framework for Financial Reporting includes improved definitions of assets and liabilities, guidance to assist in the application of these definitions, updating of the criteria for the recognition of assets and liabilities, as well as clarifications on significant areas such as management roles, conservatism and uncertainty when measuring financial information. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. The above have not been adopted by the European Union.

- Amendments in the Reports of the Conceptual Framework for Financial Reporting (effective for annual periods beginning on or after 01/01/2020)

In March 2018, IASB issued Amendments regarding the Reports of the Conceptual Framework for Financial Reporting, as a follow-up to its review. Some Standards include explicit references to earlier versions of the Conceptual Framework for Financial Reporting. The purpose of these amendments is to update these references and support the transition to the revised Financial Reporting Concept. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. The above have not been adopted by the European Union.

- Amendments in IFRS 3: "Business Combinations" (effective for annual periods beginning on or after 01/01/2020)

In October 2018, IASB issued limited-purpose amendments to IFRS 3 to improve the definition of a business. The changes will help companies determine whether an acquisition is a business combination or asset acquisition. The amended definition points out that an enterprise's outflow is to provide goods and services to customers while the earlier definition focused on dividend yields, lower costs or other economic benefits to investors and third parties.

In addition to amending the definition of the business, IASB provides additional guidance through this issue. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. The above have not been adopted by the European Union.

- Amendments in IAS 1 and IAS 8: "Definition of Material" (effective for annual periods beginning on or after 01/01/2020)

In October 2018, IASB made amendments to the definition of material, in order to make it easier for companies to make judgments about the material size. The definition of material helps companies to decide what information should be included in their Financial Statements. The new definition amends IAS 1 and IAS 8. The amendments clarify the definition of material and how it should be applied, by including in the definition, guidance that has so far been included in other Standards. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. The above have not been adopted by the European Union.

- IFRS 17: "Insurance Contracts" (effective for annual periods beginning on or after 01/01/2021)

In May 2017, IASB issued a new Standard, IFRS 17, replacing an interim Standard, IFRS 4. IASB's scope was to develop a single standard, based on principles (principle-based standard) for the accounting treatment of all types of insurance contracts, including reinsurance contracts held by an insurer. A single standard, based on principles, will enhance the comparability of the financial report between economic entities, jurisdictions and capital markets. IFRS 17 specifies the requirements that an entity should apply to financial reporting that is related to insurance contracts it issues and reinsurance contracts it holds. The Group will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. The above have not been adopted by the European Union.

The Company and the Group do not intend to proceed with the early application of any Standard or Interpretation. Based on the accounting policies that are followed, the Management does not expect substantial effects on both the group and company's financial statements from the application of the above-mentioned Standards and Interpretations as and when they become effective.

2.2. Group Structure

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 2017 to 31 December 2018.

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	Gernamy	Production and trade of packaging materials	Full	100%
3.	CROPPY SOLUTIONS SL	Spain	Trade of packaging materials	Full	90%
4.	KARATZIS INDUSTRIAL & HOTEL ENTERPRISES SA & Co	Greece	Renewable sources of energy	Full	99%
5.	KEN S.A.	Greece	Commercial trade of electric energy	Full	100%
6.	KARATZIS RUSSIA LTD	Russia	Trade of packaging materials	Full	90%
7.	KARATZIS ITALIA SRL	Italy	Trade of packaging materials	Full	51%
8.	ZEUS PACKAGING AGRI LTD	U.K.	Trade of packaging materials	Net worth	50%
9.	SPAREAL PPC	Greece	Body care services	Net worth	50%
10.	KKX MARKET PPC	Greece	Trade of food, haberdashery and beverages	Net worth	50%
11.	KARMYL PPC	Greece	Trade of gold jewelry	Net worth	50%

The subsidiaries' accounting policies have been changed, in order to ensure consistency with the policies adopted by the Group.

2.3. Consolidation

The attached consolidated financial statements include the financial statements of the parent company as well as the financial statements of all the subsidiaries, in which KARATZIS S.A. has the ability to exercise control. The control is valid when through direct or indirect possession of percentages of the share capital, the parent company holds the majority of the voting rights or has the power to exercise control over the Boards of Directors of the subsidiaries. The subsidiaries are being consolidated since the date that the dominant control is being transferred to the parent company and cease to be consolidated from the day that the control stops to exist. The accounting method of acquisition is used for the incorporation of the acquired subsidiaries. The cost of an acquisition is calculated as the sum of the fair values during the date of the transaction on the assets of the subsidiary, the issued shares and the existing liabilities of any cost related to the acquisition. The acquired assets and the liabilities are being registered initially in their fair value, independently of how much the minority percentage is. The difference between the acquisition cost and the fair value of the purchased assets and the liabilities assumed is being registered as goodwill. If the acquisition cost is smaller than the fair value, then the negative goodwill that occurs is being immediately recognized in the statement of comprehensive income. The goodwill arising from acquiring subsidiaries, affiliates and joint ventures is being shown in the intangible assets and is not depreciable but is subject to control for impairment on an annual basis. In the case of a contingent participation sale in order to calculate profits / (losses), the goodwill, if any, is taken under consideration. All the intercompany transactions and balances have been eliminated in the attached consolidated financial statements. Wherever required, the accounting principles of the subsidiaries have been amended in order to ensure for consistency with the accounting principles adopted by the Group. All the subsidiaries draft their financial statements for the same period and the same date as the parent company does.

Participations in subsidiary companies: The participations of the parent company in its subsidiaries, in the company financial statements, are being valued in acquisition cost minus accumulated impairment losses, if any. The non-controlling interests represent the percentage of profits / (losses) and equity not proportioning to the Group and are distinctly presented in the consolidated financial statements. In the case of minority rights acquisition from the company, the difference between the price of the acquisition and the book value of the acquired company's equity is being recognized as goodwill.

Participations in affiliates: The participations of KARATZI S.A. in other companies, in which it exercises dominant control and are not subsidiaries, are being depicted under the net worth method and initially they are registered in acquisition cost, including goodwill, if any, which is being recognized during the acquisition. According to the method of net worth, profits / (losses) arising after the acquisition are recognized in the statement of comprehensive income, while amounts that are directly registered in the affiliate's equity, are recognized directly in the Group's equity. The participations in affiliates in the company's financial statements are valuated in acquisition cost minus contingent impairment losses. For the participations with indications of a need for permanent reduction of their value, their recoverable value is determined and the impairment loss, if any, is registered in fiscal year's results.

2.4. Conversion of foreign currencies

a) Currency measurement and reporting

The Group's measurement and reporting currency from 1 January 2002 is the euro. The financial statements are presented in euro; the explanations and the notes on the financial statements are presented in euro, unless stated otherwise.

b) Transactions and balances

Foreign currency transactions are converted into euro based on the exchange rates, which are in effect on the dates of the transactions. Amounts receivable and payable in a foreign currency, as at the date that the financial statements are drafted, are adjusted in order to reflect the prevailing exchange rates on the drafting date. Profits and losses arising from such transactions (and from the conversion of assets and liabilities expressed in foreign currency) are recognised in the profit and loss statement, except in cases when they are recorded in equity as recognised cash flow hedges.

2.5. Tangible fixed assets

The tangible fixed assets of the parent company were designated based on estimates. More specifically, land, buildings, machinery and other equipment were designated at the deemed cost. The cost method was applied to foreign subsidiaries, as the values of the tangible assets express their fair value.

Repairs and maintenance works are recorded in the expenses made during the financial period. Significant subsequent additions and improvements are capitalised at the cost value of the relevant fixed assets if they increase the useful life and the production capacity of the fixed asset or reduce its operating cost.

Land plots are not depreciated. The depreciation of the remainder of the tangible assets is measured using the straight-line depreciation method for the industrial and the energy sector, and the units-of-production method (namely per night) for the hotel sector.

The useful life of the fixed assets in the industrial sector is as follows:

- Buildings 25 years
- Machinery 15 years
- Transportation equipment 5 years

- Other equipment 3 - 15 years

The useful life of the photovoltaic stations is defined by the duration of each production licence minus the time period between the issuance of the licence and the commencement of each park's operation. For the other fixed tangible assets of the energy sector, are applied the policies of the rest of the industrial operations. Therefore, the useful life of the fixed assets of the energy sector is as follows:

- Machinery 20 - 25 years
- Other equipment 3 - 15 years

The units-of-production (nights) based on which the hotel sector's fixed assets depreciate are as follows:

- Buildings 6,300,000
- Machinery 900,000
- Transportation equipment 900,000
- Other equipment 540,000 - 1,800,000

When a machine consists of large components with different useful lives, the components are considered as separate items.

The residual values and useful lives of the tangible assets are subject to review in each annual balance sheet. When book values and the useful lives of tangible assets exceed their recoverable value, the differences (impairment) are recorded as expenses in the profit or loss statement.

During the withdrawal or the sale of a property asset, the relevant cost and accumulated depreciations are written off from the corresponding accounts at the time of withdrawal or the sale. The relevant profit or loss is then recorded in the profit and loss account.

2.6. Intangible assets

a) Trademarks

Concerns the acquisition of a third-party trademarks from the parent company. They are being depreciated according to the straight – line method and their useful life is set to 10 years.

b) Clientele

This pertains to the acquisition cost of a third company's client list from the subsidiary Mesh Pack GmbH. It is amortised through the straight-line method whereby its useful life has been set to 5 years.

c) Software and programs

This pertains to the software acquisition cost, as well as to every expense that arises in order to put the said software into operation. Expenses pertaining to the support or expansion of the software's performance, beyond the initial specifications, are recognised as capital expenses and are added to the initial cost of the software. The cost of the software's acquisition and development is recognised as an intangible asset and is amortised by using the straight-line method and has a useful life of 3 to 10 years for the industrial sector and with the method of unit-of-production for the hotel sector.

d) Production licences from photovoltaic parks

This pertains to the cost of purchasing an electric energy from a photovoltaic station production licence. The cost of the Licence is amortised based on the estimated useful life of the photovoltaic elements of the Park, which is 25 years.

2.7. Property asset impairment

Tangible assets and other non-current assets are reviewed for potential impairment losses whenever events or changes in circumstances indicate that their book value may not be recoverable. If, at any time, the book value of an asset exceeds its recoverable amount, the respective impairment loss is registered in the profit and loss account. The recoverable value of an asset is the estimated net sale price or the value in use, whichever amount is the largest. The net sale value is defined as the possible proceeds from the sale of an asset between knowledgeable, willing parties in an arm's length transaction, upon subtracting any additional direct cost for its disposition, while its value in use is the current value of the estimated future cash flows expected to be realised from the continuous use of an asset, as well as from its disposition at the end of its useful life. In the event that the evaluation of the recoverable amount of an asset, for which there is an indication of impairment, is not possible, the recoverable amount for the cash flow producing unit in which the asset belongs to, shall be specified.

A reversal entry for an impairment loss with respect to the value of assets recognised in previous years shall only take place only if there are strong indications that this impairment no longer exists or has been reduced. In these cases, the above reversal entry shall be considered as income.

2.8. Inventories

Inventories are designated at the lower value between the acquisition cost and the net realisable value. The cost is specified by using the weighted average cost method. The cost of the finished products, as well as semi-finished inventories, includes the cost of the materials, the direct labour cost and the general common production cost percentage. The borrowing cost is not included in the acquisition cost for the inventories. The net realisable value is estimated based on the inventories' current sale prices, in the context of normal business activity, less any sales costs.

2.9. Cash and cash equivalents

Cash and cash equivalents include cash, deposits and time deposits, in both euro and foreign currencies, in euro and other foreign currencies.

2.10. Share Capital

The company's share capital consists of common shares and is classified as shareholders' equity. On 31 December 2018, the share capital amounted to 24,662,050.56 euro and was divided into 14,679,792 common registered shares with a nominal value of 1,68 euro each.

The issues share capital is fully paid. All shares and total nominal value are also fully paid.

No portion of the covered share capital has been paid up yet; a number or total nominal value and type of shares have not been fully paid up either.

2.11. Loans

Loans are initially recorded at fair value less any direct cost for the realisation of the transaction. They are subsequently designated at unamortised cost by using the effective interest rate.

The group's Management considers that the interest that is paid in relation to the loans entered into, are equal to the market's current reasonable interest rates; consequently, there is no need for any adjustment regarding the value in which these obligations are presented.

Any difference between the provision (less the acquisition costs) and the repayment value is recognised in the profit and loss statement throughout the duration of the loans.

2.12. Leases

Leases, which transfer all the risks and the benefits accompanying the ownership of the leased asset to the Group, are recorded upon the commencement of the leasing as a property asset at an amount equal to the actual value of the leased property. If it is lower, it is recorded as equal to the current value of the minimum leases. The leases are allocated to the financial expenses thereby reducing the unpaid liability, so that a fixed periodic interest rate prevails over the remaining balance of the liability. Financial expenses are debited directly in the profit and loss.
Leased property assets are amortised based on the useful life of the property asset. The acquisition value has been defined as the total value of the leases less financial expenses, which encumbers the profit and loss statement in each fiscal period.
Leases, where the lessor substantially maintains all the benefits and risks that arise from the ownership of the property asset are classified as operational leases. Lease payments, for operational leases are classified as expenses in the profit and loss statement, on a systematic basis, during the leasing period.

2.13. Income tax (current and deferred)

Current and deferred income taxes are calculated based on the relevant items in the financial statements for each company included in the consolidation pursuant to the taxation laws applicable in Greece and in the other countries in which the foreign subsidiaries are registered. The current income tax pertaining to the tax payable on the taxable revenues of the Group's companies as reformed pursuant to the requirements of the tax law is calculated based on the applicable tax rate. The current tax assets and liabilities are designated at the amount, which is expected to be paid to the tax authorities (or to be recovered from them) through the use of the tax rates (and tax laws), which have been established up to the Balance sheet date.
Deferred tax is calculated by using the liability method with respect to all temporary tax differences as at the balance sheet date between the tax basis and the book value of the property assets and liabilities.
The expected tax effects from the temporary tax differences are specified through the tax rates that are expected to apply during the period of the recovery of assets and the settlement of liabilities. They are presented either as future (deferred) tax liabilities or as deferred tax receivables.
Deferred tax receivables are recorded for all deductible temporary tax differences and transferred tax losses, up to the estimated extent of potentially available future taxable profits against which the deductible temporary difference can be utilised. The book value of the deferred tax receivables is reviewed on each balance sheet date and is decreased to a level up to which it is likely that the taxable profit will not be adequate to cover part, or all, of the deferred tax receivables.

2.14. Employee Benefits

IAS 19 distinguishes the benefits after retirement into Predetermined Allowance and Predetermined Contribution. The Predetermined Contribution plans are accounted as an expense in the profit and loss statement of each period and it is equal to the contribution paid by the employer. The accounting treatment of the Predetermined Allowance plans includes an actuarial valuation, because the standard claims to allocate their cost in the working period of each employee. The compensations of Law 2112/20, as they were amended by Law 4093/12, are classified as

Predetermined Allowance for the purpose of IAS 19. The actuarial method followed is the Projected Unit Credit Method. The amended IAS 19 is now imposing:

- The immediate recognition of actuarial profits / (losses) in other comprehensive income and their definite exception from the fiscal year's results.
- The non-recognition plus the expected returns of the program's investments in the fiscal year's results as well as the recognition of the relative interest on the net liability / (receivable) of the allowance, calculated based on the discounting interest rate, which is used for measuring the liability of Predetermined Allowances.
- The recognition of the cost of previous experience in the fiscal year's results, the earlier from the dates of the program's amendment or when it is recognized the relative restructuring or terminal allowance.
- Other alternations including new disclosures, like quantitative sensitivity analysis.

2.15. Provisions for risks and expenses

Provisions are made when the Group has a present legal or presumed obligation resulting from previous events and there is a possibility that a resource outflow shall be required in order for the obligation to be settled and for a reliable estimation on the amount to be made.

The group recognises a provision for detrimental contracts when the expected benefits, arising from the contract, are lower than the inevitable liability cost in the context of the contract.

Provisions are reviewed at the end of each fiscal period and are adjusted in order to reflect the best possible estimates an, are discounted at a pre-tax discount rate where necessary.

Contingent liabilities are not recorded in the financial statements but are disclosed, unless the likelihood of an outflow of resources incorporating economic benefits is minimal. Contingent receivables are not recorded in the financial statements but are disclosed when the inflow of financial benefits is likely.

2.16. Income recognition

The group recognizes income so as to depict the transfer of promised goods or services to the customers, to an amount that reflects the price which they consider that they are entitled for these goods or services. Income from contracts with customers is recognized when all of the following criteria are met:

(a) The parties of the contract have approved the contract and have committed to perform their respective obligations.

(b) The entity may determine the rights of each party in respect to the goods or services to be transferred.

(c) The entity may determine the terms of payment for the goods or services to be transferred.

(d) The contract has a commercial status.

(e) It is probable that the entity will collect the price that is entitled in respect with the goods or services to be transferred to the customer.

Income is measured at the fair value of the collected price, net of value added tax, refunds, discounts and taxes or charges. All taxes and related charges collected by the entity from customers for third parties are recorded on a net basis. The amount of income is considered to be measurable reliably when all possible commitments relating to the sale of goods or the provision of services have been resolved. The following specific recognition criteria should also be met when recognizing income:

(a) Sales of goods: Sales of goods are recognised when the Group delivers the goods to the client, the goods are accepted by them and the payment of the receivables is fairly guaranteed.

(b) Services rendered: Income from the provision of services is calculated based on the completion stage of the service in relation to its estimated total cost.

(c) Revenues from the sale of electric energy: Revenues from electricity retail sales are recognized during the period in which electricity is delivered to customers (accrual principle) and is measured monthly according to measurements of IPTO for medium voltage customers and estimates based on historical consumption that the Hellenic Electricity Distribution Network Operator (HEDNO) announces for Low Voltage (LV) customers. According to these measurements provided by OEM and the forecasts of the HEDNO, including the consumption per unit and in combination with the contractual terms, each customer receives a monthly bill per consumption meter. For low-voltage customers, the bills are an "up front" (prepayment) and are accounted for as "Contractual Assets" until HEDNO sends the actual consumption of the period. Then, a clearing bill is issued. During the preparation of the financial statements, as income are considered realized sales of electric energy independently of the time of issue of the bills.

(d) Revenues from cross-border electricity trade: The group sells both in the domestic market and abroad. Revenues from these sales are based on the monthly measurements of the System Administrators (former OEM), and the administrators of other countries and are recognized when the Group delivers the goods to the customers, the goods are accepted by them and the collection of the receivable is fairly assured. These monthly measurements include the total of imported and exported quantities, that have been sold to domestic and foreign markets. For these sold quantities, the group issues each month the respective invoices.

(e) Interest Income: Income from interest is recognised based on time and with the use of effective interest rate. When the receivables are impaired, their book value is reduced to their recoverable amount, which is the present value of the expected future cash flows discounted at the original effective interest rate and allocates the discount as interest income.

(f) Rents from leased properties: Rents are accounted for as income when the right to collect the rent is vested based on the pre-agreed date.

(g) Credit interest income: Income from interest is recognised based on time and with the use of effective interest rate. When the receivables are impaired, their book value is reduced to their recoverable amount, which is the present value of the expected future cash flows discounted at the original effective interest rate and allocates the discount as interest income.

2.17. Government grants related to depreciable assets

These pertain to assistance from the government in the form of a transfer of financial resources for the purchase, manufacture or acquisition of assets. Upon collection (provided that it has been proven that the relevant terms of the grant are met), they are recorded in liabilities as deferred income. Income is recognised on a systematic basis during the useful life of the assets, depending on their depreciation.

2.18. Dividend distribution

The distribution of dividends to the parent company's shareholders is recorded as a liability in the financial statements when the said distribution is approved at the General Meeting of Shareholders.

2.19. Related parties’ disclosures

Two parties are considered as related if the one has the ability to control the other or exercise a material influence over it with respect to financial and business decisions. More specifically, the following fall under the category of related parties:

a) Businesses which directly or indirectly control or are controlled by the Company,
b) Affiliates, which are not subsidiaries, upon which however, the Company exercises a material influence,
c) Individuals and their close relatives who directly or indirectly possess voting rights within the Company, thus providing them with the ability to exercise a material influence on it,
d) Executives of the Company, members of the board and persons closely related to them, and
e) Businesses owned by members of the board or major shareholders of the Company, as well as businesses having common executives with the Company.

2.20. Financial assets and liabilities

Initial recognition of financial assets

The Group measures financial assets during their initial recognition at fair value at the time they are acquired. The Group initially recognizes trade receivables without a significant financial component at their transaction price.

Classification and measurement of financial assets

All financial assets that are within the scope of IFRS 9 are measured subsequently to their initial recognition at amortized cost or at fair value. In accordance with IFRS 9, financial assets are classified into one of the following three categories:

- at amortized cost "AC", provided that both of the following conditions are met:
  - the financial asset is held within the context of a business model, the objective of which is to retain financial assets for the purpose of collecting contractual cash flows, and
  - on the basis of the contractual terms of the financial asset, cash flows consisting of solely payments of principal and interest on the outstanding principal (SPPI) are created at specific dates
- at fair value through other income directly in equity "FVTOCI", provided that both of the following conditions are met:
  - the financial asset is maintained in the context of a business model, the objective of which is achieved both by the collection of contractual cash flows and the sale of financial assets, and
  - on the basis of the contractual terms of the financial asset, cash flows consisting of solely payments of principal and interest on the outstanding principal (SPPI) are created at specific dates
- at fair value through "FVTPL" results: in all other cases, financial assets will be measured at fair value through profit or loss.

IFRS 9 removes the existing categories of IAS 39, i.e. held-to-maturity investments, loans and receivables, and available-for-sale financial assets. The basis of the classification and of subsequent measurement depends on the following two factors:

- The entity's business model for the management of financial assets.
- The characteristics of the contractual cash flows of the entity.

The Group's business model refers to the way in which the Group manages its financial assets to generate cash flows and determines whether cash flows arise from the collection of contractual cash flows, the sale of financial assets, or both. Business model evaluation is performed on the basis of scenarios reasonably expected by the Company and the Group and is not based on "worst case" or "crisis simulation" scenarios.

The SPPI test is the second condition for the classification of a financial asset in one of the AC or FVTOCI or FVTPL categories by the Group. In particular, for a financial item to be measured in AC or FVTOCI, its contractual terms must lead to specific cash flow dates that consist of principal and interest payments on the outstanding principal.

The Group classifies the financial assets that are not held under the "hold to collect" or "hold to collect and sell" business models as FVTPL.

Impairment

The adoption of IFRS 9 lead to a change in the accounting treatment of impairment losses for financial assets, as it replaced the treatment of IAS 39 for recognition of realized losses with the recognition of the expected credit losses.

Equity participations

The Company classifies equity participations in the scope of IFRS 9 in FVTPL except for investments in subsidiaries, affiliates and joint ventures that are accounted for in accordance with IFRS 10 "Consolidated Financial Statements", IAS 27 "Separate Financial Statements" or IAS 28 "Investments in Associates and Joint Ventures".

2.21. Determination of the fair value of financial instruments

Fair value is defined as the price at which an asset (be it financial or not) will be sold or the price paid for the transfer of a liability (financial or not) in the context of a regular transaction between market participants as at the measurement date. In measuring the fair value, it is assumed that the transaction for the sale of the asset or the transfer of the liability takes place either: (i) in the main market for the asset or the liability, or (ii) in the absence of a main market, in the most advantageous market for the asset or the obligation. A financial instrument is regarded as negotiable in a main active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an commercial basis. An entity does not have to exhaustively investigate all potential markets in order to find the main market or, in the absence of a main market, the most advantageous market, but has to take into consideration all information that is reasonably available. In the absence of relevant evidence to the contrary, the market in which an entity would regularly conduct a transaction for the sale of the asset or the transfer of the obligation is considered to be the main market, or in the absence of a main market, the most advantageous market. If there is a main market for the asset or the obligation, the measurement of the fair value represents the price at the said market (whether this price is readily observable or estimated by using another valuation technique), even if the price in a different market may be more advantageous as at the measurement date. IFRS 13 sets the hierarchy of valuation models with respect to the objectiveness of the information used in those models (observable inputs or not). Observable inputs are based on market data and are derived from independent sources, while non-observable inputs refer to assumptions made by Management. The Group and the Company calculate the fair value of the financial instruments based on a relevant framework which classifies the financial assets pursuant to a three-level hierarchy, according to data used for their valuation, as described below:

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

Level 2: Investments designated at fair value based on valuation models in which all the data that significantly influences the fair value is based on (whether directly or indirectly) observable market data.

Level 3: Investments designated at fair value based on valuation models in which all the data that significantly influences the fair value is not based on observable market data.

3. Operating Segments

An operating segment engages 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 sector of energy production and commercial trade.

As far as its industrial activity is concerned, operational production units amounted to three in Greece and one in Germany, in addition to three commercial enterprises 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 hotels of the parent company and STELLA POLARIS S.A. (up to 27.07.2017).

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 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. In addition, with the beginning of operations of KEN, the energy sector is also expanding in the field of supply (trade) of electric energy. With the decision MF&D/RAE 413/11.3.2016 the company received a licence for the supply of electric energy with registration number AD-03561, and total power of 300MW. In addition, with decision MF&D/RAE 883/2017 the company received a Natural Gas License.

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

31/12/2018

THE GROUP (amounts in €)	Industry	Hotel	Energy	Total
Sales	64,144,605	13,988,846	108,197,306	186,330,757
Minus: Intercompany sales	(2,129,424)	-	(1,594,988)	(3,724,412)
Sales to Third Parties	**62,015,181**	**13,988,846**	**106,602,319**	**182,606,346**
Gross Profit	**15,712,545**	**1,693,783**	**10,616,287**	**28,022,616**
Administrative expenses	(2,688,319)	(614,981)	(424,523)	(3,727,823)
Distribution expenses	(5,417,370)	(224,423)	(5,930,791)	(11,572,584)
Other income	424,526	159,080	390,585	974,191
Other expenses	(300,644)	(162,658)	(1,822,964)	(2,286,267)
Operating and extraordinary results	**7,730,739**	**850,800**	**2,828,595**	**11,410,134**
Profit (Loss) from affiliate firms	63,944	-	-	63,944
Investment results	126,239	7,601	155	133,995
Financial income	550	23	125,298	125,871
Financial expenses	(621,819)	(823,012)	(384,882)	(1,829,713)
Earnigns before taxes	**7,299,653**	**35,412**	**2,569,166**	**9,904,231**
Deferred tax	103,050	228,732	289,583	621,366
Income tax of previous year	19,813	5,340	1,561	26,714
Income tax	(2,126,025)	(10,832)	(1,045,439)	(3,182,295)
Profit after taxes	**5,296,492**	**258,652**	**1,814,871**	**7,370,016**
Other comprehensive income	7,559	8,278	2,420	18,257
Total income	**5,304,051**	**266,931**	**1,817,291**	**7,388,273**
Fixed assets additions	**3,433,353**	**19,954,488**	**245,296**	**23,633,137**
Fixed assets depreciation and amortization	3,503,883	2,217,345	1,505,299	**7,226,528**

31/12/2017

THE GROUP (amounts in €)	Industry	Hotel	Energy	Total
Sales	68.612.338	11.998.726	24.300.350	104.911.414
Minus: Intercompany sales	(3.295.919)	-	(1.132.634)	(4.428.553)
Sales to Third Parties	**65.316.419**	**11.998.726**	**23.167.716**	**100.482.861**
Gross Profit	**16.187.069**	**3.138.955**	**6.826.226**	**26.152.250**
Administrative expenses	(2.485.221)	(481.107)	(408.073)	(3.374.401)
Distribution expenses	(5.556.324)	(1.085)	(1.505.032)	(7.062.440)
Other income	270.878	125.518	55.605	452.001
Other expenses	(578.594)	(129.754)	(602.531)	1.310.879
Operating and extraordinary results	**7.837.809**	**2.652.527**	**4.366.195**	**14.856.531**
Profit (Loss) from affiliate firms	73.915	-	-	73.915
Investment results	4.245	10.840.473	1.475	10.846.194
Financial income	840	3	13.567	14.410
Financial expenses	(741.251)	(454.962)	(455.580)	(1.651.793)
Earnigns before taxes	**7.175.558**	**13.038.041**	**3.925.657**	**24.139.256**
Deferred tax	373.755	201.640	(265.366)	310.029
Income tax	(2.302.614)	(4.330.665)	1.171.610	(7.804.889)
Profit after taxes	**5.246.699**	**8.909.016**	**2.488.681**	**16.644.396**
Fixed assets additions	3.041.788	10.599.922	352.393	**13.994.104**
Fixed assets depreciation and amortization	3.373.023	1.773.619	1.473.005	**6.619.647**

Note: The fixed assets additions include and non-cash-generating transactions, while in the cash flows table adjustments have been made for non-cash figures.

The geographic allocation of Group sales for the fiscal year 2018 is as follows:

Geographic allocation of Group's sales	2018	2017
Greece industrial activity	2,423,483	2,402,595
Greece hotel activity	206,728	239,975
Greece energy production	82,166,505	22,064,991
Total Domestic Sales	**84,796,716**	**24,707,561**
European Union	50,312,857	53,452,354
Other countries	9,278,842	9,461,470
Total Industrial Activity Abroad	**59,591,698**	**62,913,824**
Hotel Activity	**13,782,118**	**11,758,752**
European Union	2,023,946	97,209
Other countries	22,411,868	1,005,516
Total Sales of Eelectric Power Abroad	**24,435,814**	**1,102,725**
Total Sales Abroad	**97,809,630**	**75,775,301**
Total Consolidated Sales	**182,606,346**	**100,482,861**

The geographic allocation of the parent Company's sales for the fiscal year 2018 is as follows:

Geographic allocation of Company's sales	2018	2017
Greece industrial activity	2,423,483	2,402,595
Greece hotel activity	206,728	239,975
Greece energy production	4,088,538	4,318,946
Total Domestic Sales	**6,718,749**	**6,961,515**
European Union	40,394,148	42,903,097
Other countries	9,083,202	8,807,705
Total Industrial Activity Abroad	**49,477,350**	**51,710,802**
Hotel Activity	**13,782,118**	**11,758,752**
Total Sales Abroad	**63,259,468**	**63,469,553**
Total Sales of the Parent Company	**69,978,217**	**70,431,069**

The Group's financial position for the fiscal year 2018 is as follows:

THE GROUP (amounts in €)	Industry	Hotel	Solar Power	Total
Intangible fixed assets	175,493	123,349	1,290,528	1,589,370
Tangible fixed assets	28,034,457	69,588,174	23,997,567	121,620,197
Inventories	28,255,525	132,070	-	28,387,595
Trade receivables	5,325,749	956,589	12,909,898	19,192,236
Other assets	17,950,871	22,575,863	22,738,328	63,265,062
Participations	473,101	-	-	473,101
Total Assets	**80,215,196**	**93,376,044**	**60,936,321**	**234,527,561**
Total Liabilites	28,677,485	40,308,328	32,600,667	101,586,480
Equity attributable to shareholder	**51,425,056**	**53,067,716**	**28,335,583**	**132,828,355**
Non controlling interests	112,655	-	71	112,726
Equity	**51,537,711**	**53,067,716**	**28,335,654**	**132,941,081**

The financial position for the previous fiscal year is analysed as follows:

31/12/2017

THE GROUP (amounts in €)	Industry	Hotel	Solar Power	Total
Intangible fixed assets	191.712	50.427	1.330.349	1.572.488
Tangible fixed assets	28.481.152	51.929.859	25.218.934	105.629.946
Inventories	25.430.813	200.704	-	25.631.516
Trade receivables	8.115.295	422.576	6.649.966	15.187.836
Other assets	16.832.553	23.818.303	9.316.194	49.967.051
Participations	344.157	-	-	344.157
Total Assets	**79.395.682**	**76.421.868**	**42.515.444**	**198.332.994**
Total Liabilites	30.288.180	28.184.632	14.225.770	72.698.583
Equity attributable to shareholders	**49.273.878**	**48.237.236**	**28.289.608**	**125.800.722**
Non controlling interests	(166.376)	-	65	(166.311)
Equity	**49.107.502**	**48.237.236**	**28.289.673**	**125.634.411**

4. Intangible fixed assets

The statement of intangible fixed assets for the fiscal year 2018 for the Group is as follows:

a) ACQUISITION COST FIXED ASSETS CATEGORY	Total 31/12/2017	Additions of period	Sales 2018	Disposals 2018	Total 31/12/2018
Trademarks	123,200	-	-	-	123,200
Client List	421,906	-	-	-	421,906
Software	775,427	175,008	-	-	950,435
Licence for energy production	1,665,124	-	-	-	1,665,124
Total	**2,985,657**	**175,008**	**-**	**-**	**3,160,665**

b) AMORTIZATION FIXED ASSETS CATEGORY	Total 31/12/2017	Amortization of period	Amortization of sales 2018	Disposals of amortization 2018	Total 31/12/2018
Trademarks	13,392	12,140	-	-	25,532
Client List	421,905	-	-	-	421,905
Software	573,657	73,590	-	-	647,247
Licence for energy production	404,215	72,397	-	-	476,611
Total	**1,413,169**	**158,127**	**-**	**-**	**1,571,296**

c) NET VALUE FIXED ASSETS CATEGORY	Balance 31/12/2017	Balance 31/12/2018
Trademarks	109,808	97,668
Client List	1	1
Software	201,770	303,188
Licence for energy production	1,260,909	1,188,512
Total	**1,572,488**	**1,589,370**

	Balance 31/12/2017	Additions of period	Transfers	Balance 31/12/2018
Prepayments	-	-	-	-
Grand Total	**1,572,488**			**1,589,370**

The statement of the intangible fixed assets for the fiscal year 2017 for the Group is as follows:

a) ACQUISITION COST FIXED ASSETS CATEGORY	Total 31/12/2016	Additions of period	Sales 2017	Disposals 2017	Total 31/12/2017
Trademarks	123.200	7.900	-	-	131.100
Client List	421.906	-	-	-	421.906
Software	670.858	96.669	-	-	767.527
Licence for energy production	1.665.124	-	-	-	1.665.124
Total	**2.881.088**	**104.569**	**-**	**-**	**2.985.657**

b) AMORTIZATION FIXED ASSETS CATEGORY	Total 31/12/2016	Amortization of period	Amortization of sales 2017	Disposals of amortization 2017	Total 31/12/2017
Trademarks	1.072	14.927	-	-	15.999
Client List	441.301	-	-	(19.396)	421.905
Software	501.403	50.251	-	19.396	571.050
Licence for energy production	331.818	72.397	-	-	404.215
Total	**1.275.594**	**137.575**	**-**	**-**	**1.413.169**

c) NET VALUE FIXED ASSETS CATEGORY	Balance 31/12/2016				Balance 31/12/2017
Trademarks	122.128				115.101
Client List	(19.395)				1
Software	169.455				196.477
Licence for energy production	1.333.305				1.260.909
Total	**1.605.494**	**-**	**-**	**-**	**1.572.488**

	Balance 31/12/2016	Additions of period		Transfers	Balance 31/12/2016
Prepayments	-	-		-	-
Grand Total	**1.605.494**				**1.572.488**

The statement of the intangible fixed assets for the fiscal year 2018 for the company is as follows:

a) ACQUISITION COST FIXED ASSETS CATEGORY	Total 31/12/2017	Additions of period	Sales 2018	Disposals 2018	Total 31/12/2018
Trademarks	116,000	-	-	-	116,000
Software	538,524	97,685	-	-	636,209
Total	**654,524**	**97,685**	**-**	**-**	**752,209**

b) AMORTIZATION FIXED ASSETS CATEGORY	Total 31/12/2017	Amortization of period	Amortization of sales 2018	Disposals of amortization 2018	Total 31/12/2018
Trademarks	12,567	11,600	-	-	24,167
Software	415,507	35,614	-	-	451,120
Total	**428,074**	**47,214**	**-**	**-**	**475,287**

c) NET VALUE FIXED ASSETS CATEGORY	Balance 31/12/2017				Balance 31/12/2018
Trademarks	103,433				91,833
Software	123,018				185,089
Total	**226,451**				**276,922**

	Balance 31/12/2017	Additions of period		Transfers	Balance 31/12/2018
Prepayments	-				-
Grand Total	**226,451**				**276,922**

The statement of the intangible fixed assets for the fiscal year 2017 for the company is as follows:

a) ACQUISITION COST FIXED ASSETS CATEGORY	Total 31/12/2016	Additions of period	Sales 2017	Disposals 2017	Total 31/12/2017
Trademarks	116.000	-	-	-	116.000
Software	508.783	29.742	-	-	538.524
Total	**624.783**	**29.742**	**-**	**-**	**654.524**

b) AMORTIZATION FIXED ASSETS CATEGORY	Total 31/12/2016	Amortization of period	Amortization of sales 2017	Disposals of amortization 2017	Total 31/12/2017
Trademarks	967	11.600	-	-	12.567
Software	388.099	27.408	-	-	415.507
Total	**389.066**	**39.008**	**-**	**-**	**428.074**

c) NET VALUE FIXED ASSETS CATEGORY	Balance 31/12/2016	Balance 31/12/2017
Trademarks	115.033	103.433
Software	120.684	123.018
Total	**235.717**	**226.451**

	Balance 31/12/2016	Additions of period	Transfers	Balance 31/12/2017
Prepayments	-			-
Grand Total	**235.717**			**226.451**

5. Tangible fixed assets

The statement of the tangible fixed assets for the fiscal year 2018 for the **Group** is broken down as follows:

a) ACQUISITION COST FIXED ASSETS CATEGORY	Total 31/12/2017	Additions of period	Sales 2018	Disposals 2018	Exchange difference	Total 31/12/2018
Land	21,284,061	1,529,806	214,700	-	-	22,599,166
Buildings - Buildings Installations	51,692,541	26,685,613	400,434	-	-	77,977,719
Machinery - Technical Installations	83,958,663	747,150	-	-	-	84,705,813
Transportation Equipment	1,168,370	244,900	60,171	1,363	-	1,351,735
Furniture and Fixtures	9,692,256	5,428,517	1,756	15,907	(715)	15,102,394
Total	**167,795,890**	**34,635,986**	**677,062**	**17,270**	**(715)**	**201,736,828**

b) DEPRECIATION FIXED ASSETS CATEGORY	Total 31/12/2017	Depreciation of period	Depreciation of sales 2018	Disposals of Depreciation 2018		Total 31/12/2018
Buildings - Buildings Installations	19,915,563	2,105,794	239,405	-	-	21,781,952
Machinery - Technical Installations	45,962,045	3,968,192	-	-	-	49,930,237
Transportation Equipment	714,336	145,706	38,373	-	-	821,670
Furniture and Fixtures	7,556,975	848,708	1,410	15,907	(475)	8,387,891
Total	**74,148,919**	**7,068,401**	**279,188**	**15,907**	**(475)**	**80,921,750**

c) NET VALUE FIXED ASSETS CATEGORY	Balance 31/12/2017	Total 31/12/2018
Land	21,284,061	22,599,166
Buildings - Buildings Installations	31,776,978	56,195,767
Machinery - Technical Installations	37,996,618	34,775,576
Transportation Equipment	454,033	530,066
Furniture and Fixtures	2,135,281	6,714,503
Total	**93,646,970**	**120,815,078**

	Balance 31/12/2017	Additions of period			Transfers	Total 31/12/2018
Under contruction	9,887,952	16,929,837		52,413	26,464,886	300,490
Prepayments	1,970,921	503,670		-	1,969,962	504,629
Orders of assets from abroad	124,103	704,497		-	828,599	-
Grand Total	**105,629,946**					**121,620,197**

Additions of the year mainly concern the Nana Princess hotel complex and the acquisition of a building on Heraklion Industrial Zone.

The statement of the tangible fixed assets for the fiscal year 2017 for the **Group** is as follows:

a) ACQUISITION COST FIXED ASSETS CATEGORY	Total 31/12/2016	Additions of period	Sales 2017	Disposals 2017	Exchange difference	Total 31/12/2017
Land	26.362.326	275.542	-	5.353.807	-	21.284.061
Buildings - Buildings Installations	47.893.009	3.799.532	-	-	-	51.692.541
Machinery - Technical Installations	83.396.782	561.881	-	-	-	83.958.663
Transportation Equipment	1.030.268	209.647	71.545	-	-	1.168.370
Furniture and Fixtures	8.906.643	804.703	7.439	11.411	(241)	9.692.256
Total	**167.589.028**	**5.651.305**	**78.984**	**5.365.218**	**(241)**	**167.795.890**

b) DEPRECIATION FIXED ASSETS CATEGORY	Total 31/12/2016	Depreciation of period	Depreciation of sales 2016	Disposals of Depreciation 2016		Total 31/12/2017
Buildings - Buildings Installations	17.962.319	1.953.244	-	-		19.915.563
Machinery - Technical Installations	42.076.993	3.885.052	-	-		45.962.045
Transportation Equipment	673.668	94.319	53.652	-		714.336
Furniture and Fixtures	7.023.732	549.456	4.746	11.411	(56)	7.556.975
Total	**67.736.713**	**6.482.072**	**58.397**	**11.411**	**(56)**	**74.148.919**

c) NET VALUE FIXED ASSETS CATEGORY	Balance 31/12/2016	Total 31/12/2017
Land	26.362.326	21.284.061
Buildings - Buildings Installations	29.930.690	31.776.978
Machinery - Technical Installations	41.319.789	37.996.618
Transportation Equipment	356.599	454.033
Furniture and Fixtures	1.882.911	2.135.281
Total	**99.852.315**	**93.646.970**

	Balance 31/12/2016	Additions of period	Transfers	Balance 31/12/2017
Under contruction	3.037.299	7.406.231	555.578	9.887.952
Prepayments	711.857	1.969.962	710.898	1.970.921
Orders of assets from abroad	-	861.004	736.901	124.103
Grand Total	**103.601.471**			**105.629.946**

The statement of the tangible fixed assets for the fiscal year 2018 for the **Company** is as follows:

a) ACQUISITION COST FIXED ASSETS CATEGORY	Total 31/12/2017	Additions of period	Sales 2018	Disposals 2018	Transfers	Total 31/12/2018
Land	21,161,769	1,529,806	214,700			22,476,875
Buildings - Buildings Installations	47,687,975	26,669,388	400,434			73,956,929
Machinery - Technical Installations	61,689,953	541,823				62,231,776
Transportation Equipment	1,005,555	244,900	60,171			1,190,283
Furniture and Fixtures	8,932,972	5,352,436	1,756			14,283,652
Total	**140,478,224**	**34,338,353**	**677,062**	**-**	**-**	**174,139,515**

b) DEPRECIATION FIXED ASSETS CATEGORY	Total 31/12/2017	Depreciation of period	Depreciation of sales 2018	Disposals of Depreciation 2018	Total 31/12/2018
Buildings - Buildings Installations	18,041,312	1,939,412	239,405		19,741,319
Machinery - Technical Installations	33,503,234	3,196,212			36,699,446
Transportation Equipment	664,279	123,829	38,373		749,734
Furniture and Fixtures	7,000,568	776,990	1,410		7,776,148
Total	**59,209,393**	**6,036,443**	**279,188**	**-**	**64,966,648**

c) NET VALUE FIXED ASSETS CATEGORY	Balance 31/12/2017	Total 31/12/2018
Land	21,161,769	22,476,875
Buildings - Buildings Installations	29,646,663	54,215,609
Machinery - Technical Installations	28,186,719	25,532,330
Transportation Equipment	341,276	440,549
Furniture and Fixtures	1,932,404	6,507,504
Total	**81,268,830**	**109,172,866**

	Balance 31/12/2017	Additions of period		Transfers	Balance 31/12/2018
Under contruction	9,830,292	16,806,676	52,413	26,328,165	256,390
Prepayments	1,938,598	503,670	-	1,969,962	472,306
Orders of assets from abroad	155,467	704,497	-	828,599	31,364
Grand Total	**93,193,187**				**109,932,926**

The statement of the tangible fixed assets for the fiscal year 2017 for the **Company** is broken down as follows:

a) ACQUISITION COST FIXED ASSETS CATEGORY	Total 31/12/2016	Additions of period	Sales 2017	Disposals 2017	Transfers	Total 31/12/2017
Land	20,886,228	275,542			-	21,161,769
Buildings - Buildings Installations	43,950,999	11,798			3,725,177	47,687,975
Machinery - Technical Installations	61,496,853	141,638			51,462	61,689,953
Transportation Equipment	934,806	142,751	72,002		-	1,005,555
Furniture and Fixtures	8,290,510	111,496	7,439		538,404	8,932,972
Total	**135,559,397**	**683,224**	**79,441**	**-**	**4,315,043**	**140,478,224**

b) DEPRECIATION FIXED ASSETS CATEGORY	Total 31/12/2016	Depreciation of period	Depreciation of sales 2016	Disposals of Depreciation 2016		Total 31/12/2017
Buildings - Buildings Installations	16,253,321	1,787,991				18,041,312
Machinery - Technical Installations	30,324,743	3,178,491				33,503,234
Transportation Equipment	633,944	74,808	44,473			664,279
Furniture and Fixtures	6,514,826	490,488	4,746			7,000,568
Total	**53,726,834**	**5,531,778**	**49,218**	**-**		**59,209,393**

c) NET VALUE FIXED ASSETS CATEGORY	Balance 31/12/2016	Total 31/12/2017
Land	20,886,228	21,161,769
Buildings - Buildings Installations	27,697,678	29,646,663
Machinery - Technical Installations	31,172,111	28,186,719
Transportation Equipment	300,863	341,276
Furniture and Fixtures	1,775,685	1,932,404
Total	**81,832,563**	**81,268,830**

	Balance 31/12/2016	Additions of period	Transfers	Balance 31/12/2016
Under contruction	2,731,976	11,413,359	4,315,043	9,830,292
Prepayments	710,898	1,938,598	710,898	1,938,598
Orders of assets from abroad	-	155,467	-	155,467
Grand Total	**85,275,437**			**93,193,187**

6. Investments in subsidiaries

The statement of the account for the fiscal year was as follows:

	31-12-18	31-12-17
Acquisition cost 31.12.2017	**10,872,526**	**15,878,487**
Initial share capital payment KARATZIS Romania	-	(2,338)
Sale of stake in Stella Polaris	-	(4,963,623)
Amount intended for share capital increase Stella Polaris	-	(40,000)
Acquisition cost 31.12.2018	**10,872,526**	**10,872,526**
Impairment provisions 31.12	(1,105,367)	(1,105,367)
Impairment provisions for the year	(50,000)	(50,000)
Balance 31.12.2018	**9,717,159**	**9,717,159**

On 27.7.2017 the parent company's stake in the subsidiary STELLA POLARIS KRETA SA, headquartered in Heraklion Crete, was sold to TUI AG. The subsidiary, in which KARATZI SA participated with a 100% stake, was inactive and owned only one asset (plot of land) which accounted for 3% of the Group's assets. The gain from this transaction was recorded in the investment results from discontinued operations. The total aggregate income and the cash flows of the subsidiary have been consolidated up to 27.07.2017 and are presented in the discontinued operations of the Company and the Group (see also note 39 below).

On 22.11.2017, the inactive subsidiary Karatzis Romania was removed from the Romanian business registry. The company had no assets.

In addition to the above, during FY 2018 there were no other changes in investments in subsidiaries.

7. Investments in affiliates

ZEUS PACKAGING AGRI LTD was established on 2014, in the United Kingdom, with an initial capital was £100. Half of the company's capital was covered by KARATZI SA, while the other half by a UK-based company. The established company is purely commercial and is mainly addressing itself to the UK market.

	THE GROUP		THE COMPANY	
	31-12-2018	31-12-2017	31-12-2018	31-12-2017
Acquisition cost 31.12.2017	344,157	282,828	125	125
Acquisition of affiliates	65,000		65,000	
Results of the affiliate for the year	63,944	61,329	-	-
Acquisition cost 31.12.2018	**473,101**	**344,157**	**65,125**	**125**
Balance 31.12.2018	**473,101**	**344,157**	**65,125**	**125**

The financial statements of the affiliate firm for the fiscal year 2018 are presented in the following tables:

STATEMENT OF FINANCIAL POSITION

ASSETS		
Current Assets	**31-12-18**	**31-12-17**
Inventories	762,568	770,066
Trade receivables	46,434	71,631
Other current assets	112	113
Cash and cash equivalents	268,588	190,551
Total Assets	**1,077,702**	**1,032,361**
LIABILITIES		
Equity		
Share capital	121	121
Other reserves	656,835	398,738
Retained earnings	191,523	292,245
Total Equity (a)	**848,479**	**691,104**
Short term liabilites		
Trade and other creditors	1,708	1,041
Tax Liabilites	63,452	54,932
Other short liabilities	164,063	285,285
Total Liabilities (b)	**229,223**	**341,258**
Total Equity & Liabilities (a + b)	**1,077,702**	**1,032,361**

STATEMENT OF COMPREHENSIVE INCOME

	1.1 - 31.12.2018	1.1 - 31.12.2017
Sales	4,755,298	4,404,538
Cost of goods sold	-4,320,987	-4,034,562
Gross Profit	**434,311**	**369,976**
Administrative expenses	-130,666	-146,702
Distribution expenses	-67,197	-75,444
Other income	0	0
Other expenses	0	0
Earnings before interest and taxes	**236,448**	**147,830**
Financial results	0	0
Earnings before taxes	**236,448**	**147,830**
Minus: Income tax	-66,545	0
Earnings after taxes (A)	**169,903**	**147,830**

The other affiliate companies, Spareal PPC, KKX PPC and Karmyl PPC are activated in the exploitation of commercial stores within Nana Princess hotel and generate in total sales amounting to 80 thousand euro. Their participation in the group's consolidated results is a loss of 21 thousand euro. They do not possess important assets or liabilities.

8. Non-current assets

	THE GROUP		THE COMPANY	
	31-12-18	31-12-17	31-12-18	31-12-17
Guarantees	347,425	214,338	64,232	55,592
Other long term receivables	19,220	18,302	1,016,769	1,016,907
Impairment provision for other receivables	-	-	(850,000)	(600,000)
Total	**366,645**	**232,640**	**231,000**	**472,499**

The other receivables impairment provision relates to a receivable of the subsidiary KARATZIS Italia Srl.

9. Inventories

The group and Company's inventories are broken down as follows:

	THE GROUP		THE COMPANY	
	31-12-18	31-12-17	31-12-18	31-12-17
Goods	614,183	955,080	182,189	3,314
Finished and semi finished goods	14,111,362	12,160,116	11,968,034	10,245,137
By-products and residues	8,225	10,657	8,225	10,657
Raw and auxiliary materials - packaging materials	10,990,916	9,190,479	10,376,202	8,482,587
Consumables	247,367	220,220	247,367	220,220
Inventories	547,336	-	547,336	-
Packaging materials	5,279	4,341	5,279	4,341
Orders of stocks	2,313,266	3,540,622	2,313,266	3,540,622
Impairment provisions	(450,338)	(450,000)	(450,000)	(450,000)
Total	**28,387,595**	**25,631,516**	**25,197,897**	**22,056,879**

10. Trade debtors

Receivables from trade debtors are short-term. No discount is required as at the balance sheet date.

	THE GROUP		THE COMPANY	
	31-12-18	31-12-17	31-12-18	31-12-17
Trade receivables	21,261,927	15,691,538	6,098,237	9,739,687
Cheques receivable	1,590,632	1,655,702	1,590,632	1,655,702
Minus: Provisions	3,660,323	2,159,404	1,542,819	1,307,249
Total	**19,192,236**	**15,187,836**	**6,146,050**	**10,088,140**

The Group applies the simplified approach of IFRS 9 for the calculation of expected credit losses, according to which, the provision for impairment is always measured in an amount equal to the expected credit losses over the life of the receivables from customers and the contractual assets data. To determine the expected credit losses in relation to customer receivables, the Group uses a credit loss forecast table for each category of receivables (customers, lessees, other) based on the historical data for credit losses, adjusted for future factors in relation to the debtors and the economic environment.

The Group has applied IFRS 9 as at 1.1.2018, without the reformation of the respective comparative figures, therefore the comparative amounts of the Group for 2017 are presented in accordance with IAS 39.

The loss provision for the Group and the Company due to the transition to IFRS9 on 01.01.2018, increased by 308 thousand euro. The increase of the provision resulted in the adjustment of the accounts a) "Trade Debtors", b) “Other Current Assets”, c) "Retained Earnigns" and d) "Deferred tax liabilities" according to the following table:

Effect of IFRS 9 adoption	Parent Company	KEN SA	Total
Trade debtors / Increase in cumulative impairment provisions	(234,434)	(200,000)	(434,434)
Deferred tax	67,986	58,000	125,986
Total effect on net worth 01.01.2018	**(166,448)**	**(142,000)**	**(308,448)**

The maturity of the company and group’s trade receivables as at 31 December 2018 is as follows:

	KARATZI S.A.	SUBSIDIARIES	THE GROUP
up to 90 days	1,912,186	10,655,235	12,567,421
90 to 180 days	3,783,123	1,668,811	5,451,935
180 to 240 days	318,326	2,587,189	2,905,514
240 + days	433,269	-	433,269
Impaired	1,241,964	252,455	1,494,419
	7,688,869	**15,163,690**	**22,852,559**
Provisions	(1,542,819)	(2,117,504)	(3,660,323)
Balance of trade receivables	**6,146,050**	**13,046,186**	**19,192,236**

The balance of provisions for the Group and the Company was as follows:

	THE GROUP	THE COMPANY
	31-12-18	31-12-17
Provisions in the beginning of the period	2,159,404	1,307,249
Provisions regarding the transition to IFRS 9	434,434	234,434
Provisions of the year IFRS 9	1,066,485	1,136
Provisions 31.12.2018	**3,660,323**	**1,542,819**

Regarding provisions formed within FY 2018, an amount of 1.200 thousand euro concerns the subsidiary KEN SA.

11. Contractual assets

The contractual assets of subsidiary KEN, which during the previous fiscal year had been classified as accrued income on other current assets, relate to electricity sold but not invoiced to consumers, regarding bills issued in the next financial year.

	THE GROUP		THE COMPANY	
	31-12-18	31-12-17	31-12-18	31-12-17
Contractual assets	9,114,562	-	-	-

12. Other current assets

	THE GROUP		THE COMPANY	
	31-12-18	31-12-17	31-12-18	31-12-17
Greek State	9,751,177	6,553,751	7,371,601	5,732,733
Receivables from affiliate firms	65,180	92,673	65,180	92,673
Accrued income	1,222	3,024,225	1	1
Receivables from public sector abroad	1,660	1,618	-	-
Incoming remittances	-	690,000	-	690,000
Other receivables	337,763	120,605	258,858	66,599
Total	**10,157,002**	**10,482,873**	**7,695,640**	**6,582,006**

Receivables from the Greek State pertain mostly to an income tax advance payment, amounting to 5.2 million euro in total for the company and 5.5 million euro for the group, as well as a VAT refund amounting to 1.6 million euro for the company and 3.7 million euro for the group.

Accrued income relates to accrued income from accounts of electric energy consumers, which were issued in the following year. This amount during FY 2018 was classified in the account Contractual assets (see above note 11).

13. Prepayments

	THE GROUP		THE COMPANY	
	31-12-18	31-12-17	31-12-18	31-12-17
Deferred expenses	2,757,535	1,643,346	204,346	165,254
Other prepayments	602,429	431,970	398,965	225,382
Total	**3,359,963**	**2,075,316**	**603,312**	**390,636**

Deferred expenses relate mainly to sales commissions of KEN SA, as well as NOME advance payments to be depreciated.

14. Financial assets at fair value through profit or loss

	THE GROUP		THE COMPANY	
	31-12-18	31-12-17	31-12-18	31-12-17
Investments held for trading	30,000	30,049	30,000	30,000
Total	**30,000**	**30,049**	**30,000**	**30,000**

Financial assets at fair value through profit or loss concern shares of the Pancretan Co-operative Bank.

15. Cash

The company's cash includes cash and demand deposits in euro and foreign currencies (mostly USD).

	THE GROUP		THE COMPANY	
	31-12-18	31-12-17	31-12-18	31-12-17
Cash	66,200	45,637	44,407	25,345
Sight deposits in euro	4,617,030	1,589,776	872,689	361,063
Sight deposits in euro in financial institutions abroad	35,095,726	35,111,355	34,236,514	34,269,305
Time and sight deposits in foreing currency	59,562	67,233	2,003	1,932
Total	**39,838,519**	**36,814,001**	**35,155,614**	**34,657,644**

Deposits in financial institutions abroad refer to mostly το interest free deposits in euro in financial institutions in Switzerland with excellent credit rating (Fitch A+).

16. Share capital

The company's share capital amounts to 24,662,050.56 euro, divided into 14,679,792 common registered shares, with a nominal value of 1.68 euro each.

17. Reserves

The reserves arising from tax laws, were created based on the provisions of the taxation law which either provides the possibility of deferring the taxation of certain revenues up until their distribution to the shareholders or provides tax reliefs as an incentive for making investments. The management does not intend to implement a policy regarding the distribution or capitalisation of tax-free reserves imminently, and as a result, has not recognised any deferred tax liabilities in the company's financial statements.

	THE GROUP		THE COMPANY	
	31-12-18	31-12-17	31-12-18	31-12-17
Share premium	19,993,151	19,993,151	19,993,151	19,993,151
Statutory reserve	2,747,600	1,888,562	2,680,851	1,888,562
Other reserves (taxed)	10,838,437	9,973,045	9,806,843	9,806,843
Tax free reserves under development laws	12,133,504	12,019,216	12,133,504	12,019,216
Other tax free reserves	2,383,170	2,383,170	2,383,170	2,383,170
Reserves under IFRS 1 first time adoption	16,707,531	16,707,531	16,707,531	16,707,531
Total	**64,803,393**	**62,964,675**	**63,705,050**	**62,798,473**

18. Loans and existing liens

	THE GROUP		THE COMPANY	
	31-12-18	31-12-17	31-12-18	31-12-17
Long Term Debt				
Long Term Debt	26,219,726	22,414,411	25,091,640	19,749,540
Short Term Debt				
Bank loans	28,761,630	13,747,231	22,219,349	9,336,452
Long term debt payable within the next 12 months	2,753,831	2,220,714	2,356,924	1,489,173
	31,515,461	**15,967,945**	**24,576,273**	**10,825,625**
Total Debt	**57,735,187**	**38,382,356**	**49,667,913**	**30,575,165**

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

Long term debts payable in	THE GROUP		THE COMPANY	
	31-12-18	31-12-17	31-12-18	31-12-17
From 1 to 2 years	8,565,468	8,548,995	8,302,560	7,927,560
From 2 to 5 years	9,988,007	9,193,151	9,409,450	7,516,340
More than 5 years	7,666,251	4,672,265	7,379,630	4,305,640
TOTAL	**26,219,726**	**22,414,411**	**25,091,640**	**19,749,540**

Collaterals: The subsidiary Mesh Pack GMBH Germany's real estate properties bear mortgages and underwritings amounting to 1,578 thousand euro in total. On top of that, its receivables and inventories have been pledged up to the amount of 56 thousand euro. KARATZIS ENERGIAKI's mechanical equipment has been pledged for the amount of EUR 5,233 thousand. In order to secure a long-term loan agreement, the product from the future collection of the subsidy related to the investment of the new hotel of the parent company, has been assigned. There are no mortgages and underwritings on the real estate property of the other subsidiaries.

Furthermore, the Company and the Group have pledged their receivables from the Operator of the Electricity Market S.A. (OEM) and the Hellenic Electricity Distribution Network Operator S.A. (HEDNO) 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.

The long-term and short-term loans of the Company and the Group include covenants, regarding the maintenance of satisfactory capital adequacy and liquidity.

The parent company has provided a corporate guarantee in favour of "KEN S.A." amounting 6 million euro and in favour of "KARATZIS ENERGY" amounting 12.6 million euro.

Letters of guarantee of indefinite duration, b' class: 67,000 euro

Letters of guarantee of indefinite duration, c' class: 27,000 euro

19. Deferred tax liability

Deferred tax assets and liabilities are offset when there is an applicable legal right to offset current tax assets against current tax liabilities and when the deferred income taxes pertain to the same tax authority. The changes to deferred tax assets and liabilities during the fiscal period, without taking into consideration the offsetting of the balances within the same tax authority, are the following:

RECEIVABLES

Deferred tax receivables / Spanish tax authority	Balance 31-12-17	Debit / (Credit) of the year Results	Equity	Balance 31-12-18
Asset depreciation	(5,250)	(5,250)	-	-
Total (a)	**5,250**	**(5,250)**	**-**	**-**

Deferred tax receivables / Russian tax authority	Balance 31-12-17	Debit / (Credit) of the year Results	Equity	Balance 31-12-18
Asset depreciation	2,302	(2,065)	-	237
Total (b)	**2,302**	**(2,065)**	**-**	**237**

Deferred tax receivables / German tax authority	Balance 31-12-17	Debit / (Credit) of the year Results	Equity	Balance 31-12-18
Tax losses and depreciation of intangible assets	324,621	(17,658)	-	306,962
Total (c)	**324,621**	**(17,658)**	**-**	**306,962**

Deferred Tax Receivables / Greek tax authority	Balance 31-12-17	Debit / (Credit) of the year Results	Equity	Balance 31-12-18
Asset depreciation	(2,317)	1,058		(1,259)
Deductible tax losses	27,094	351,958		379,052
Provisions	177,799	351,988	58,000	587,787
Deferred income (expenses)	(422,346)	(452,062)		(874,408)
Total (d)	**(219,770)**	**252,942**	**58,000**	**91,172**
Total deferred tax receivables (a + b + c)	**112,403**	**227,968**	**58,000**	**398,370**

LIABILITES

Deferred Tax Liabilities / Greek tax authority	Balance 31-12-17	Debit / (Credit) of the year Results	Equity	Balance 31-12-18
Provisions	336,510	(45,623)	51,071	341,959
Asset depreciation	(5,223,272)	450,515	-	(4,772,757)
Corporate bonds (effective rate)	(376)	267	-	(109)
Inventory	87,000			87,000
Deductible tax losses	-	(12,000)	-	(12,000)
Total	**(4,800,137)**	**393,158**	**51,071**	**(4,355,907)**

	THE GROUP	
	FY 2018	FY 2017
Balance at the beginning of the year, January 1	(5,019,906)	(5,314,016)
Debit / (Credit) income statement	393,158	294,110
Debit / (Credit) equity	51,071	-
Reclassification of tax receivable from the same tax authority	219,770	-
Balance at the end of the year, December 31	**(4,355,907)**	**(5,019,906)**
Liabilities	(4,355,907)	(5,019,906)
Receivables	398,370	332,173
Total	**(3,957,536)**	**(4,687,734)**

The tax rate, which was used for the calculation of the deferred tax arising from temporary differences between the taxation and the accounting basis, is set to 25% for Greece.

20. Provisions

The parent company has made provisions for unaudited fiscal years amounting to 120 thousand euro and another 548 thousand euro for extraordinary events.

The subsidiary companies Mesh Pack GmbH and Karatzis Italia Srl have formed, on a cumulative basis, other provisions amounting to 36,3 thousand euro and 100 thousand euro respectively.

	THE GROUP		THE COMPANY	
	31-12-18	31-12-17	31-12-18	31-12-17
Provisions for tax audits	120,000	120,000	120,000	120,000
Other provisions	684,311	517,400	548,011	480,000
TOTAL	**804,311**	**637,400**	**668,011**	**600,000**

21. Employee benefits

The company's liability towards persons who are employed in Greece with respect to the future provision of benefits-compensations depending on how many years they have worked at the company, is measured and presented on the basis of the accrued benefit which is expected to be paid for each employee, discounted at its current value as at the balance sheet date, in relation to the estimated timing of the payment.

Change in the present value of the liability	THE GROUP 31-12-18	THE GROUP 31-12-17	THE COMPANY 31-12-18	THE COMPANY 31-12-17
Present value of the liability in the beginning of the period	894,521	838,138	894,521	838,138
Cost of current employment	74,472	45,787	63,167	45,787
Interest cost	11,488	10,596	11,488	10,596
Benefits paid by the employer	(70,213)	-	(70,213)	-
Change in equity	(7,532)		(7,532)	
Cost of cuts / settlements / termination of service	27,902	-	27,902	-
Cost of prior employment during the period	1,337	-	1,337	-
Actuarial loss (profit) - assumptions	(34,461)	-	(34,461)	-
Actuarial loss (profit) - experience of period	(16,333)	-	(16,333)	-
Present value of the liability at the end of the period	**881,181**	**894,521**	**869,876**	**894,521**

Change in net liability	31-12-18	31-12-17	31-12-18	31-12-17
Net liability at the beginning of the period	914,164	838,138	894,521	838,138
Benefits paid by the employer	(70,213)	-	(70,213)	-
Expense recognized in income statement	107,667	76,026	96,362	56,383
Total amount recognized in equity	(50,794)	-	(50,794)	-
Net liability at the end of the period	**900,824**	**914,164**	**869,876**	**894,521**
Adjustment of actuarial loss	-	-	-	-
Net liability at the end of the period	**900,824**	**914,164**	**869,876**	**894,521**

Expense recognized in the income statement	31-12-18	31-12-17	31-12-18	31-12-17
Cost of current employment	74,472	65,430	63,167	45,787
Interest cost	11,488	10,596	11,488	10,596
Actuarial loss	(7,532)	-	(7,532)	
Cost of prior employment during the period	1,337	-	1,337	-
Cost cuts	27,902	-	27,902	-
Total	**107,667**	**76,026**	**96,362**	**56,383**

Expense recognized in comprehensive income statement	31-12-18	31-12-17	31-12-18	31-12-17
Adjustment in liabilities from change in assumptions	(34,461)	-	(34,461)	-
Experiential adjustments in liabilities	(16,333)	-	(16,333)	-
Total	**(50,794)**	**-**	**(50,794)**	**-**

The major actuarial assumptions used are the following:

Report assumptions	**2018**	**2017**
Discount interest rate	1.6%	1.3%
Future salary increases from 2012 to 2021	1.5%	1.5%
Future salary increases from 2022 and henceforth	1-2%	1-2%
Expected remaining working life	25.06	15.29
Average economic duration	15.11	n/a

Compensation obligations for the Group's employees include 26,851 euro of KEN S.A. and 4,097 euro of Karatzis Italia Srl.

22. Other long-term liabilities

	THE GROUP 31-12-18	THE GROUP 31-12-17	THE COMPANY 31-12-18	THE COMPANY 31-12-17
Deferred income of government grants	1,574,401	1,721,967	977,687	1,049,115
Guarantees	843,391	372,275	-	-
Total	**2,417,791**	**2,094,242**	**977,687**	**1,049,115**

The above liabilities pertain mostly to investment grants of the Law 3299/2004 and grants of the subsidiary Meshpack Gmbh. Customer guarantees involve the long-term part of energy consumers guarantees of KEN S.A.

23. Trade and other creditors

	THE GROUP		THE COMPANY	
	31-12-18	31-12-17	31-12-18	31-12-17
Suppliers	11,510,870	6,554,615	3,503,811	5,156,360
Post dated cheques and notes payables	3,107,930	4,415,943	3,107,930	4,374,319
Total	**14,618,800**	**10,970,558**	**6,611,741**	**9,530,678**

24. Liabilities from taxes – fees

	THE GROUP		THE COMPANY	
	31-12-18	31-12-17	31-12-18	31-12-17
Salaried services tax	225,516	193,759	198,595	170,828
Other taxes and fees	488,894	358,267	101,652	107,202
Income tax of the year	3,177,580	7,804,889	2,841,846	7,493,837
Total	**3,891,989**	**8,356,914**	**3,142,093**	**7,771,867**

25. Contractual liabilities

	THE GROUP		THE COMPANY	
	31-12-18	31-12-17	31-12-18	31-12-17
Contractual liabilities	7,753,871	-	-	-

Contractual liabilities for the previous year were classified as purchases to be settled in the account Other short-term liabilities. They refer to liabilities of the subsidiary KEN regarding electric energy purchased but not invoiced by the providers until 31.12.2018.

26. Other short-term liabilities

	THE GROUP		THE COMPANY	
	31-12-18	31-12-17	31-12-18	31-12-17
Employees' remuneration	452,038	467,475	307,592	342,151
Social security contribution	467,847	477,414	422,885	448,018
Fiscal correction of grant under law3299/2004	146,610	146,610	146,610	146,610
Accrued expenses	511,353	328,465	303,872	314,961
Prepayments from customers	135,176	136,570	135,176	136,570
Short-term provisions	145,370	127,127	-	-
Purchases under settlement	-	2,169,780	-	-
Charges for third parties	6,292,097	1,625,025	-	-
Dividends payable	1,991	2,184	1,991	2,184
Other short term liabilities	954,989	800,328	(437,856)	61,764
Total	**9,107,471**	**6,280,978**	**880,270**	**1,452,258**

Concerning the purchases under settlement see above note 25. Third-party fees refer to deduction in favor of municipalities etc., arising from consumer bills of the subsidiary KEN.

27. Cost of Sales & Operating expenses

1.1 - 31.12.2018 — THE GROUP

DESCRIPTION	PRODUCTION COST OF INDUSTRY	PRODUCTION COST OF HOTEL	PRODUCTION COST OF ENERGY	DISTRIBUTION	ADMINISTRATION
Consumption of raw and auxiliary materials - packaging materials	-	-	-	-	-
Consumption of other inventories	33,248,548	-	93,781,407	-	-
Change in inventory of finished goods	(1,403,909)	2,520,308	-	-	-
Personnel remuneration and expenses	7,514,805	4,246,248	41,222	1,583,255	1,060,620
Third parties remuneration and expenses	10,920	145,227	-	4,832,094	801,271
Benefits to third parties	3,150,326	2,552,439	528,846	864,578	613,348
Taxes - Charges	63,861	42,335	206,549	37,768	105,961
Other expenses	461,022	620,767	1,230	4,056,104	642,101
Depreciation	3,164,111	2,167,739	1,426,776	185,034	277,451
Provisions	92,953	-	-	13,750	227,070
TOTAL	**46,302,636**	**12,295,063**	**95,986,031**	**11,572,584**	**3,727,823**
Total cost of sales	**154,583,730**				

1.1 - 31.12.2018 — THE COMPANY

DESCRIPTION	PRODUCTION COST OF INDUSTRY	PRODUCTION COST OF HOTEL	PRODUCTION COST OF ENERGY	DISTRIBUTION	ADMINISTRATION
Consumption of raw and auxiliary materials - packaging materials	-	-	-	-	-
Consumption of other inventories	27,567,547	-	-	-	-
Change in inventory of finished goods	(1,175,561)	2,520,308	-	-	-
Personnel remuneration and expenses	5,445,534	4,246,248	41,222	523,996	863,415
Third parties remuneration and expenses	10,920	145,227		725,637	675,523
Benefits to third parties	2,592,741	2,552,439	365,655	487,320	493,628
Taxes - Charges	48,840	42,335	140,304	31,074	79,155
Other expenses	158,355	620,767	150	2,985,623	525,232
Depreciation	2,751,917	2,167,739	843,991	70,395	248,153
Provisions	-	-	-	-	227,070
TOTAL	**37,400,294**	**12,295,063**	**1,391,322**	**4,824,045**	**3,112,176**
Total cost of sales	**51,086,679**				

Previous fiscal year

1.1 - 31.12.2017 — THE GROUP

DESCRIPTION	PRODUCTION COST OF INDUSTRY	PRODUCTION COST OF HOTEL	PRODUCTION COST OF ENERGY	DISTRIBUTION	ADMINISTRATION
Consumption of raw and auxiliary materials - packaging materials	-	-	-	-	-
Consumption of other inventories	35,467,791	-	-	-	-
Change in inventory of finished goods	(1,465,022)	2,103,378	14,418,213	2,020	-
Personnel remuneration and expenses	7,539,512	2,895,945	29,507	1,409,761	1,091,573
Third parties remuneration and expenses	11,210	62,142	-	500,580	707,520
Benefits to third parties	3,762,851	1,594,396	489,738	517,990	612,113
Taxes - Charges	64,980	96,791	127,661	634,412	119,944
Other expenses	554,066	366,183	915	3,838,893	594,572
Depreciation	3,112,963	1,743,164	1,354,226	152,189	196,386
Provisions	-	-	-	6,595	52,293
TOTAL	**49,048,352**	**8,861,999**	**16,420,260**	**7,062,440**	**3,374,401**

1.1 - 31.12.2017 — THE COMPANY

DESCRIPTION	PRODUCTION COST OF INDUSTRY	PRODUCTION COST OF HOTEL	PRODUCTION COST OF ENERGY	DISTRIBUTION	ADMINISTRATION
Consumption of raw and auxiliary materials - packaging materials			-		
Consumption of other inventories	27,775,075		-		
Change in inventory of finished goods	223,336	2,103,378	-		
Personnel remuneration and expenses	5,632,528	2,895,945	29,507	558,747	794,166
Third parties remuneration and expenses	11,210	62,142	-	398,084	697,144
Benefits to third parties	2,529,456	1,594,396	287,855	301,879	366,319
Taxes - Charges	48,558	96,791	126,261	12,265	100,763
Other expenses	185,177	366,183	-	3,158,059	608,598
Depreciation	2,744,678	1,743,164	843,991	60,189	178,763
Provisions	-	-	-	-	45,787
TOTAL	**39,150,019**	**8,861,999**	**1,287,614**	**4,489,222**	**2,791,540**
Total cost of sales	**49,299,632**				

28. Other income & expenses

The other income of the company and the group are broken down as follows:

	THE GROUP		THE COMPANY	
	1/1/2018-31/12/2018	1/1/2017-31/12/2017	1/1/2018-31/12/2018	1/1/2017-31/12/2017
Rents	95,173	70,570	95,173	70,570
Other income of sequential activities	432,704	51,285	145,802	51,285
Grants attributable to the fiscal year	177,997	191,816	101,859	114,288
Foreing exchange differences	734	19,139	734	19,139
Other extraordinary and non operating income	146,398	97,955	160,666	31,474
Other extraordinary profit	46,045	1,686	1,467	1,686
Revenue from unused provisions	74,355	5,102	70,213	-
Income from previous years	786	14,447	786	14,447
TOTAL	**974,191**	**452,001**	**576,700**	**302,890**

Other expenses of the company and the group are broken down as follows:

	THE GROUP		THE COMPANY	
	1/1/2018-31/12/2018	1/1/2017-31/12/2017	1/1/2018-31/12/2018	1/1/2017-31/12/2017
Other provisions	60,000	120,000	60,000	120,000
Inventory impairment provisions	-	301,428	-	300,000
Participations impairment provisions	-	-	-	50,000
Impairment provision for other non current assets	250,000	-	250,000	600,000
Provision for doubtful receivables	1,059,571	688,300	-	-
Foreign exchange differences	-	8,573	-	-
Doubtful receivables write off	-	10,032	-	-
Other penalties and surcharges	53,885	14,726	53,885	14,726
Other extraordinary and non operating losses	194,163	136,064	167,310	5,980
Other extraordinary losses	80,697	120	4,576	120
Expenses of previous years	587,951	31,636	67,801	31,636
TOTAL	**2,286,267**	**1,310,879**	**603,571**	**1,122,462**

29. Investment results

	THE GROUP		THE COMPANY	
	31-12-2018	31-12-2017	31-12-2018	31-12-2017
Results from the sale of subsidiaries	-	10,836,377	-	10,836,377
Results from the write off of subsidiaries	-	(927)	-	(927)
Results from the disposal of fixed assets	133,995	25,155	133,995	25,155
Results from the write off of fixed assets	-	(14,412)	-	-
Total	**133,995**	**10,846,194**	**133,995**	**10,860,606**
Results of consolidation of affiliated companies	63,944	73,915	-	-
	197,939	**10,920,108**	**133,995**	**10,860,606**

The investment results of the company and the group include profit from the sale of the subsidiary STELLA POLARIS CRETA SA, which is presented in the discontinued operations.

30. Financial income and expenses

	THE GROUP		THE COMPANY	
	31-12-2018	31-12-2017	31-12-2018	31-12-2017
Interest expenses				
- Long term debt	725,427	572,928	579,845	339,781
- Other bank loans	961,005	918,256	667,965	868,923
- Commissions and other bank expenses	143,280	160,609	142,663	124,413
Total	**1,829,713**	**1,651,793**	**1,390,473**	**1,333,117**
Interest on deposits	548	882	13	8
Interest on customers	113,130	13,528	-	-
Interest on a subsidiary	12,193	-	12,193	28,042
Total	**125,871**	**14,410**	**12,206**	**28,050**
Net Financial Result	**(1,703,841)**	**(1,637,384)**	**(1,378,267)**	**(1,305,067)**

31. Taxation

	THE GROUP		THE COMPANY	
	31-12-18	31-12-17	31-12-18	31-12-17
Deferred tax expense / (income)	621,366	310,029	420,493	752,966
Income tax of previous year	26,714	-	26,714	-
Income tax expense (income)	(3,182,295)	(7,804,889)	(2,841,846)	(7,493,837)
Total tax in comprehensive income statement	**(2,534,216)**	**(7,494,860)**	**(2,394,638)**	**(6,740,871)**
Actuarial income (expense) in comprehemsive income statement	58,326		58,326	
Deferred tax debit (credit)	(16,915)		(16,915)	
Equity	109,071	-	51,071	-
Effect of exchange differences	(240)	(219)	-	-
Change in dereffed tax liabilities	713,283	309,810	529,891	752,966

	THE GROUP Amounts in euro		KARATZI S.A. Amounts in euro	
	31-12-18	31-12-17	31-12-18	31-12-17
Tax of the fiscal year	3,182,295	7,804,889	2,841,846	7,493,837
Tax of the previous year	(26,714)	-	(26,714)	-
Deferred tax	(604,451)	(310,029)	(403,579)	(752,966)
Total	**2,551,130**	**7,494,860**	**2,411,553**	**6,740,871**
Expected tax expense	2,806,085	7,081,489	2,808,411	6,550,126
Profit / (Loss) before tax	**9,904,231**	**24,139,256**	**9,684,174**	**22,586,641**
- minus: temporary differences in income	8,313,065	2,399,643	-	-
- plus: temporary difference in expenses	7,233,273	4,160,515	(938,354)	2,582,473
Adjustments to tax for non-taxable income				
Loss of branch abroad (Italy)	287,563		287,563	
Other adjustments	-		-	
Adjustments to tax expenses not				
- Non deductible expenses	813,006	705,039	766,083	671,705
- Tax transferable losses	1,307,076	-		
	11,232,085	**26,605,168**	**9,799,467**	**25,840,819**
Tax rate	28%	29%	29%	29%
Current income tax	**3,182,295**	**7,804,889**	**2,841,846**	**7,493,837**
Deferred tax for temporary differences	(225,399)	(310,029)	(403,579)	(752,966)
Deferred tax for tax loss	(379,052)	-	-	-
Income tax of previous year	(26,714)	-	(26,714)	-
Actual tax expense	**2,551,130**	**7,494,860**	**2,411,552**	**6,740,871**

32. Other total comprehensive income

Other total comprehensive income for the previous year 2016 relates to actuarial losses and foreign exchange consolidation differences of the Group, while other total comprehensive income for the year 2017 relates to Group's foreign exchange consolidation differences.

33. Number of employees and payroll cost

The number of employees on 31 December 2018 and 31 December 2017 as well as the salary cost for the respective periods, both for the Group and the Company are as follows:

	THE GROUP		THE COMPANY	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Permanent employees	200	207	88	94
Seasonal employees	243	235	243	235
Total	**443**	**442**	**331**	**329**
Personnel cost	**15,339,577**	**12,966,298**	**11,120,416**	**9,910,892**

It must be noted that during the fiscal year 2018, the Group employed approximately 280 people as seasonal employees in the hotel sector.

34. Earnings per share – Average weighted number of shares

For 2018, the average weighted number of shares is 14,679,792 (Average weighted number of shares for 2017: 14,679,792). Based on the average weighted number of shares, the earnings per share are as follows:

	THE GROUP		THE COMPANY	
Earnings per share	31-12-18	31-12-17	31-12-18	31-12-17
Profit / (Loss) attributable to the shareholders of the parent company	7,507,479	16,912,802	7,289,537	15,845,770
Weighted average number of shares	14,679,792	14,679,792	14,679,792	14,679,792
Basic earnings per share	**0.5114**	**1.1521**	**0.4966**	**1.0794**

35. Unaudited fiscal years

Company name	Unaudited fiscal years
Karatzis S.A.	-
Mesh Pack GMBH	2015 – 2018
Croppy Solutions SL	2014 – 2018
Karatzis S.A. & Co (Energy)	2011 – 2018
KEN SA	-
Karatzis Italia SRL	2016 – 2018
Karatzis Russia Ltd	2016 - 2018

The tax audit for the fiscal year 2018 for KARATZI S.A. and for KEN S.A. is currently being performed pursuant to Article 65a of Law 4174/13. The tax compliance report is expected to be granted after the publication of the financial statements; however, the Company and the Group do not expect any significant tax liabilities to arise.

The parent company's fiscal years 2011 to 2016 as well as FY 2016 of the subsidiary's KEN 2016 and 2017 have been audited by the legal auditors in accordance with the provisions of article 82 of Law 2238/1994 and 65A of

Law 4174/2013. For these years, "Unqualified" Tax Compliance Reports have been issued. The finalization of these audits is carried out in accordance with the CMC 1034/2016 and the provisions of Law 4174/13.

36. Disputes under litigation or arbitration

In May 2018, the decision No. 7308/2018 of the Administrative Court of First Instance of Athens was notified to the company. This decision for formal reasons dismisses the parent company's lawsuit against the Greek State, claiming interest for the period of time a fiscal correction was imposed, for which the company has been legally vindicated with the amount of the grant being fully recovered. The company filed an appeal against the decision. This event has no impact on the financial statements of the Group.

The subsidiary KEN claims through legal proceedings the collection of delayed energy consumer accounts.

Apart from the above, there are no other litigation or under arbitration disputes for the company and/or the Group.

37. Related parties' transactions

Company	Sales	Purchases / Expenses	Receivables	Liabilities
MESHPACK	406,899	25,884	183,396	-
CROPPY SOLUTIONS	806,604	-	144,702	-
KARATZIS RUS LTD	542,891	6,797	2,568	-
KARATZIS ITALIA	140,711	270,020	185,769	26,637
KARATZIS ENERGY	2,645	-	-	-
KEN SA	4,413	1,590,536	5,472	110,765
ZEUS PACKAGING AGRI LTD	1,032,497	-	-	-
Other related parties	416,095	315,464	60,239	-
		Compensation	Receivables	Liabilities
BoD members and Directors		875,968	12,581	9,001
Group	Sales	Purchases / Expenses	Receivables	Liabilities
Other related parties	1,742,198	342,329	641,172	111,111
		Compensation	Receivables	Liabilities
BoD members and Directors		1,086,790	15,067	27,687

38. Change in accounting assumptions

No change in accounting methods or accounting assessments has taken place.

39. Sale of subsidiary - Discontinued operations

On 27.7.2017 the parent company's stake in the subsidiary STELLA POLARIS CRETA SA, headquartered in Heraklion was sold at TUI AG. The subsidiary, in which KARATZI SA participated with a 100% stake, was inactive and owned only one asset (plot of land), which accounted for 3% of the Group's assets. The gain from this transaction was recorded in the investment results from discontinued operations of FY 2017. The total income and the cash flows of the subsidiary have been consolidated up to 27.07.2017 and are presented in the discontinued operations of the Company and the Group in the comparable column of 2017.

Income from the sale of a subsidiary	**15.800.000,00**
Minus:	
Proportion to the parent's balance sheet	4.963.623,42
Group profit from the sale	**10.836.376,58**

On 22 November 2017, the inactive subsidiary Karatzis Romania was removed from the Romanian business registry. The company had no assets. The cash flows of the subsidiary have been consolidated up to 22.11.2017 and are presented in the discontinued operations of the Company and the Group of FY 2017.

40. Treasury shares

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

41. Approval of the financial statements by the BoD

The financial statements for the period from 1 January 2018 to 31 December 2018 were approved by the Board of Directors of "KARATZI S.A." on April 25, 2019.

42. Fees of legal auditors

The total fees paid to the certified auditors-accountants for the mandatory audit of the annual accounts for the fiscal year 2017 amounted to 64,000 euro for the Group. There were also invoiced allowed according to the provisions of regulation EE537/2014 non-audit services amounting to 5,500 euro.

43. Financial risk management

43.1. Financial risk factors

Interest rate risk: The Group debt obligations are directly or indirectly linked to Euribor; therefore, the existing interest risk is proportional to the debt size. A change in the base interest rate of +/- 100 pips (+/-1%), ceteris paribus, is expected to change financial cost by approximately 577 thousand euro in an annual basis.
The Company and the Group do not use financial derivative products for hedging purposes. For the year ended on 31/12/2018 the group’s average annual interest rate formed at circa 3.55%.

	The Group	
Interest rate sensitivity analysis	**31-12-18**	**31-12-17**
Debt Risk / Amount	57,735	38,382
Change in base interest rate	Change in interest expense	
±1%	+/- 577	+/- 384
±2%	+/- 1155	+/- 768

amounts in thousand euro

Credit risk: The financial standing of the customers is continuously monitored by the Group's companies. Where appropriate, additional insurance coverage is required as a guarantee for the credit. The company as of January 1, 2018 has applied IFRS 9, using the simplified approach for the estimation of the expected credit losses from trade receivables and the calculation of provisions. The maximum exposure in credit risk on December 31, 2018 amounts to 72,6 million euro.

Maximum exposure to credit risk	31-12-18	31-12-17
Trade receivables	19,192,236	15,187,836
Other receivables	13,546,966	12,588,238
Cash and cash equivalents	39,838,519	36,814,001
Total	**72,577,721**	**64,590,075**

Industry sector: It is noted that due to the exporting nature of the company there are no significant credit risk concentrations, except for one client whose receivable amounts 1.052.340 or approximately 5% in the total. For international customers the Company has insured credits, covering 80% of the value of the orders.

Hotel sector: There are no significant credit risk concentrations or high counterparty risk.

Energy sector: In the Energy sector there is a concentration of receivables regarding the customer "Administrator of Renewable Energy Sources and Guarantees of Origin" (former "Electricity Market Operator SA"). These receivables as at 31.12.2018 amounted to 1,9 million euro compared to 2,7 million euro in the previous year and represent 9,9% of the Group's trade receivables.

Regarding electric energy consumers, concentration risk is limited since the company's receivables come from a wide base of consumers (households and enterprises) and are adequately dispersed.

Counterparty risk is high, due to the size of the receivables, and it is statistically expected that credit losses will be incurred to a large number of customers regardless of the effectiveness of the policies implemented by the company.

Liquidity risk: There is no liquidity risk since the Group has significant cash and cash equivalents and positive working capital. The Group's cash as at 31 December 2018, amounted to 39.839 thousand euro, whereas the Group's net working capital as at 31 December 2018 amounted to 43.192 thousand euro compared to 48.636 thousand euro during the previous fiscal year, while the current ratio formed to 1,65 from 2,17.

Raw material price fluctuation risk: The Group is exposed to price fluctuation risk for polyethylene (PE), which is its main industrial raw material. As an oil derivative (ethylene) its price depends on oil prices as well as on the internationally shaped demand and supply for product. 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 1,4 million euro in the consumption cost, or an overall increase of industrial production cost by approximately 2,7% approximately.

Exchange rate risk: There is no significant exchange rate risk from trade transactions for the group and the parent company as most transactions are settled in euro. Foreign exchange risk is limited to the conversion of the financial position of the subsidiary Karatzis Russia, as well as the incorporation of the results of the associate Zeus Packaging Agri Ltd.

Electric energy price fluctuation risk (NOME): The subsidiary KEN participates in auctions regarding the purchase of electric energy (NOME), according to article 138 par. 1 Law 4389/2016 as in force. Within the context of this procedure there is price risk as well as cash flow risk.

43.2. Financial instruments

The Group uses the following hierarchy for the determination and disclosure of the fair value of the financial instruments per valuation technique, pursuant to the revised IRFS 7 "Financial Instruments: disclosures".

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

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

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

Current Assets	31-12-18	31-12-17	Fair value hierarchy
Trade receivables	19,192,236	15,187,836	Level 3
Other receivables	13,546,966	12,588,238	Level 3
Cash and cash equivalents	39,838,519	36,814,001	Level 3
Total	**72,577,720**	**64,590,075**	

Long term liabilities	31-12-18	31-12-17	
Debt			
Financial liabilities			
Assigned at amortized cost	26,220,054	22,447,133	Level 2
Total (a)	**26,220,054**	**22,447,133**	

Short term liabilities	31-12-18	31-12-17	
Debt			
Financial liabilities			
Assigned at amortized cost	31,515,461	15,977,288	Level 2
Trade and other payables			
Financial liabilities			
Assigned at amortized cost	27,618,260	25,608,450	Level 3
Total (b)	**59,133,721**	**41,585,738**	
Total Liabilities (a+b)	**85,353,775**	**64,032,871**	

43.3. Capital management policies and procedures

The Group's main target is to effectively manage its capitals so as to maintain its high credit rating in the market for the purpose of receiving financing under favourable terms in order to ensure its uninterrupted operation in the future, as well as the satisfactory distribution of dividends to the shareholders. The Group's policy pertains to the maintenance of high level solvency, and in the context of its capital structure adjustment, the Group is able to adjust the amount of payable dividends, return capital to the shareholders, issue new shares or sell assets in order to reduce debt. The Group audits and monitors its capital adequacy based on the leverage ratio, which is calculated by dividing net debt by the total employed capital. Net debt refers to the total of debt liabilities (long-term and short-term) minus cash, while total employed capital refers to the sum of equity plus net debt. The management aims at maintaining the leverage ratio at a level **lower than 40%.**

	THE GROUP	
	31-12-18	31-12-17
Total debt	57,735,187	38,382,356
Minus: Cash	39,838,519	36,814,001
Net debt (a)	17,896,668	1,568,356
Total equity	132,941,081	125,634,411
Total capital employed (b)	**150,837,749**	**127,202,766**
Leverage ratio (a) / (b)	**12%**	**1%**

44. Commitments and contractual obligations

Operational leases: As at 31 December 2018, the Group's companies had entered into operational leasing agreements pertaining mostly to leasing of industrial buildings and plots for solar parks with various expiration dates. The minimum future payable rents based on operational leasing agreements as at 31 December 2018, are as follows:

Operating leases	The Group		The Company	
	31-12-18	31-12-17	31-12-18	31-12-17
Within the next year	415,785	385,131	340,785	303,361
From 2 to 5 years	1,075,140	708,026	775,140	348,477
From the 5th year onwards	1,863,852	1,794,148	963,852	888,249
TOTAL	**3,354,777**	**2,887,305**	**2,079,777**	**1,540,087**

Capital commitments: Both the Company and the Group have no capital commitments as at 31 December 2018.

Other commitments: There are commitments of the Group that come under investment plans subsidized by the Greek or the German State, as well as liabilities arising from contracts entered into with the Operator of the Electricity Market S.A. (OEM) and the Hellenic Electricity Distribution Network Operator S.A. (HEDNO) for the sale of electrical energy.

45. Subsequent events

On 17/04/2019, the second NOME auction of FY 2019 was completed. The subsidiary company KEN participated in this auction, during which there were distributed to the participants 355 MWh / h, with an average price of EUR 54,74 per MWh / h.

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, 25 April 2019

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. AN 922943	KONSTANTINOS ARHONTAKIS ID Card No. AN 464624	NIKOLAOS AMONAHAKIS Accountant Reg. No. OEE 0065793/A'

F. Internet website where the annual financial statements of the companies included in the consolidated financial statements for the fiscal year of 2018 are posted.

The annual financial statement for the fiscal year 2018, the audit report of the certified accountant-auditor and the reports of the Board of Directors of the companies incorporated in the consolidated financial statements of KARATZI S.A. are posted on the website of the parent company (http://www.karatzis.gr).