Annual financial report

for the fiscal year

from January 1st to December 31st 2016

ANEK LINES

according to article 4 of law 3556/2007

CONTENTS

The annual financial report for fiscal year 2016 was drafted pursuant to art. 4 of Law 3556/2007 and was approved by the Board of Directors of ANEK S.A. in its meeting of 12th April 2017.

It is noted that the present annual report is translated from the Greek original version.

STATEMENT BY THE MEMBERS OF THE BOARD OF DIRECTORS

(pursuant to art. 4, par. 2 of Law no. 3556/2007)

The members of the Board of Directors of the ANEK S.A.:

- Georgios Katsanevakis, Chairman
- Ioannis Vardinoyannis, Managing Director
- Spyridon Protopapadakis, Senior Vice-Chairman as assigned

hereby represent that, to the best of our knowledge:

(a) the separate and consolidated annual financial statements for fiscal year from 1st January 2016 to 31st December 2016, which are prepared in accordance with the applicable International Financial Reporting Standards, accurately present the assets, liabilities, equity and results of **ANEK S.A.**, as well as those of the companies included in the consolidation, aggregately considered as the group, and

(b) the annual report by the Board of Directors, accurately presents the progress, performance and position of the Parent Company and of the companies included in the consolidation, aggregately considered as the group, including the description of the most important risks and insecurities faced by them.

Chania, 12 April 2017

Chairman	Managing Director	Senior Vice-Chairman
GEORGIOS G. KATSANEVAKIS **ID Card No AI 473513**	**IOANNIS I. VARDINOYANNIS** **ID Card No. Π 966572**	**SPYRIDON I. PROTOPAPADAKIS** **ID Card No. AA 490648**

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ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE FISCAL YEAR 2016

*This annual report by the Board of Directors of **ANEK S.A.** for the fiscal year from 1st January to 31st December 2016 was drafted in accordance with the provisions of Codified Law 2190/1920 (articles 43a,43bb, 107a and 136) and is in line with the provisions of Law 3556/2007 and decision no 7/448/11.10.2007 of the Capital Market Commission. This report includes information relating to the progress of the Group and the Company's activities, as well as their financial position, results, significant changes and events that took place in fiscal year 2016. It also describes the most significant risks that the Company may face in the future, its anticipated progress in the current fiscal year and the most important transactions between the Company and its related parties.*

I. OVERVIEW OF ACTIVITIES & FINANCIAL POSITION

In year 2016, ANEK Group maintained its profitability at the net income level, confirming the strong recovery that began in the previous year. The more effective management of vessels and itineraries, the reduction in operating cost, the extraordinary charters and the fluctuation of international oil prices at lower levels compared to previous years, were the factors that allowed the Group to offset the negative effects of the general economic environment. During the previous fiscal years the reduction in operating cost has led to a gradual improvement of results, while from year 2015, Group returned to profitability for the first time since 2007.

From 2008 and on, the worsening economic climate, the extending uncertainty and the continuous recession in the country have created a suffocated operating frame in the passenger shipping sector, in terms of reduction in passenger and freight traffic, as well as of lack in liquidity. It is noted that the contribution of the Greek coastal shipping in touristic development, in trade and consequently in country's GDP is very significant through its strategic role, since in many cases, is the only connecting link between the continental and the island region of Greece.

At operational level, in 2016 ANEK Group operated through privately owned and chartered vessels in Adriatic Sea (Ancona, Venice), Crete (Chania, Heraklion), Dodecanese and Cyclades. In Cyclades and Dodecanese, continued to operate in public service routes. In Crete and Adriatic routes the Group's vessels continued to execute combined itineraries along with vessels of "ATTICA S.A. HOLDINGS", and in parallel, under the scope of a more efficient management of the fleet, extraordinary charters occurred.

Executing a total of 9% less itineraries compared to previous year, ANEK Group in 2016, in all routes operated, transferred in aggregate 1,0 million passengers same as 2015, 188 thousand private vehicles compared to 176 thousand and 133 thousand trucks compared to 137 thousand in the previous year.

The Group's consolidated turnover in 2016 amounted to € 157,6 million compared to € 159,8 million in 2015, gross profit amounted to € 41,1 million compared to € 42,6 million and earnings before interest, tax, depreciation and amortization (EBITDA) amounted to € 25,6 million in 2016 compared to € 29,6 million in 2015. Finally, consolidated results after taxes and minority interests amounted to profits of € 0,6 million, remaining stable compared to year 2015. In more details, the most important figures included in the Group's financial statements and their variations are as follows:

► **Turnover**

Group's turnover in 2016 reached at € 157,6 million, compared to € 159,8 million in 2015. Revenue from domestic shipping segment amounted to € 60,6 million versus € 65,7 million in the previous fiscal year, revenue from shipping activities abroad amounted to € 87,8 million, compared to € 85,8 million, while revenue from the Group's other activities amounted to € 9,2 million in 2016 versus € 8,3 million in 2015.

► **Gross profit**

Consolidated gross profit were relatively stable and amounted to € 41,1 million in fiscal year 2016 compared to € 42,6 million in 2015. Cost of sales was slightly decreased and shaped at € 116,5 million as opposed to € 117,2 million in the previous year.

► **EBITDA**

Group's profit before interest, taxes and depreciation (EBITDA) formed at € 25,6 million versus € 29,6 million in 2015. The decrease in 2016's EBITDA compared to previous fiscal year, is mainly attributed to the decrease in gross profit before depreciation by € 3,3 million.

► **Financial and investment results**

The Group's net financial cost was decreased and amounted to € 14,0 million compared to € 16,7 million in 2015. The results from investing activities amounted to losses of € 0,2 million compared to € 0,6 million in 2015.

► **Net results - Total comprehensive income (expenses)**

In positive levels formed the net results after taxes and minority interests in fiscal year 2016, amounting to profits of € 0,6 mil., remaining stable compared to 2015. Similarly, the total comprehensive income / (expense) after taxes and minority interests amounted to profits of € 0,7 mil. in 2016 compared to € 1,0 mil. in the previous year.

- **Key information of financial position statement**

  - The net book value of the Group's fixed tangible assets as of 31.12.2016 amounted to € 266,0 million compared to € 270,3 million as at 31.12.2015. Depreciation for year 2016 amounted to € 9,7 million and additions amounted to € 5,4 million. Moreover, it was written off the value of a sold vessel of the Parent Company of amount € 1,6 million, that in 2015 was reclassified in current assets as a non-current asset held for sale.

  - The Group's trade receivables as at 31.12.2016 formed at € 37,1 million compared to € 39,9 million at the end of previous year, while other short-term receivables amounted to € 5,7 million compared to € 6,7 million. Is noted that, the provision formed in 2016 for doubtful debts amounted to € 4,0 million compared to € 1,5 million in 2015.

  - The Group's cash and cash equivalents as of 31.12.2016 amounted to € 11,9 million compared to € 6,4 million as at 31.12.2015.

  - The Group's long term bank borrowings amounted to € 3,5 million compared to € 3,9 million at the end of the previous fiscal year. It is noted that from 31.12.2012 the long-term loans of the Parent Company were reclassified to short-term ones (according to par. 74 of IAS 1), given the fact that terms of the relevant loan contracts were not met, as regard the servicing of the loans (see relevant note 20 of Annual Financial Report).

  - Due to the aforementioned reclassification, the Group's short-term bank liabilities as of 31.12.2016 formed at € 282,1 million compared to € 279,7 million as at 31.12.2015.

  - Trade payables amounted to € 23,0 million compared to € 20,0 million, while other short term liabilities amounted to € 10,1 million, compared to € 14,5 million at the end of previous year. Moreover, liabilities of € 4,5 million at 31.12.2016 (€ 7,8 million in 2015) concerning regulated tax and trade obligations, the repayment of which extends beyond one year, are shown in "other long term liabilities" in the financial position statement.

- **Cash flows**

The Group operating activities inflows for 2016 amounted to € 24,2 million, compared to € 20,2 million in the previous year. The investing activities showed outflows of € 7,5 million (mainly due to assets additions and securities acquisitions) remaining stable compared to 2015. Finally, the financing activities outflows amounted to € 11,3 million compared to € 9,9 million in 2015, mainly, due to payments of bank borrowings.

- **Financial ratios**

  - The gross profit margin (%) of the Group (Gross Profit / Turnover) for 2016 formed at 26,1% compared to 26,7% in 2015. Respectively, EBITDA margin (Earnings before interest, taxes and depreciation / Turnover) for 2016 formed at 16,2% compared to 18,5% in the previous year.

- The ratios of general liquidity (:1) “Current assets / Current liabilities” and quick liquidity (:1) “(Current assets - Inventories) / Current liabilities” as at 31.12.2016 remained stable as compared to end of previous year and formed at 0,20 and 0,19 respectively. These ratios - illustrating the ability of the Group to cover its current liabilities with current assets - were significantly affected by the reclassification of long-term borrowings of the Parent company to the short-term ones.
- The fixed assets ratio (:1) “Turnover / Fixed assets” formed at 0,59 as at 31.12.2016 remaining stable as compared to year end of previous year. Moreover, the assets ratio (:1) “Turnover / Total assets” was 0,47 compared to 0,48.
- The debt ratios (:1) “Liabilities / Equity” and “Long and short term borrowings / Equity” are negative due to the Group’s negative equity. The “Liabilities / (Equity + Liabilities)” ratio formed at 1,02 as at 31.12.2016, compared to 1,03 as at 31.12.2015, while the “Long and short term borrowings / (Equity + Liabilities)” ratio formed at 0,86 compared to 0,85. All above ratios were significantly affected by the decrease in equity, as a consequence of the previous years’ negative results.
- The Group controls and monitors its capital adequacy based on the leverage ratio, which is calculated as net debt divided by total capital. "Net debt" means all debt liabilities (long and short term) after deduction of cash, whereas "total capital" refers to the sum of equity plus net debt. The management aims to preserve the leverage ratio to as low as possible levels. However, the negative results of previous years have substantially affected equity that has become negative, and as a result the index ratio has been formed at 102,76% as at 31.12.2016, versus 103,18% as at 31.12.2015. It is noted , however, that after the successful restructuring of long-term debt of the Parent company - see below "Significant events in 2016 and later" - the leverage ratio is expected to be significantly improved due to the reduction of total debt and the increase of equity.

► Equity adequacy

Due to the negative results of previous years, total equity as at 31.12.2016 is negative, meeting the provisions of art. 48 of Codified Law 2190/20. The annual General Assembly of the Parent company held in 23 June 2016 decided, among others, the adoption of measures in order to restore the ratio of equity to share capital, to no longer having the reasons to apply the subjection c of par.1 of article 48 of C.L. 2190/1920. It is noted however, that in March 2017 was completed the restructuring of long-term borrowing of the Parent company -see below "Significant events in 2016 and later" - terms of which are referred to the immediate strengthening of the capital structure and to ensure capital adequacy.

II. SIGNIFICANT EVENTS IN 2016 AND LATER

- In February 2016 was concluded the sale of vessel "LATO" of the Parent company, that in 31.12.2015 was classified as "non-current assets held for sale" and was valuated at its contract sale value. The proceeds of the sale decreased the bank borrowings of the Company.

- In September 2016 ANEK was chosen as «National Champion» to represent Greece in the category «The Business of the Year Award with Turnover € 150M +» to «European Business Awards» which is the top competition in Europe and aims at promoting excellence and best practices in the European business community.

- In February 2017 ANEK won the 3rd prize of "recovery 2016 Results" of "MONEY" business awards, in recognition of the significant reversal of the results and the return to profitability.

- On March 13, 2017 was held the Extraordinary General Meeting of Company's Shareholders which decided to issue a convertible bond loan (CBL) in accordance with the provisions of cl 2190/1920 and l. 3156/2003, amounting up to € 22 million, of maturity until 31.12.2023 with private placement and abolition of the preferential right of existing shareholders. There will be issued a total of 22 million convertible bonds at a nominal value of one (1) euro per bond. It is noted that the convertible bond loan will refinance part of the bank debt of the Company and that the abolition of the preferential right of existing shareholders is imperative as it is part of a wider agreement on the complete restructuring of the existing debt.

- Finally, on March 29, 2017 was successfully completed the restructuring of long-term debt of the Parent. Under the terms of the new contracts, the repayment is agreed to be done gradually until 2023, the interest burden is significantly lower, while it is stipulated the write off of part of the capitalized interest. By the restructuring of the bank debt is accomplished the securement of financial stability of the Group, the restoration of working capital and the strengthening of the capital structure. The write off of capitalized interest in conjunction with the expected operating profits for year 2017, is estimated that can lead to the restoration of the relationship of equity to share capital.

III. MAJOR RISKS & UNCERTAINTIES

Following is an analysis of the major business risks faced by the Group. A more detailed description of the business risks and their management is provided under note 32 of the financial statements "Causes and risk management policies".

- **Fuel price fluctuation risk**

Fuel cost is the key operating cost incurred by the Group which has a direct effect on the results of each period and thus, a rise in fuel prices is the most important risk faced by the Group. Fuel prices are settled in Euro, but they are indirectly affected by the EUR/USD exchange rate used as a basis for the determination of the international prices. The sensitivity of the results and equity to fuel cost changes per metric ton – ceteris paribus- in 2016 was as follows:

Fuel price change	Effect on results and equity
±5% / metric ton	(-/+) € 1,71 million
± 10% / metric ton	(-/+) € 3,42 million
± 20% / metric ton	(-/+) € 6,84 million

The Group's fuel and lubricants cost for 2016 represented a 29% of the total cost of sales, as compared to 35% in 2015. Despite the significant reduction in international oil prices since 2015 and on, the cost of fuel continues to be Group's most basic operating cost. Consequently, fuel price fluctuation is the most significant risk associated with the Group's financial results. Therefore, a possible rise in fuel cost is expected to have a significantly adverse effect on the Group's operating results, cash flows and financial position.

- **Rate fluctuation risk**

ANEK has entered into agreements for long-term syndicated loans and credit accounts with different banks. Interests for all the above loans are calculated on the basis of the Euribor rate plus a margin. Consequently, the Company is exposed to a rate fluctuation risk, as it will be burdened with extra financial cost in the event of an increase in interest rates. The sensitivity of the results and equity to long term debt rate changes in 2016 was as follows:

Rate change	Effect on results and equity
± 0,5%	(-/+) € 1,19 million
± 1%	(-/+) € 2,38 million

Consequently, a possible rise in interest rates is expected to have a significantly adverse effect on the Group's operating results, cash flows and financial position.

- **Liquidity risk**

The Group on 31.12.2016 had negative working capital ratio as a result of the reclassification (from 31.12.2012) of total of long-term loans to short-term bank liabilities in accordance with IAS 1 due to fact that terms of the loan agreements of the Parent were not met. However, it is noted that:

a) On March 13, 2017 was approved by the Extraordinary General Meeting of Company's Shareholders the issue of a convertible bond loan (CBL) in accordance with the provisions of cl 2190/1920 and l. 3156/2003, amounting up to € 22 million, of maturity until 31.12.2023 with private placement. The convertible bond loan will refinance part of the bank debt of the Company.

b) On March 29, 2017 was successfully completed the restructuring of long-term debt of the Parent. Under the terms of the new contracts, the repayment is agreed to be done gradually until 2023, the interest burden is significantly lower, while it is stipulated the write off of part of the capitalized interest.

By the restructuring of the bank debt is accomplished the securement of financial stability of the Group, the restoration of working capital and the strengthening of the capital structure. In conjunction with the general actions by the management of the Group, such as the further cutting down on operating costs and the settlement of tax liabilities to a later time, the liquidity risk is considered as limited. However, in order to avoid possible inadequate liquidity, Group's management looks after to secure that there is available bank credit at all times to cover any extraordinary needs during low liquidity periods. In the event of breaching one or more conditions laid down in the loan agreements entered into by the Group or of the Group's management being unable to secure bank credit in order to cover extraordinary needs under acceptable terms, this may have a significantly adverse effect on the Group's business activity, operating results, cash flows and financial position.

- **Competition**

The vessels of ANEK Group are performing itineraries in routes where there is intensive competition, particularly in the Piraeus-Crete and Greece-Italy routes. The effort made by each company to retain and increase its market share in the above markets may intensify competition even more, thus having an impact on their financial results. Moreover, as part of its shipping activities, the Group is trying to optimize the allocation of vessels per route, evaluate the profits acquired from existing (and possible new) routes and set its prices at competitive levels. A potential intensification of competition in the markets where the Group operates may have a significantly adverse effect on the Group's operating results, cash flows and financial position.

- **Credit risk**

Under the existing financial conditions, all companies are facing increased credit risks. The Group is following its customers' balances closely by applying credit control procedures and defining credit limits and specific credit policies for all the customer categories. Where it is necessary, it has obtained additional guarantees to secure the credit granted even more. The accumulative provisions formed have reached the amount of € 32,0 million, and it is considered adequate to deal with credit risk, while, there is significant dispersion of the Group's receivables, therefore, the risk of concentration is limited. As regards cash and cash equivalents, the Group is not exposed to any credit risk as there is natural hedging, given that there are also loan agreements entered into with the cooperating financial institutions.

- **Foreign exchange risk**

Both the Company and the Group are not exposed to increased foreign exchange risk as almost all their transactions with customers and suppliers outside Greece are made in Euro. There is a very limited potential of foreign exchange risk caused by the market value of fuels, spare parts and other materials, or services procured by countries outside the euro-zone, which is limited in relation to the total of purchases and expenses. Moreover, a small part of the short term loans of the Group obtained in foreign currency (USD) was repaid within 2016.

IV. PROSPECTS & EVOLUTION

The prospects of the Group in 2017 in operational level will be significantly depended on the general course of the economy and the demand in coastal services, as well as the development of tourist traffic and the international fuel price fluctuations. Despite the decrease in fuel prices that occurred from 2015 and on, the cost of fuels remains the most significant key factor of Group's operating cost. Given the fact that the fluctuation of international fuel prices is an unpredictable factor, any further assessment of their impact on the results of the year would be arbitrary.

It is also noted that the restructuring of long-term loans of the Parent company completed in March 2017, is an event that will have a positive impact on working capital and results. Following the positive results of the last two years, the strategic objective of the Group's management for 2017-which is a landmark year for ANEK which completes 50 years of dynamic presence in the passenger shipping industry - is to secure and improve profitability.

V. MAJOR TRANSACTIONS WITH RELATED PARTIES

The most important transactions and balances between the Parent Company and its subsidiaries (LANE, ETANAP, LEFKA ORI, AIGAION PELAGOS, ANEK HOLDINGS S.A.), its associate (ANEK LINES ITALIA) and its related parties (JV ANEK S.A. & SUPERFAST ENDEKA (HELLAS) INC., hereafter "JOINT VENTURE"), mainly, pertain to vessels' chartering, tickets issuance commissions, vessel agency, other services and the purchase of bottled water. Executives' fees refer to dependent employment services and BoD members' fees pertain to fees paid and remunerations for meetings. The invoicing of transactions between the above companies was done in accordance with the arm's length principle. Following are the most important transactions and balances between the Parent Company and its related parties, in accordance with IAS 24:

- **Income / Expenses**
  - In 2016 ANEK invoiced the subsidiary LANE with the amount of € 290 thousand (€ 949 thousand in 2015) and the subsidiary AIGAION PELAGOS with the amount of € 7.677 thousand (€ 5.637 thousand in 2015) for chartering of vessels, commissions and administrative support services.

- The subsidiary ETANAP invoiced the Parent Company for sale of products with the amount of € 111 thousand (€ 140 thousand in 2015), while the company LEFKA ORI had income for the rental of machinery to ETANAP the amount of € 125 thousand (185 thousand in 2015). Moreover, ETANAP acquired from LEFKA ORI securities of value of € 232 thousand and LANE invoiced AIGAION PELAGOS with the amount of € 720 thousand (€ 360 thousand in 2015) for vessels chartering.

- The associate ANEK LINES ITALIA invoiced the Parent Company with the amount of € 296 thousand (€ 396 thousand in 2015) and the JOINT VENTURE with the amount of € 1.128 thousand (€ 1.303 thousand in 2015) both for ticket issuance commissions.

- **Dividends**

In 2016 ANEK had income from its subsidiary ETANAP from dividends amounted to € 151 thousand, as opposed to € 128 thousand in 2015.

- **Receivables / Liabilities**

- As of 31.12.2016 the Parent Company had a liability to subsidiary ETANAP amounting to € 29 thousand (€ 113 thousand as at 31.12.2015), a receivable from subsidiary LANE amounting to € 3.437 thousand (€ 2.928 thousand as at 31.12.2015), a receivable amounting to € 786 thousand from AIGAION PELAGOS (€ 569 thousand as at 31.12.2015) and a receivable from its subsidiary ANEK HOLDINGS S.A. amounting to € 66 thousand (56 thousand as at 31.12.2015). Moreover, as of 31.12.2016 ANEK had a receivable from the associate ANEK LINES ITALIA amounting to € 1.572 thousand (€ 334 thousand at the end of previous year) and a receivable from JOINT VENTURE amounting to € 14.143 thousand (€ 11.558 thousand as at 31.12.2015).

- At the end of year 2016, LANE had a liability to AIGAION PELAGOS amounting to € 331 thousand (€ 1.272 thousand at the end of previous year) and LEFKA ORI had a receivable from ETANAP amounting to 52 thousand (€ 100 thousand on 31.12.2015). Finally, ANEK LINES ITALIA as at 31.12.2015 had a liability to JOINT VENTURE amounting to € 469 thousand (€ 291 thousand at the end of previous year) and a receivable from LANE amounting to € 123 thousand (€ 125 thousand on 31.12.2015).

- **Key management compensation**

The gross fees to Directors and BoD members for fiscal years 2016 and 2015 refer to short term benefits and are analyzed as follows:

	Group		**Company**	
	01.01.16-31.12.16	**01.01.15-31.12.15**	**01.01.16-31.12.16**	**01.01.15-31.12.15**
Executive members of the BoD	721	710	418	415
Non-Executive Members of the BoD	25	25	20	18
Management executives	829	812	829	812
	1.575	**1.547**	**1.267**	**1.245**

At the end of fiscal year 2016, the Group and the Company had a liability to the above persons amounted to € 23 thousand and € 63 thousand respectively (€ 16 thousand for the Company and € 120 thousand for the Group as at 31.12.2015). As of the balance sheet date there were no stock option plans for BoD members and executives or other benefits depending on the value of shares.

VI. NON-FINANCIAL REPORTING

based on Article 43a(6) of Codified Law 2190/1920, as amended by Article 1 of Law 4403/2016

1. DEVELOPMENT STRATEGY AND OPERATION

Sustainable Development is an integral part of the operating method and development of the activities of ANEK Group. This is reflected in its vision, policy and organizational structure and aims to ensure that it operates responsibly. ANEK Group aims to create value for all its stakeholders and in terms of the three Sustainable Development pillars: society, environment and economy. We are developing our activity based on this approach. By monitoring the risks and challenges resulting from our activity, we are developing procedures aiming to ensure – through the establishment of a Safe Management System (SMS), the development of control processes, the preparation for emergency response and prevention of specific risks, the monitoring and assessment of results and performance – that the Group operates responsibly.

The impact of our business activity

The major impact of our business activity is systematically identified by the management of the Group through internal procedures and risk analysis surveys, as well as by having stakeholders record issues that arise, as shown in the materiality analysis. The most important risks and challenges relate to:

- health and safety on board the ships;
- protection of the environment and biodiversity;
- quality of services;
- supporting the local community.

Priorities

Our strategic priorities are:

- to ensure the quality of the services we provide;
- to provide service to our customers in a safe, comfortable and reliable manner;
- to ensure occupational health and safety for our onshore and offshore staff;
- to protect the environment by preventing maritime pollution, reducing greenhouse gas emissions, cutting down on the amount of freshwater consumed, providing crews with information and training, reducing solid waste and sewage water, and recycling;

- to support the needs our fellow humans for better quality of life.

The above priorities are achieved by taking measures, providing staff with ongoing training on how to handle possible risks related to the ships and passengers, the environment and themselves, making sure that the ships comply with all national and international regulations, ensuring proper surveillance, preparing for emergency response and implementing preventive measures, as well as helping those who need our help.

2. LABOR RIGHTS AND RESPECT FOR HUMAN RIGHTS

Major risks / effects

ANEK Group invests in its people, as it acknowledges their contribution and believes that it is crucial to its responsible development. Based on the materiality analysis carried out, the most important matters are:

- health and safety;
- information and training;
- working conditions;
- human and labor rights.

The Group systematically monitors the above matters, carrying out reviews and taking corrective action as appropriate, to mitigate any negative impact on the onshore and offshore staff.

Corporate policies

ANEK ensures healthy and safe working conditions for its employees, while it also offers equal development opportunities, thus creating a positive working environment. Respecting human and labor rights, it complies with all international and national rules, provisions and codes on health and safety at work, dignified living conditions on board the ship, medical care, welfare and other forms of social protection.

The priorities

Health and safety

The health and safety of staff are a priority for the Group. Recognizing the risks involved, the Group takes all necessary measures to prevent any injuries and deaths among its staff. The Group complies with the applicable national, EU and international legislation, while it also implements the International Safe Management Code (ISM Code) and the resulting obligations concerning the safe management of ships. It has developed and applied a certified Safe Management System, ensuring protection of the health and safety of its onshore and offshore staff. In this context:

- it assesses all recognized risks to the ship and staff;
- it uses certified procedures to monitor all activities with a view to identifying possible risks;
- it establishes protective measures and develops preventive procedures;

- it systematically provides its onshore and offshore staff with information and training on how to address any possible risk;
- it provides employees with complete additional medical care packages and benefit packages for their families;
- an occupational physician visits work areas daily;
- it provides insurance coverage for the repatriation, living and support costs and for the contractual salaries payable to seamen, as well as coverage for contractual obligations relating to death or long-term incapacity for work in accordance with the respective Regulations of the 2006 Maritime Labor Convention (MLC 2006).

Information and training

To keep improving the knowledge and effectiveness of our human resources in the long run, we see to it that they are provided with ongoing training and information, also offering them opportunities for promotion. Employees attend organized seminars depending on needs of the Group. Training is often provided by in-house trainers who disseminate their knowledge and experience and can support theoretical training with examples from day-to-day work experiences. Support is also provided for post-graduate programs. Also, in the context of the training provided to seamen and with a view to making sure that they are up-to-date with the national and international legislation, seminars are conducted and drills are organized on board the ships relating to the life-saving and firefighting equipment, special radar types, safety and environmental protection, as well as information on the labor and social rights of seamen in the context of the MLC 2006.

Working conditions

Being aware of the importance of the working environment in promoting employment, ANEK has modern facilities, offering a spacious and pleasant working environment. It houses its operations in new buildings, where it was ensured from the very start that they comply with ergonomics and health and safety requirements. Safety engineers supervise the implementation of the relevant measures and make sure that working conditions are being constantly improved. They carry out regular inspections in the working areas to verify that the employees abide by health and safety rules.

Human and labor rights

The Group's philosophy is based on the non-discrimination principle, the equal-opportunities policy and the right of access of all people to employment with respect for human rights. Its human resources comply with the requirements laid down in the MLC 2006, which focuses on the rights of seamen and, *inter alia,* on such topics as:

- safety at work in accordance with international standards;
- dignified living conditions on board the ship;
- protection of health and medical care, welfare and other forms of social protection;

while its Internal Operating Regulation clarifies the Group's duties and obligations. Finally, the management of ANEK works closely together with the workers' Union, and standard quarterly meetings are held to discuss current staff-related issues, also taking joint action towards social care, responsibility and sensitivity.

Performance based on non-financial indicators

- A total of 562 hours of information/ training were provided to onshore staff and 1,230 hours of information/ training were provided to ship crews.
- Women represent 55% of the onshore staff, and 28% of the employees are over 50 years of age.
- Long term employment relationships are established with the staff. A total of 72% of the staff have been working for ANEK for 20 years or more.
- We strive to employ local people. Most of our employees are chosen from the local communities where we carry out our activities.

3. ENVIRONMENT

Major risks / effects

Biodiversity is threatened by the constant growth of human activity, which also causes environmental pollution. Therefore, several organizations are unable to adapt to fast change, thus being at risk of going out of business. Maritime activity may also increase the coastal and sea-floor erosion, thus causing a change to marine ecosystems by altering the living conditions of marine organisms. In this context, we strive to protect the environment by developing and applying relevant operating procedures. To prevent any environmental damage, we assess all recognized risks and take preventive measures as appropriate.

In shipping, fleet management in terms of environmental issues is based on the following key pillars, as determined by the materiality analysis:

- maritime pollution;
- controlling and reducing CO_2 emissions;
- environmental compliance;
- sewage water and waste handling.

We systematically monitor the above matters, carrying out reviews and taking corrective action as appropriate, to mitigate any negative impact on our stakeholders.

Corporate policies

Sustainability is a significant part of the operating method and future planning of ANEK. The possible long-term environmental impact in respect of, *inter alia,* marine ecosystems, has made it necessary, firstly, to comply with environmental management procedures and, secondly, to ensure a balanced approach based on sustainable interaction. We abide by the ISM Code in respect of preventing environmental pollution, while we have also developed a Safe Management System (SMS), which allows the Company to implement its policy effectively. Both the SMS and the Company ships have been certified by the competent authorities.

The priorities

Maritime pollution

It is our ongoing aim to prevent and reduce the possibility of causing an environmental accident, in particular during the procedures related to the entry and exit of liquid and solid materials to/from the ship. We strictly abide by the established procedures and standards for controlling bunkering operations, to prevent leakage and environmental impact, as well as for controlling fuel quality in accordance with the specifications and legislation in force. We also maintain the ship's engines and machinery in accordance with the relevant standards, to make sure that they function more efficiently and to prevent any negative impact. We also have in place and apply Risk Assessment procedures in respect of bunkering operations and environmental pollution, in addition to observing the ISM Code. All our ships have obtained a Shipboard Oil Pollution Emergency Plan (SOPEP), to ensure proper response to emergencies. Drills are also conducted to ensure better crew response to emergencies. After dry docking, the ships obtain an Antifouling Certificate, to confirm that the paints used for the ship are ecological and environmentally friendly. The use of environmentally friendly underwater hull paints reduces maritime pollution. We have planned to change freon 22 with eco-friendly refrigerants in all the systems on board our ships to prevent air pollution. We also clean the anchor chain locker every time that the ship is taken to dry docking. Apart from its operating benefits, cleaning also helps reduce maritime pollution. Finally, our ships are provided with special warning signs and instructions on protecting the marine environment.

Controlling and reducing CO_2 emissions

The energy and climate change policy is a significant challenge to the Company, being directly linked to the efficient operation of ships and their gaseous emissions. Given the increasing demand for energy, reducing greenhouse emissions is a challenge. Most of the emissions from the Company's ships come from the functioning of their engines. The Company aims to ensure rational fuel consumption for each one of its ships, which helps cut down on greenhouse emissions. The methods used to achieve that are the following:

- The ship's engines and machinery are maintained in accordance with the manufacturers' procedures and standards, thus ensuring more efficient functioning and, therefore, lower consumption and emission levels.
- Cleaning the hull on an annual or biannual basis depending on the condition of the hull and aiming, in particular, to ensure the best possible performance of the ship. Proper maintenance drastically reduces the ship's consumption and emission levels.
- Using an Exhaust Gas Boiler, to reduce the ship's demand for energy, thus reducing greenhouse emissions which cause air pollution.

The vessels sailing abroad have obtained an Energy Efficiency Certificate and all ships have obtained an energy efficiency plan and International Air Pollution Prevention Certificates (IAPPCs). These are revised and renewed in accordance with the legislation in force. Furthermore, all the regulations governed by the international, EU and national legislation on the use of low-sulfur fuel with a view to reducing emissions are complied with. Our Company will be ready to comply and take emissions measurements as of 2018, i.e. when the taking of CO_2 measurements will start in accordance with the EU regulations (MRV).

Environmental compliance

Compliance of procedures with the applicable EU and Greek legislation, to ensure environmental protection against possible risk of pollution caused by ships, is an integral part of our environmental policy. ANEK complies with the ISM Code in respect of all international and national regulations, rules and guidelines and in respect of preventing maritime pollution. It has also developed an internal certified SMS, to enable its staff to implement the Group's policy effectively. The procedures and standards which are complied with in terms of waste and sewage water handling are those recognized internationally, also in compliance with the requirements laid down in MARPOL.

Sewage water and waste handling

Sewage water and waste handling is an important operating procedure for ships, for which we abide by the provisions set out in MARPOL. The Company complies with all national and EU regulations and operates in accordance with the standards established by the competent ministries, port organizations and supervisory bodies. Sewage water and waste handling is broken down into:

- ✓ Garbage handling

The ships comply with all the necessary procedures and standards on garbage handling. These procedures include separating recyclable and non-recyclable objects on board the ship, in specifically designed areas, as well as keeping a Garbage Record Book. In addition to separating recyclable and non-recyclable objects, oily residue is also separated from garbage, as it needs special handling. All types of garbage are delivered to operators that are capable of handling each type of garbage and comply with the relevant procedures and standards specified by the regulations and legislation in force.

- ✓ Oily residues (sludge)

Ships comply with all the necessary sludge handling procedures and standards to make sure that sludge is disposed of safely without causing any environmental impact. Subsequent sludge handling is carried out in accordance with the regulations of the host port by a duly certified operator, to mitigate environmental impact. The International Oil Pollution Prevention Certificate (IOPPC), which is obtained by all ships and is renewed in accordance with the legislation in force, serves as an extension and ratification of the procedures and standards complied with.

- ✓ Bilge water

We comply with all necessary procedures and standards on bilge water handling. Just like sludge, bilge water is disposed of on trucks from the ship to onshore facilities, in accordance with the regulations of the host port, making sure that they are properly handled to mitigate environmental impact.

- ✓ Sewage water

We comply with all necessary procedures and standards on sewage water handling. The regulations and procedures observed ensure environmental compliance and are verified by the International Sewage Pollution Prevention Certificate (ISPPC). To ensure proper sewage water handling, all ships are provided with a sewage treatment plant, the output point of which is fitted with a control sensor to ensure that the water discharged is pure.

We also handle our consumables by implementing recycling and reuse processes, also making the best effort possible to use consumables derived from recyclable materials and reduce the use of plastic. Finally, the Company has installed a Managed Print Services (MPS) system at its head offices, at the Piraeus offices, agencies, ticket issuing centers and ships, to save energy, ink and paper and reduce unnecessary printouts.

Water management

Being aware of our responsibility and trying to help save water, we follow procedures for cutting down on the use of freshwater, such as using and properly maintaining boilers or reverse osmosis systems for producing freshwater from seawater, controlling the amounts of water used for water supply and addressing any leak problems immediately.

4. SOCIETY

Major risks / effects

Based on the materiality analysis and the critical issues identified, ANEK Group has prioritized, and monitored its performance in, the following areas:

- safety on board the ships;
- quality of services and provision of service to passengers;
- social contribution;
- transparency/ corruption;
- promotion of tourism.

The Group systematically monitors the above matters, carrying out reviews and taking corrective action as appropriate, to mitigate any negative impact on our stakeholders.

Corporate policies

ANEK's vision is to contribute towards the development of local communities where it carries out its activities, based on ethical principles and good business practices, thus creating value for its stakeholders, while at the same time supporting fellow humans in need.

The priorities

Safety on board the ships

It is our priority to ensure the seaworthiness of our ships. A key concern is, in accordance with the certified SMS, to ensure safety at sea by preventing any failure and the safe functioning of the ships by developing safeguards for any possible risk. We also apply the International Ship and Port Facility Security Code (ISPS Code) to prevent and address terrorist attacks. The procedures implemented relate to maintaining the engines, equipment and vessel, to have both passengers and cargo carried safely and in due time. Maintenance of engines and equipment is carried out in accordance with the manufacturers' instructions and is inspected and certified by an international classification society for each ship. Moreover, to ensure passenger safety, the necessary procedures and standards on the proper functioning of life-saving equipment are complied with. This, in conjunction with the ongoing emergency response training provided to crews, is the best guarantee for ensuring optimal preparedness for emergencies. Finally, the Safety Certificate issued by the classification society after an inspection is an additional attestation of the ability to carry passengers safely. All ships are provided with asbestos-free certificates, to confirm the absence of asbestos, thus protecting the health of passengers and crews. Proper signs are put up wherever passengers are present, to inform and protect both passengers and crews.

Quality of services and provision of service to passengers

We always strive to ensure the quality of our services and to provide safe, comfortable and reliable service to our customers. Successful achievement of these objectives is mostly dependent on a sense of responsibility, professionalism and effectiveness of the staff, the latter being the most valuable asset of the Group. ANEK has obtained the following certifications:

- ISO 9001 – 2015 (DQS for Quality Management System by IQNet) on quality management issues;
- HACCP, in the context of Regulation (EC) No 852/2004 of the European Parliament and of the Council on the hygiene of foodstuffs; it has also been certified with
- ISO 22000 – 2005 concerning the food safety management system; and
- it also complies with Regulation (EU) No 1169/2011 (Article 44, Annex II) on the labeling requirements for products causing allergies in prepacked and non-prepacked foods.

The above certifications apply to all ships, and compliance with the required procedures is confirmed following relevant annual inspections. Moreover, additional certifications have been obtained for some of the Group's ships as follows:

- Special Greek cuisine quality sign for the 'A La Carte' restaurants of the ships ELYROS, OLYMPIC CHAMPION and HELLENIC SPIRIT (from the Ministry of Tourism).
- Local food production systems certificate based on COSMOCERT's 'We Do Local' specifications.

The applicable provisions and regulations are observed in respect of the food, kitchen procedures and the staying of passengers on board, aiming to provide top quality food, drink and hotel services. A Customer Service Issues (CSI) system is also applied, to make sure that customer needs are catered for effectively and that the services offered are adapted to meet the needs of all passengers on board. Therefore, it possible to use a PET CABIN, room service in cabins for disabled people, etc., to safeguard valuables, to provide services to people with special allergies, etc. We also use extra virgin olive oil in preparing food in the kitchen, on board all our ships. Our quest for new services is constant, in the context of developing technical infrastructures aiming to ensure the provision of better and faster service to customers. Relevant information is provided to passengers on board the ships, and there are questionnaires available at various locations of the ship as well as complaint forms in accordance with the legislation in force. We strive to maintain open communication channels with passengers, taking advantage of electronic media, with a view to providing timely and valid information. In the framework of our pricing policy, vulnerable social groups are subsidized through lower fares and cheaper packages.

Social contribution

ANEK Group has always stood by the society, supporting initiatives and actions. Therefore, it has developed a multi-level activity plan taking due account of the current social and financial conditions, with response to the population's requests and needs, cooperation with bodies and organizations which have been recognized for their work and contribution to the society, participation of its employees, and strengthening of volunteerism.

Strengthening volunteerism

We systematically organize volunteer blood donations, in proof of our concern for our fellow humans. In 2016, the 10th voluntary blood donation was organized at the Company's head office in Chania, in cooperation with the Volunteer Blood Donors' Association 'Saint John' and the General Hospital of Chania. Moreover, a bone marrow sampling session was carried out for the first time, in cooperation with the 'Horizon' association. The following in-house volunteer actions were also organized:

- a sum of money was collected to support a colleague facing a serious health problem;
- clothes, packed food, medicinal products, basic necessity items and toys were donated to refugees;
- recyclable plastic (caps) were collected and delivered, to purchase wheelchairs for poor people with disabilities.

Environmental protection

In recognition of the value of environmental protection actions, ANEK offered support to the following organizations in 2016:

- To the Natural History Museum of Crete, for the transportation of wild animals. We have been supporting the museum and its pioneering actions for years.
- To the Sea Turtle Protection Society 'ARCHELON'.
- To the Municipality of Aporokonas, to set up a diving park.

Supporting vulnerable social groups

With a sense of responsibility, ANEK has stood by individuals in need as well as charitable organizations and bodies, such as the 'Doctors Without Borders', the 'Smile of the Child', the 'Horizon' Volunteer Aid and Support Association, the 'Saint John the Merciful - Care for the Neighbor' charitable organization, 'ELEPAP' (Rehabilitation for The Disabled), the 'K.I.F.A.AMEA' Day Care Center and Employment of Persons with Disabilities, etc. ANEK has always provided assistance in the form of products to public-benefit foundations and bodies, such as the 'Herakleion Social Care' Child Care Center for Women and the Holy Diocese of Kydonia and Apokoronas.

Strengthening education

ANEK has faith in children and young people and, therefore, tries to build bridges for communication and support, to contribute towards their information and development. We organize regular visits on board our ships, for public and private schools of all levels. We also support students of all levels through sponsorships, such as the 'BEST' movement for new European engineers of the Technical University of Crete, the 'TUC ECO RACING' group of the Technical University of Crete, which has received international awards from the Shell Eco Marathon fuel savings competitions, and the national 'UNILEAGUE' championship of students, which we have been sponsoring since 2010. Finally, we support the conduct of scientific seminars, one-day workshops, mathematics contests, etc.

Promoting sports and culture

We have established sponsorships to support actions and initiatives aiming to promote sports and culture. ANEK is also the sponsor of the football team of Chania 'PLATANIAS', which has been taking part in the Greek Super League in recent years with remarkable success. It is also the golden sponsor of the cycling club 'TALOS - ANEK LINES', an official sponsor of the 'CANOE-KAYAK' section of the Maritime Club of Chania 'NOX - ANEK LINES' and a great sponsor of the gymnastics club 'ELEFTHERIOS VENIZELOS'. The Group also supports events aiming to promote the Cretan tradition, as well as art, movie and music events. It is also the golden sponsor of the Municipal Regional Theater of Crete.

Hosting important associations

ANEK is closely linked to Crete and, therefore, it has always supported associations and local clubs, such as the 'Pancretan Association', the 'Panhellenic Confederation of Cretan Associations', the 'Association of Cretans from Mesara', the 'Association of Coast Guard Staff in East Crete' and other cultural associations in Greece and Europe.

Transparency / corruption

Transparency and integrity in the operation of the Group is a requirement under the established Internal Operating Regulation, as in force each time. The Regulation promotes ethical values and good business practices.

Promoting tourism

In line with its strategy for strong participation in top international tourist exhibitions, also aiming to promote tourism in Greece, ANEK has had a dynamic presence in fairs in Italy, Germany, Austria, Belgium and the Netherlands in recent years. Thanks to its impressive booths and excellent services, ANEK has made quite an impression, thus strengthening the reputation of Greece in Europe.

Performance based on non-financial indicators

- In 2016, ANEK participated in the ten largest tourist fairs in Europe to promote tourism.
- As regards transport sponsorships, a total of 103,660 passenger and vehicle tickets were approved in all scheduled services operated by ANEK, and a total of 894 sponsorships were approved.
- A total of 579,630 discount tickets were approved for vulnerable social groups, families with three or more children, university students, war casualties and their escorts, people with disabilities and their assistants, permanent residents of islands (Kasos, Chalki, Anafi, Antikythira), children, teenagers and people older than 65 years of age, pensioners of the Seamen's Pension Fund, soldiers, farmers, etc.
- In 2016, food worth EUR 18,500 was donated to various organizations and foundations, and more than 5,000 liters of diesel for heating purposes were donated to old people's homes, foundations and child care centers.
- The customer satisfaction indicator in respect of luggage losses is 99.9%, and the indicator in respect of vehicle damages has been steadily improving annually.
- The customer satisfaction indicator in respect of using the Company's telephone exchange is 83.55%.
- A new electronic ticket service has been partly implemented, and plans are being made for expanding it to include all the Group's scheduled services in the following year.
- A total of 40 units of blood were collected, and a bone marrow sampling session was carried out in the context of the 10th voluntary blood donation.

5. RESULTS OF THE ABOVE POLICIES AND NON-FINANCIAL PERFORMANCE INDICATORS

- We have been a leading passenger shipping company for 50 years.
- We operate 10 Ro / Pax vessels.
- The book value of our privately-owned fleet stands at EUR 250 million.
- We provide scheduled services to 23 destinations on Crete and in the Aegean Sea, the Ionian Sea and the Adriatic Sea.
- In 2016, we transported 1 million passengers, 188,000 private cars and 133,000 trucks.
- We employ more than 900 onshore and offshore workers during the year.
- Women represent 55% of the onshore staff, and 28% of the employees are over 50 years of age.
- Long term employment relationships are established with the staff. A total of 72% of the staff have been working for ANEK for 20 years or more.
- A total of 562 hours of information/ training were provided to onshore staff and 1,230 hours of information/ training were provided to offshore staff.
- The customer satisfaction indicator in respect of luggage losses is 99.9%, and the indicator in respect of vehicle damages has been steadily improving annually.
- We support both our employees and passengers, having established a safe working environment for the former.
- We strive to employ local people. Most of our employees are chosen from local communities.
- By operating responsibly, we help protect the environment and biodiversity.
- We support Greek producers in terms of buying supplies for our ships, as 99% of the products we buy are from Greece, 50% of them being from Crete.
- As regards transport sponsorships, a total of 103,660 passenger and vehicle tickets were approved in all scheduled services operated by ANEK, and a total of 894 sponsorships were approved.
- A total of 579,630 discount tickets were issued to vulnerable social groups.
- In 2016, food worth EUR 18,500 was offered to various organizations and foundations, and more than 5,000 liters of diesel for heating purposes were offered to old people’s homes, foundations and child care centers.
- A total of 40 units of blood were collected, and a bone marrow sampling session was carried out in the context of the 10th voluntary blood donation

VII. CORPORATE GOVERNANCE STATEMENT

pursuant to art. 43bb, par. 1 of Codified Law No. 2190/1920.

as currently in force after being amended by Article 2, Law 4403/2016

1. CORPORATE GOVERNANCE CODE

The Company complies with the Corporate Governance status applicable in Greece, pursuant to Law 3016/2002, as currently in force. ANEK has adopted the Corporate Governance principles dictated by Greek legislation and international practices. Corporate Governance, as a set of rules, principles and control mechanisms used as a basis for organizing and managing the Company, is aimed at ensuring transparency for investors and securing the interests of Company shareholders and all parties involved in its operation. The Company has willingly adopted the Corporate Governance Code of the Hellenic Federation of Enterprises (SEV) for Listed Companies until its revision by the Hellenic Corporate Governance Council in October 2013, and since then the Company complies with the revised version of it (hereinafter the "Code"). The Code is posted on Hellenic Corporate Governance Council's website, at the following address: http://www.helex.gr/en/esed. The present statement determines the way that the Company applies the code and explains the cases of not compliance to the Code's provisions.

2. CONFIGURATION – ELECTION – OPERATION AND DUTIES OF THE BOARD OF DIRECTORS

2.1 COMPOSITION OF THE BoD

According to article 15 of the Company's Memorandum of Association, the Board of Directors comprises fifteen (15) members, eleven (11) of whom are elected by the General Meeting of shareholders by secret ballot and absolute majority of the votes present at the assembly, and four (4) are appointed by the following persons, in accordance with art. 18 par. 3 of Law No. 2190/1920:

a) the former Bishop of Kissamos and Selino Irineos Galanakis could appointed himself;

b) the Mayor of Chania may appoint himself;

b) the Mayor of Rethymnon as well;

d) the Association of Economics Graduates of Chania, may appoint one of its members.

The aforementioned persons, after being notified for a Meeting by the Company, should notify the Company in writing, at least three (3) days in advance from the date of the General Shareholder's Meeting, in regards with their right herein, or else the number of the elected member of the BoD is increased accordingly. A legal person may also be a member of the Board of Directors. In that case, the legal person shall be required to appoint a natural person to exercise the powers of the legal person as a member of the Board of Directors. The former Bishop of Kissamos and Selino Irineos Galanakis has deceased on the 30th of April 2013 and after he deceased the number of elected members of the Board of Directors is twelve (12). During the Annual General Shareholders' Meeting on the 16th of June 2013, thirteen (13) members have been elected by the Shareholders and the rest have been appointed due to the fact that the Mayor Of Rethymnon as per the foreseen by the Articles of Association procedure has declared that he does not wish to exercise the right to be directly appointed.

2.2 ELECTION – OPERATION OF THE BoD

The Board of Directors elects among its members and by absolute majority the Chairman and the three Vice-Chairmen among its members and may reallocate all or some of the above positions at any time. When absent or impeded, the Chairman is replaced by the Senior Vice-Chairman; when the latter is absent or impeded, he is replaced by the 2nd Vice-Chairman; when the latter is absent or impeded, he is replaced by the 3rd Vice-Chairman. The above persons are elected during the first meeting of the Board of Directors, following election of its members by the General Meeting of shareholders. The BoD Chairman, or his substitute, shall chair BoD meetings, direct its operations and monitor the entire operation of the Company, keeping the BoD up to date. The elected members of the BoD are elected by the Annual Ordinary General Meeting of Shareholders of the final year of their term. Along with the regular members, five (5) alternate members are being elected, with respect to the procedure mentioned herein: Along with the public notice addressed by the BoD convening to the General Shareholder's Meeting, any party interested should submit in writing and within the regular deadline a letter posting his demand for candidacy. Based on the candidates, the BoD shall make an announcement determining the eligible candidates and draft the ballot, where the candidates appear in alphabetical order and distributes it to the shareholders in the room where the General Meeting is held order to proceed with the voting. Every shareholder is entitled to a number of preference crosses equal to the number of regular and substitute members to be elected and is obligated to put preference crosses that are equal to the number of the regular members of the Board of Directors.

2.3. CONVENING A BoD MEETING

The BoD convenes at the Company's seat every time the Law, the Memorandum of Association or the company's needs require so, as well as every time that the Chairman or his substitute or the Managing Director finds it necessary. The BoD may also hold a teleconference, in compliance with the stipulations laid down in relevant decisions adopted by the Minister for Development. In that event, however, the invitation extended to BoD members shall include any information required for their participation in the meeting. By way of derogation, the BoD convenes validly away from its seat, if the meeting takes place in the Municipality of Piraeus, Attica, the Municipality of Rethymnon, Crete and the Municipality of Iraklion, Crete. Convention of the BoD may be requested by two (2) of its members by submitting an application to the BoD Chairman or his substitute, who is under obligation to convene the BoD within a deadline of seven (7) days from the date of submittal of the application. The above application shall clearly state, upon penalty of inadmissibility, the items of the agenda. Should the Chairman or his substitute fail to convent the BoD within the above deadline, the members who have requested the convention are allowed to convene the BoD themselves within a deadline of five (5) days from the expiry of the above seven (7)-day deadline, notifying a relevant invitation to other BoD members.

2.4 PASSING RESOLUTIONS

The Board of Directors is in quorum and is holding a valid meeting if half of its members plus one are attending the meeting in person, without taking into account the authorizations provided in accordance with the above. The Board of Directors always passes resolutions on the basis of the absolute majority of votes of its members who are present or represented. The deliberations and resolutions of the Board of Directors are documented in relevant minutes, which are recorded in a special book of minutes and are signed by the Chairman or chairing person, as well as the members present. No member has the right to refuse to sign the minutes of the meetings he has attended; however, he may request that his opinion, if contrary to the resolution passed, is recorded in the minutes. If minutes are drawn up and signed by all the members of the Board of Directors or their proxies, such minutes shall constitute a resolution of the Board of Directors even if there was no prior meeting. Any copies of and extracts from the minutes, if submitted to a Court or other authority, are ratified by the Chairman or, if he is impeded or absent, by his legal substitute.

2.5 BINDING THE COMPANY

The Company is bound validly and is generally represented legally on the basis of two (2) signatures affixed, the first one must be that of the Chairman of the Board of Directors and the second one must be that of the Managing Director, both of them acting personally; if they are absent or impeded, they shall be replaced by their legal substitutes. It is mandatory that these two signatures are affixed under the Company's seal. By virtue of a resolution passed by the Board of Directors, BoD members and company employees may be authorized to sign for, bind and represent the Company, without prejudice to the restrictions laid down in art. 23 of the Memorandum of Association.

2.6 CONFIGURATION OF THE BOARD OF DIRECTORS – CURRICULA VITAE

By virtue of the Resolution of the General Shareholders' Meeting held on 16.06.2013 and the Board of Directors' decisions of 19.06.2013, 29.09.2014 and 19.02.2015, the Company's Board of Directors today is as follows:

Georgios Katsanevakis	President - Executive Member of the BoD
Spyridon Protopapadakis	Senior Vice Chairman - Executive Member of the BoD
Emmanouil Apostolakis*	2nd Vice Chairman - Executive Member of the BoD
Ioannis Stavropoulos	3rd Vice Chairman - Executive Member of the BoD
Ioannis Vardinoyannis	Managing Director - Executive Member of the BoD
Georgios Archontakis	Deputy Managing Director - Executive Member of the BoD
Konstantinos Achlioptas	Non-Executive Member of the BoD
Anastasios Vamvoukas**	Non-Executive Member of the BoD
Michael Georvasakis	Non-Executive Member of the BoD
Dimitrios Kantilierakis	Independent Non-Executive Member of the BoD
Adamantios Krasanakis***	Non-Executive Member of the BoD

Ioannis Malandrakis	Non-Executive Member of the BoD
Michael Marakakis	Non-Executive Member of the BoD
Alexandros Markantonakis	Independent Non-Executive Member of the BoD
Georgios Fragkiadakis	Non-Executive Member of the BoD

**Under from 29.09.2014 decision of BoD registered on 8.10.2014 at G.E.S.R the BoD member Mr Emmanouil Apostolakis was elected as 2nd Vice-chairman.*

*** Under from 29.09.2014 decision of BoD registered on 8.10.2014 at G.E.S.R the former mayor of Chania Mr Emmanouil Skoulakis is replaced by the new elected mayor of Chania Mr Anastasios Vamvoukas.*

****Under from 19.02.2015 decision of BoD registered on 13.3.2015 at G.E.S.R. Mr Adamantios Krasanakis elected as member replacing the resigned member Mr. Georgios Baourakis.*

The term of the elected Directors of the Board, pursuant of article 15 of the Company's Articles of Incorporation is a four year term, begins on the eleventh day past the date of the Ordinary General Shareholders' Meeting and comes to end with the election of new Directors on the tenth day past the Ordinary General Shareholders’ Meeting of their final term year. Following are summary CVs of the current BoD members:

- **Georgios Katsanevakis, President - Executive Member of the BoD**

He was born in Chania, Crete, in 1942. He graduated in Civil Engineering from the National Technical University of Athens. He was Chairman of the Technical Chamber of Western Crete, Chania Mayor and Prefect of Chania. He was also a member of the Board of the Union of Prefectural Authorities of Greece.

- **Spyridon Protopapadakis, Senior Vice Chairman - Executive Member of the BoD**

He was born in Chania in 1956. He graduated from the Economic School of Rutgers University, USA and holds a Master’s Degree in Transport Management and Business Administration from the State University of New York. From 1980 to 1982 he held various positions at Johnson & Johnson in the U.S. From 1984 until 1990 he was a member of the scientific K.E.P.E. drawing the five-year program in Rethymnon and Chania. From 1994 to 1997 he was Director of EL.KE.PA. Annex W. Crete, as well as Research Associate at the University of LEEDS in export’s Marketing. He served as Special Advisor to the Secretary General Region of Crete from 1997 to 2000, while from 1989 up to date, he has a consultancy office under the name of “Creta Consulting”. He is a member of the Association of Passengers Shipping companies (SEEN) and of the Council of Shipping Coastal Transportation (SAS).

- **Emmanuel Apostolakis, 2nd Vice Chairman - Executive Member of the BoD**

He was born in Nippos Apokoronou, Chania, Crete in 1952. He graduated in Mechanical Engineering from the School of Athens Second Engineers (A.S.YP.A.) and also graduated from the Department of PATES SELETE. Since 1999 is the Chairman of the BOD of ETANAP S.A.

- **Ioannis Stavropoulos, 3rd Vice Chairman - Executive Member of the BoD**

He was born in Elefsina (Attica) in 1940. He holds a degree in Mechanical and Electrical Engineering from the National Technical University, and also holds a Master of Imperial College of Science and Technology University of London. He was Technical Director and Deputy Manager in a large Greek shipping company for many years (1970-2000).

- **Ioannis Vardinoyannis, Managing Director - Executive Member of the BoD**

He was born in Episkopi, Rethymnon, Crete in 1957. He is a graduate from University in Finance & Marketing.

- **Georgios Archontakis, Deputy Managing Director - Executive Member of the BoD**

He is a graduate of Athens Medical School. He was Director of Surgery Section, Tutor, Board Member and Deputy Director of the Hospital "Agios Savvas". In addition he was President in Athens Eye Clinic for 10 years and member of the Scientific Committee of the Hospital "Agia Sofia". From 2001 he was Director of Neurosurgery Clinic, from 2007 Director of Medical Service with 3-year term and from 2015 President with 2-year term at Chania General Hospital "St. George". He is the first neurosurgeon who applied the technique γ-knife (regular brain radiation) with innovative interventions to children and the first Greek physician who entered the Guinness book.He has been honored by the Technical University of Crete, the Hospital "Agios Savvas", the Children's Hospital and the Eye Clinic of Athens. He is also a member of the Municipal Council of the Municipality of Chania.

- **Konstantinos Achlioptas, Non-Executive Member of the BoD**

He is a Naval Engineer Merchant. He has worked for many years in vessels of all types. He has supervised and received various vessels from foreign shipyards. He worked as an engineer to large companies in America, Canada and Switzerland (Babcox-Wilcox, Bailey Meter Co and Reliance Electric). For many years now he is dealing with stock market investments, particularly in the area of shipping.

- **Anastasios Vamvoukas, Non-Executive Member of the BoD**

He was born in Chania in 1957. He is a graduate of Pharmacy school of Camerino Italian University. He was Chairman of Pharmaceutical society of Chania for three consecutive terms and from 1991 is Chairman of Chania Pharmacists cooperative. He is member of the BoD of COOPERATIVE BANK of CHANIA and CRETE REAL ESTATE SA, while he was a founding member of the consumer cooperative of organic products "GAIA". Since September 2014 is the mayor of Chania. He is also Vice President of P.E.D. of Crete and President of DE.DI.S.A. S.A.

- **Michael Georvasakis, Non-Executive Member of the BoD**

He was born in Rethymno Crete in 1945. He graduated from high-school grade. Mr. Georvasakis is an entrepreneur and has a factory of graphic art.

- **Dimitrios Kantilierakis, Independent Non-Executive Member of the BoD.**

He was born in Chania in 1937. He is a graduate of Economics from the University of Munich in Germany and holds a Master’s Degree in Business Administration and Marketing from Riedenburg Germany. He was President of the Economic Chamber of Western Crete and Board Member of PANCRETAN COOPERATIVE BANK.

- **Adamantios Krasanakis, Non-Executive Member of the BoD**

He was born in Lasithion Plateau Crete. In 1978 graduated from the National Technical University of Athens with a diploma in Marine Engineering. From 1979 to 2006 he served as Technical officer in Coast Guard and since 2006 is a Marine Engineering as TEE member. He is general secretary of the association of passengers shipping companies (SEEN).

- **Ioannis Malandrakis, Non-Executive Member of the BoD**

He was born in 1964 in Voukolies Chania. He is a graduate of the University of Piraeus, Department of Business Administration with specialization in Marketing, and holds a Master's degree (MsC) in Production Engineering & Management Engineering. He works from 1994 to the Bank of Greece. He has been scientific director of a large number of training programs for workers and unemployed, has extensive experience as a trainer of adults of EKEPIS and as Professor in Public IEK Chania. He was the General Secretary of the Labour Centre of Chania, a member of the Board to the Economic Chamber of Greece Dep. of Western Crete, Secretary of the Annex of the Association of Employees of the Bank of Greece. From 2011 up to date he is the elected Mayor of Platanias, Crete, member of the B.O.D. of PED Crete, member of the Finance Committee of KEDE and participates in many volunteer commissions and other bodies representing the local government.

- **Michael Marakakis, Non-Executive Member of the BoD.**

He was born in Kastelli Kissamou in 1949. He graduated from High School of Kasteli in 1974 and hired, after a public competition, by the National Bank of Greece, where held various areas of responsibility for 25 years. In 1991 he founded the limited company investment portfolio "DIAS" and until 1996 was the Vice President of the company. Moreover, from 1997 to 2004 he was Vice President and General Manager of COOPERATIVE BANK OF CHANIA, and since 2004 he holds the position of Chairman of the Board to the Bank. From 2009 since 2015 he was Vice President of the B.O.D. “PANHELLENIC BANK”. He is also Chairman of the subsidiaries of the Bank "CRETE REAL ESTATE SA", "CRETAN HOLDINGS SA", "CRETAN PROPERTY DEVELOPMENT SA" and of companies “BUSINESS PARK OF CHANIA”, “PRIME ENERGY SA", " VIOCHYM SA", “AVEA SA” and “MILK PROCESSING INDUSTRY of CRETE” and “CHIOTAKI BROS ABEE”, while up to 2016 he was President of B.O.D. in “NEA CHORA S.A.”. At the same time, he is Vice President of the “COOPERATE BANKS UNION OF GREECE“.

- **Alexandros Markantonakis, Independent Non-Executive Member of the BoD**

He was born in 1959 in Chania and studied Chemical Engineering in England. He holds a Master’s degree in Food Science & Management. He worked in food companies in England and France, and since 1985 he is an executive in the “MILLS OF CRETE”. He is currently Managing Director of the company "MILLS OF CRETE", President and Managing Director in "KRIARAS SA" member of the Board of "VIOCHYM SA", “AVEA SA”, “MILK PROCESSING INDUSTRY of CRETE” and President of the Association of Millers of Greece.

- **Georgios Fragkiadakis, Non-Executive Member of the BoD**

He was born in Athens in 1977. He studied Accounting and Financial Management at the University of Essex and has acquired two master's degrees in Finance and Investments and Management of Health Units. He holds a Ph.D. from the Technical University of Crete with a research focused on the Economics of Health and Health Services Review. He served as Deputy Commander, in 7th Sanitary District of Crete from 2011 to

2012 and from July 2016 he has Director's duties at the General Hospital of Rethymnon. He is lecturer in the Department of Medicine at the University of Crete and a member of the educational staff of the Greek Open University as SEP member of the Master of Health Administration Units program.

2.7 FEES PAID TO MEMBERS OF THE BoD.

Every fee or remuneration to be paid to members of the Board of Directors is borne by the Company only if approved by a special resolution of the Ordinary General Meeting. The fees and other remunerations paid to non-executive members of the Board of Directors are determined in accordance with Codified Law 2190/1920 and are proportionate to the time spent for attending Board meetings and performing the duties assigned to them in accordance with this Law. All the fees and possible remunerations paid to BoD members are referred to in Part V of this Report prepared by the Board of Directors.

The Board of Directors is responsible for deciding on:

a) all kinds of fees, irrespective of reason, paid to executives and internal auditors; and

b) the overall fees policy of the Company.

3. GENERAL MEETING SHAREHOLDERS

3.1 CONVENING THE GENERAL MEETING

The General Meeting of shareholders is the Company's highest-ranking administrative body. It has the right to pass resolutions on any company affair and, when comprised in accordance with the Memorandum of Association, it represents all shareholders. Its resolutions passed in accordance with the law are binding to all shareholders, even if they are absent or disagree. The General Meeting of shareholders is always convened by the Board of Directors and meets regularly at the Company's seat once a year, within the first six months from the end of the fiscal year and, if the company's shares are listed on a stock exchange having its seat in Greece, the General Meeting may be held in the area of the Municipality where there Stock Exchange's seat is.

The Board of Directors may, if deemed necessary, convene an extraordinary General Meeting. Moreover, upon request by a number of shareholders representing one twentieth (1/20) of the paid up share capital, the Board of Directors is under obligation to convene an Extraordinary General Meeting of shareholders and shall set a date for that meeting which must not be later than forty five (45) days after the date when the relevant request was submitted to the Chairman of the Board. The above request shall be submitted in writing and shall also include the items of the agenda of the General Meeting and shall provide evidence of the shareholding status of the requesting shareholders, as well as the number of the shares they hold when exercising the relevant right. Such evidence may also include depositing their shares to the Company's Treasury or to the Deposits and Loans Fund or to any Banking Société Anonyme in Greece.

The invitations to the ordinary and extraordinary General Meetings are published at least twenty (20) days prior to the date set for the General Meeting and in the case of a Resumed Meeting following a mandatory postponement, they are published at least ten (10) days prior to the date set for the Resumed Meeting, also including non-business days. The date of publication of the invitation to the General Meeting and the date of the Meeting are not included. The invitations to the ordinary and extraordinary General Meetings are published in one daily or weekly political newspaper published in the Company's seat and daily or weekly political newspaper published in Athens, which are, at the Board's discretion, widely circulating, as well as in a daily financial newspaper, pursuant to art. 26, par. 2 of Law 2190/1920, as amended by art. 25 of Presidential Decree 409/86. The invitations are also published in the Sociétés Anonymes and Limited Liability Companies issue of the Hellenic Government Gazette, pursuant to art. 3 of Presidential Decree of 16/1/1930 on the "Prospectuses of Sociétés Anonymes", at least ten (10) full days prior to the date set for an ordinary Meeting or at least five (5) full days prior to the date set for an extraordinary Meeting. The invitation to a General Meeting includes at least the building and exact address of the meeting, its date and time, a clear list of the items of the agenda, the shareholders entitled to attend, as well as exact instructions on how shareholders shall be able to attend the Meeting and exercise their rights either in person or through proxies or even remotely, and it is posted at a conspicuous location in the Company's office, as well as in the reception area of the Company's vessels twenty (20) full days in advance. A list of the shareholders holding voting rights at the General Meeting, including the number of shares and votes held by each one of them (the votes must be equal to the number of shares, pursuant to art. 30 of Codified Law 2190/1920) and the addresses of the shareholders or their proxies, must be posted at a conspicuous location in the Company's office forty eight (48) hours prior to each General Meeting. The rights of minority shareholders are in accordance with articles 39 and 40 of Law 2190/1920, as currently in force.

3.2. MEETINGS – QUORUM

The General Meeting is in quorum and is held validly in order to discuss the items of the agenda as long as the shareholders attending the meeting either in person or through proxies represent at least one fifth (1/5) of the paid up Share Capital. If such quorum is not achieved in the first meeting, the General Meeting shall convene again within twenty (20) days of the date of the postponed meeting, by invitation sent at least ten (10) full days in advance.

The resumed General Meeting shall be in quorum and decide validly on the items of the original agenda regardless of the percentage of the paid up Share Capital represented thereat. A new invitation shall not be necessary if the original invitation mentions the time and place of the resumed meetings provided for by Law, in case a quorum is not achieved.

In extraordinary cases, when it comes to resolutions relating to changing the nationality of the Company, increasing the shareholders' obligations, changing the purpose of the company, increasing its share capital, where this is not provided for in the Memorandum of Association (unless required by Law or through capitalization or reserves), reducing the share capital (unless pursuant to art. 16, par. 6 of Codified Law 2190/1920), changing the method used for the appropriation of profit, a merger, breakup, conversion, revival, extension of the duration or winding up of the Company, granting the power to the Board of Directors to increase the share capital pursuant to art. 13, par. 1 of Codified Law 2190/1920, or renewing such power, as well as in any such other case as provided for in the Law, the Meeting is in quorum and is held validly in order to discuss the items of the agenda as long as the shareholders attending the meeting either in person or through proxies represent at least two thirds (2/3) of the paid up Share Capital. If this quorum is not achieved, the General Meeting shall be convened and held again pursuant to the stipulations laid down in par. 1, item two of this article and shall be in quorum and shall be held validly in order to discuss the items of the original agenda as long as at least half (1/2) of the paid up Share Capital is represented thereat. If this quorum is not achieved either, the Meeting shall be convened and held as per the above and shall be held validly in order to discuss the items of the original agenda as long as at least one fifth (1/5) of the paid up Share Capital is represented thereat, for as long as the Company's share are listed on the Athens Stock Exchange.

3.3 DUTIES OF THE GENERAL MEETING

The General Meeting of shareholders decides on all issues brought to its attention and is the sole body responsible for making decisions concerning the following:

a) Amending the Memorandum of Association, including reducing or increasing the share capital without prejudice to articles 6 and 7, par. 1 of the Memorandum of Association.

b) Electing the members of the Board of Directors and ratifying the election of members by the Board of Directors in replacement of departing members.

c) Approving the Company's Annual Financial Report and of the profit appropriation.

d) Merging, breaking up, converting, reviving, extending the term of, or winding up the Company.

e) Extending the term of the Company, merging or winding up the Company.

f) Appointing liquidators.

g) Taking civil action against members of the Board of Directors for misconduct.

h) Electing auditors.

The resolutions of the General Meeting are passed on the basis of the absolute majority of the votes represented thereat. In extraordinary cases, the resolutions referred to in art. 31, par. 2 of the Company's Memorandum of Association are passed on the basis of a majority of two thirds (2/3) of the votes represented at the Meeting. The resolutions of the General Meeting are passed through open or secret (where necessary) ballot, using ballot papers and nominal participation forms, except for resolutions relating to the election of the persons chairing the General Meeting and resolutions relating to judicial matters, which may be passed by a show of hands or by acclamation. Following approval of the Annual Financial Report, the General Meeting passes a resolution, by a special vote carried out through roll call, on relieving the members of the Board of Directors and Auditors of any indemnification liability. The relief is void in the cases referred to in art. 22a of Codified Law 2190/1920. Members of the Board of Directors area allowed taking part in the vote taken to relieve them of liability only on the basis of the shares they hold. The same applies to Company employees.

4. INTERNAL AUDIT SERVICE

The Internal Audit Service audits the method used to organize and operate certain Company activities in order to verify and confirm existing procedures as to how they are implemented and whether they are correct, representative and appropriate for the benefit of the Company. The Head of the Service (Internal Auditor) is appointed by the Company's Board of Directors. Members of the Board of Directors, current executives performing other duties, or any relatives of these persons up to second degree by blood or by marriage, may not be appointed as internal auditors. The internal auditor is accountable on a hierarchical basis to the Company's Management; however, he is independent in performing his duties and has the right to become aware of Company information and obtain access to any Company Service. The Company's Divisions and employees are required to cooperate with and provide information to the internal auditor and generally to facilitate his work in all possible ways. The Company's Management is required to provide the internal auditor with all means necessary for facilitating the performance of appropriate and effective audit.

In particular, the Internal Audit Service performs the following duties:

- It monitors the implementation and continuous observance of the Company's Internal Operating Regulation and Memorandum of Association, as well as of the overall legislation relating to the Company, and in particular of the legislation on sociétés anonymes and stock exchange.
- It reports to the Company's Board of Directors any cases of conflict between the private interests of BoD members or Company executives and the Company's interests, as identified during the performance of its duties.
- Internal auditors are required to inform the Board of Directors in writing at least once a quarter about the audit performed, as well as to attend the General Meetings of shareholders.
- Internal auditors provide, following approval by the Company's Board of Directors, any information requested in writing by Supervising Authorities, cooperate with these Authorities and facilitate their monitoring, auditing and supervising work in all possible ways.

The Internal Audit Service submits to the Board of Directors a quarterly report on the audit performed, and communicates it to the Internal Audit Committee. It also submits extraordinary reports, as the case may be, where it feels that the time left until the drafting of the ordinary report is long and the matter to be taken care of or the information to be provided to the Board of Directors is urgent. Mr. Nikolaos Xynos is serving as the Company's Internal Auditor. Following is a short CV:

Nikolaos Xynos, Head of Internal Audit
He was born in 1961 in Kozani. He holds a degree in Economics and Management Administration from the Eastern Michigan University, USA. He has worked for ANEK since 1992 and was appointed as Head of the Internal Audit Service in January 2010.

According to the aforementioned during the fiscal year 2016 the Internal Audit Service has conducted frequent inspections of the various Services and Managements of the Company in order to verify the dully operation and the implementation of any and all procedures which are provided in the Procedure Manual. The findings of the Internal Audit Service for the fiscal year 2016 were analysed during five (5) meetings in which the Internal Audit Service and the its supervising body, the Audit Committee participated.

5. COMMITTEES COMPRISING BoD MEMBERS

To ensure that the Company functions safely, as well as that financial and legal risks are minimized, the Board of Directors has decided, in accordance with the existing institutional framework and the provisions on corporate governance (Law 3016/2002 and art. 37 of Law 3693/2008), to set up the following two (2) Committees:

A) The Audit Committee

B) The Fees and Benefits Committee

The Board of Directors may decide to set up other committees too, at discretion, if it feels that they will facilitate its work. The configuration and function of these committees shall be in accordance with Law 3016/2002 and art. 37 of Law 3693/2008 and this Operating Regulation, and they shall be set up to assist the Board of Directors in performing its duties.

A) AUDIT COMMITTEE

1. Purpose

Following are some of the Audit Committee's obligations:

- to monitor the financial information procedure,
- to monitor the efficient operation of the system,
- to supervise the internal audit and risk management system, as well as to monitor the proper function of the internal audit service of the entity under audit,
- to monitor the progress of the mandatory audit of company and consolidated financial statements,
- to overview and monitor issues relating to the existence and ensuring of the objectivity and independence of the legal auditor or auditing firm, in particular as regards whether other services are provided to the entity under audit by the legal auditor or auditing firm.

The proposal made by the Company's Board of Directors to the General Meeting on the appointment of a legal auditor or auditing firm is based on a recommendation made by the Audit Committee. The legal auditor or auditing firm must report to the Audit Committee any issue relating to the progress and results of the mandatory audit and submit a special report on the weaknesses of the internal audit system, in particular concerning the weaknesses of the procedures relating to the provision of financial information and the drafting of financial statements.

2. Configuration – Convocation – Meetings

The Audit Committee comprises at least two (2) non-executive members and one (1) independent non- executive member of the Board of Directors. It holds at least four (4) meetings a year. Especially, for the fiscal year 2016 the members of the Audit Committee jointly with the members of the Internal Audit Service participated in five (5) meetings in order to evaluate the findings of the Audit and such evaluation has been communicated as per foreseen procedure to the competent authorities of the Company, (President of the BoD, Managing Director, the BoD). Under Article 53 par. 1, of l. 4449/2016 (Government Gazette, issue 17 / 24.01.2017), and subject to par. 87 of Article 52 of that law, the Article 37 of Law. 3693/2008 was repealed and now the publication of the said Act, the Audit Committee is governed by Article 44. Therefore, the Company is in the process of adaptation to the new rules.

3. Composition

All members of the Audit Committee are appointed by the General Meeting of shareholders or partners, and the independent non-executive member of the Committee must have proven accounting and auditing knowledge. On 23.06.2016 the Ordinary General Meeting of Company shareholders appointed the following members of the Audit Committee:

Chairman: Dimitrios Kantilierakis, Independent Non Executive Member of the BoD

Member: Michael Georvasakis, Non Executive Member of the BoD

Member: Adamantios Krasanakis, Non Executive Member of the BoD

Member: Alexandros Markantonakis, Independent Non Executive Member of the BoD

Member: Georgios Fragkiadakis, Non-Executive Member of the BoD.

B) FEES & BENEFITS COMMITEE

1. Purpose

Any decisions relating to all kinds of fees paid to Company executives and internal auditors, as well as to the Company's overall fees policy, are made by the Board of Directors, always in compliance with legal procedures, in particular with art. 23a of Law 2190/1920. The responsibility of the fees and benefits committee is to make proposals to the Board of Directors concerning the following:

a) it's recommendation to the General Meeting on the determination of all kinds of fees and benefits to be paid to the executive members of the Board of Directors, and

b) the determination of the overall policy concerning the fees and benefits to be paid to Company executives, always within the framework that may have been set forth by the General Meeting.

2. Configuration – Convocation – Meetings

- Immediately after appointment of its members, the Fees & Benefits Committee is established by electing its Chairman. It is not necessary to reestablish the Committee if a vacant position therein is filled by the Board of Directors, unless the Chairman's vacant position is filled.

- The Fees & Benefits Committee holds its meetings upon informal (verbal) invitation extended by its Chairman, at least once a year. The Chairman may convene the Committee at any time, at discretion. The invitation is not subject to deadline.
- The Committee is in quorum and holds its meeting validly as long as three of its members are present. A member may be represented by another member. In any event, at least two Committee members must attend the meeting in person.
- All efforts are made for the Committee to make unanimous decisions. Where it is impossible to make a unanimous decision, the relevant decision may be made by ordinary majority of the attending members. The decisions of the Fees & Benefits Committee are not binding.

3. Composition

The members of the Fees & Benefits Committee are appointed and removed by the Board of Directors. The Fees & Benefits Committee comprises two (2) non-executive members of the Board of Directors and the Managing Director. According the No 1569/15/12.08.2013 BoD decision, the Committee comprises the following members:

- Chairman: Alexandros Markantonakis, Independent Non Executive Member of the BoD

- Member: Ioannis Vardinoyannis, Managing Director

- Member: Adamantios Krasanakis, Non-Executive Member of the BoD (from 4/3/2015 in replacement of Mr Georgios Baourakis).

6. ORGANIZATIONAL AND OPERATING COMPANY STRUCTURES

6.1 GENERAL SECRETARIAT

- The General Secretariat of ANEK is responsible for ensuring the sorting incoming mail properly and forwarding it to the competent Divisions and Departments of ANEK. It is also responsible for processing outgoing mail.
- The General Secretariat is responsible for coordinating the Secretariat Departments of the different Divisions.
- Each ANEK Division operates its own Secretariat Division, which reports to the respective Manager. It is organized and operates in a way similar to that of the General Secretariat. It main responsibility is similar to that of the General Secretariat and, in particular, it ensures the keeping and processing of the Division's registry.

6.2 PUBLIC RELATIONS AND COMMUNICATION DEPARTMENT

- The department makes recommendations to the Managing Director and ensures the formation and implementation of the Company's communication strategy.

- It promotes good relations with the media and ensures that the Company is promoted to and by these media.
- It sees to it that the Press is monitored and informs the Managing Director and Board of Directors about relevant reports.
- It sees to it that the Company is promoted at a local, national or international level through sponsors and other social activities.

6.3 SHAREHOLDER SERVICE DEPARTMENT

- The department is responsible to the Managing Director for the providing shareholders with immediate and indiscriminate information and service with regard to the exercise of their duties in accordance with the law and the Company's Memorandum of Association.
- The department sees to it that, when the Annual Ordinary General Meeting of Company shareholders is held, shareholders have the Company's Annual Report in their hands, as well as that all disclosed company publications (Annual Prospectus, interim and annual financial statements, management reports by the Board of Directors and the certified auditors-accountants) are sent to every party involved in hard copy or electronic format.
- The department is responsible for keeping and updating the Company's list of shareholders in accordance with the law. To perform this duty, the department must contact the Central Securities Depository.

6.4 CORPORATE ANNOUNCEMENT DEPARTMENT

The department sees to it that the public is informed, through the Stock Exchange, about every event which, if disclosed, is expected to affect the purchase of Company shares in accordance with the Stock Exchange Regulation and applicable law, as currently in force.

6.5 LEGAL DEPARTMENT

- The department is responsible to the Managing Director for providing the Company with legal coverage so as to ensure and protect its interests.
- It is kept up to date with general and special legal issues relating to the Company and ensures the coordination and management of such issues at an operational level, and proposes ways to ensure Company interests.
- It responsible for receiving, registering and managing all legal documents, subpoenas, etc. relating to the Company.

7. INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM

7.1 KEY FEATURES OF THE INTERNAL AUDIT SYSTEM

The Management evaluates the adequacy of the Internal Audit System on the basis of best company practices. In particular, evaluation includes an examination of the audit environment, of the risk assessment procedure, of the auditing mechanisms and safeguards, of the communication and information system, as well as of the role and responsibility of the Management, internal auditors and other staff members. In particular, an examination is made of whether important executive, recording and approval functions are administratively and operationally distinct (four eyes principle).

7.2 RISK MANAGEMENT IN CONNECTION WITH THE DRAFTING OF FINANCIAL STATEMENTS

The Company has invested in the development and maintenance of state-of-the-art computer infrastructures ensuring, through a number of safeguards, that financial figures are correctly presented and all kinds of operating risks are minimized. Moreover, a results analysis is performed on a monthly basis, which covers all important aspects of business activity. Comparisons are carried out between the actual, historic and budgeted accounts, including sufficient detailed explanation of all significant differences. Most of the reports are automated and are generated by a special M.I.S. application and, as referred to above, important executive, recording and approval functions are administratively and operationally distinct (four eyes principle).

At an administrative information level, the Company is supported by an internally developed regional M.I.S. system drawing data from the accounting data base in the form of excel, ascii and batch files. The gathering and processing of information by the system is automated. Users are provided with information early enough, and the data provided are subjected to an independent check by the Computer Department to ensure accuracy, reliability and completeness. Access to the system is classified.

The Financial Division personnel is not often changed. The Division's employees hold higher or highest level degrees, and those appointed at "key" positions are fully trained to perform their duties, thus ensuring that the completeness of the financial statements prepared. The Manager of the Financial Division is responsible for the accuracy of the financial information published.

The ordinary auditors inform the Audit Committee on an annual basis about any possible weaknesses in the internal audit system and submit a statement of independence; they do not provide non-auditing services. The Board of Directors is informed, at least on a six-month basis, about the key business risks faced by the Group and verifies that these risks are fully defined, adequately estimated and effectively managed.

As regards the management of financial and operating risks, the Management is currently establishing limits for the discontinuation of loss-causing activities and the determination of criteria for an early warning system).

8. INFORMATION REQUIRED BY ARTICLE 10(1) OF DIRECTIVE 2004/25/EC ON TAKEOVER BIDS

The required information is included in part VIII "Explanatory Report by the Board of Directors".

9. COMPLIANCE WITH CODE PROVISIONS

The Company in addition to the provisions of the law, adopts and complies with the Hellenic Corporate Governance Code, which is available on the web site of the Hellenic Corporate Governance Council on www.helex.gr/en/esed. Furthermore, it is specified that:

- The Company has adopted Best Practice A.II 2.2 – despite the fact that since it is considered a small listed company the exceptions of Annex I apply, the BoD constitutes in majority by non-executives members –the independent included- thus 9 members of the BoD from the total of 15 members are non-executives.
- The Company has adopted Best Practice A.III 3.1 – despite the fact that since it is considered a small listed company the exceptions of Annex I apply and by virtue of Article 25par. 2 of the Articles of Association in combination with the Internal Regulation the competences of the Managing Director are specified.
- The BoD of the Company has conducted annual evaluation of the internal control system, examining the diversity of the activities and the efficiency of the internal control unit, the adequacy of the risk management and internal control reports addressed to the Audit committee of the BoD. Furthermore, in all cases of problems the Management has reacted immediate and efficient in order to be resolved.
- The BoD has examined the internal control system as well as the principle risks that potentially the enterprise might face, and are stated in the Explanatory Report.
- There is full transparency as to the remuneration of the President, the Vice President, the Managing Director the Deputy Managing Director and as to the remuneration of each member of the BoD for its presence in the meetings of the BoD and of the committees, since all remunerations are approved for the past year by the Annual General Meeting of the Shareholders and preapproved for the future year. Each and every decision adopted is been published as per law to the website of the Company as well as to the ASE website.

DEVIATIONS FROM SPECIAL PRACTICES OF THE HELLENIC CORPORATE GOVERNANCE CODE

Hereunder the BoD refers to the occasions and the reasons due to which deviated from the Special Practices for listed companies of the aforementioned Code during the fiscal year 2016:

Deviation from the Special Practice A. II. 2.8

The Company does not publish in the present Declaration its policy in relation to the diversity of the constitution of the BoD and of the executives managers as well of the quorum of representation of each gender. Article 15 par. 1 of the Articles of Association which states the appointment of the Bishop of Kissamos and

Selinos Irineos Galanakis as long as he lives, of the Mayor of Chania, of the Mayor of Rethymnon and of a member of the Association of Economics Graduates of Chania, as members of the BoD, expresses the intention of the Company since its incorporation to be close to the local political and scientific community. The Company does not have a specific policy in relation to the quantum of males and females in the BoD since it considers that qualifications and dexterities which each and every member of the BoD has, are not necessarily identified in relation to its gender.

Deviation from the Special Practice A. IV. 4.5

As per the provisions of Article 18.1 of the Articles of Association the Company has adapted the meeting of the BoD by teleconference and as per the provisions of Article 21 par. 3 of its Articles of Association the drawing up and signing of minutes by all the members of the BoD or their representatives is equal to a decision of the BoD, even if no meeting has proceeded. Due to the aforementioned provisions the Company achieved not to exist often and constant absences during the meetings of the BoD and all the members to participate and to be informed of the subjects of the agenda.

Deviation from the Special Practice A. V.5.4-5.8

The Company has not yet established a Nomination Committee for the constitution of the BoD nevertheless the Company is in the stage of elaboration of the specific competences and qualities which the members of the BoD shall have as well as in the stage of the determination of the criteria of the members of the BoD on the basis that until now any and all expression of interest amongst nominees as well as their election by the General Meeting of the Shareholders took place amongst candidates with recognized professional background, experience and scientific qualifications.

Deviation from the Special Practice A. VI.6.1

There is not a specific operational framework of the BoD since the provisions of the Articles of Association and of the internal regulation are considered to be efficient for the organization and the operation of the BoD. At the begging of each calendar year the BoD does not apply a calendar of meetings or a 12-month agenda which may be reviewed depending on the company's needs, since the convention and the meetings of the BoD meetings are very flexible when is necessary by the Company's needs or the Law due to the provisions of the Articles of Association in relation to the BoD meetings by teleconference or outside the Company's seat.

Deviation from the Special Practice A. VI.6.2 & 6.3

No company Secretary has been appointed to support the Company's BoD, as the Secretary's responsibilities providing practical support to the Chairman and members of the Board of Directors with a view to ensuring compliance with the Company's internal rules and relevant laws and regulations, ensuring proper information flow between the Board of Directors and its committees, providing its members with information concerning Company's affairs upon assumption of their duties as well as throughout their terms, and organizing the meetings of shareholders appropriately — are performed by the Shareholder Service

Department, the Corporate Announcement Department and the Legal Department, depending on the type of the relevant issues.

Deviation from the Special Practice A. VI.6.5

The company does not apply an induction programme for new board members and continuing professional development programmes, since all new members of the BoD are adequately informed for all company's matters by the old members and for regulatory and legal framework of their authority by the Shareholder Service Department, the Corporate Announcement Department and the Legal Department.

Deviation from the Special Practice A. VI.6.9

The Company does not finance the Bod Committees for the fulfillment of their duties and the hiring of external advisors, since the implementation of such practices would lead to a burden for the Company which would be disproportionate to the time and cost required.

Deviation from the Special Practice A. VII.7.2 -7.3

The Company has not adopted a procedure of evaluation of the performance of the BoD, nevertheless is on the stage of setting the criteria and the method for adequate evaluation of such. Furthermore, in relation to the practice of the evaluation of the BoD every 2 years the Articles of Association of the Company provides a four year term of the BoD and the evaluation of the BoD as a collective body is subject to the authority of the highest body of the Company thus the General Meeting.

VIII. EXPLANATORY REPORT BY THE BOARD OF DIRECTORS

This explanatory report by the Board of Directors of ANEK S.A. to the Ordinary General Meeting of its Shareholders includes detailed information with regard to the issues referred to in art. 4, par. 7 of Law 3556/2007:

1. Structure of the Company's share capital

The Parent Company's share capital as of 31.12.2016 amounted to € 56.596.467,60 divided into 185.373.016 common and 3.281.876 preferred voting shares of the nominal value of € 0,30 each. The Company's shares are all listed on the Athens Exchange.

Shareholders responsibility is limited to the face value of the shares they own. Each share provides all the rights provided for by Law and the Company's Articles of Incorporation. All (common and preferred) shares are voting rights. Preferred shares issued in 1990 and 1996 enjoy only those benefits stipulated by law, namely the preferential collection of first dividend and preferential participation in the proceeds of liquidation.

The Company does not hold own shares.

2. Restrictions to the transfer of the Company's shares

All company shares are transferred in accordance with the law, and the Company's Articles of Association do not include any restrictions on such transfer.

3. Significant direct or indirect holdings as laid down in articles 9 to 11 of Law 3556/2007

The shareholders holding more than 5% of all Company voting rights were the companies "VARMIN AEBE" holding 26,52% and "PIRAEUS BANK SA" holding 24,18%. It is noted that "PIRAEUS BANK SA" owns: a) 43.685.197 common shares, corresponding to 23,5661% of the ordinary share capital of the Company and the respective voting rights and b) indirectly 1.929.210 voting rights which corresponds to 1,0407% of the total voting rights, thus a total of 24,1788% of the voting rights.

4. Shares owners with special controlling rights

There are no such shares providing their holders with special rights to control.

5. Restrictions to the right to vote

No provision is made in the Company's Articles of Incorporation for restrictions to the right to vote arising from its shares.

6. Agreements of the Company's shareholders

The Company is not aware if there are any agreements among its shareholders imposing restrictions to the transfer of its shares or to exercising the rights to vote arising from such shares.

7. Rules for appointing and replacing BoD members and amending the Articles of Incorporation

The rules provided for in the Company's Memorandum of Association on the appointment and replacement of BoD members and the amendment to the Memorandum's provisions are not different from those provided for in Codified Law 2190/1920, as currently in force, and are as follows:

According to article 15 of the Company's Memorandum of Association, the Board of Directors comprises fifteen (15) members, eleven (11) of whom are elected by the General Meeting of shareholders by secret ballot and absolute majority of the votes present at the assembly, and four (4) are appointed by the following persons, in accordance with art. 18 par. 3 of Law 2190/20:

a) the former Bishop of Kissamos and Selinos Irineos Galanakis could appointed himself;

b) The Mayor of Chania may appoint himself;

b) The Mayor of Rethymnon as well;

d) the Association of Economics Graduates of Chania, may appoint one of its members.

The former Bishop of Kissamos and Selinos Irineos Galanakis has deceased on the 30th of April 2013 and after he deceased the number of elected members of the Board of Directors is twelve (12). During the Annual General Shareholders' Meeting on the 16th of June 2013, thirteen (13) members have been elected by the Shareholders and the rest have been appointed due to the fact that the Mayor Of Rethymnon as per the foreseen by the Articles of Association procedure has declared that he does not wish to exercise the right to be directly appointed.

8. BoD authorization to issue new or buy treasury shares

The Board of Directors has no right to increase the Company's share capital by the issue of new shares, or to buy treasury shares, without the prior approval of the General Meeting.

9. Significant agreements that enter into force, that are modified or expire as a result of audit change following a public proposal

There are no significant agreements that enter into force, are modified or expire as a result a change in auditing the Company following a public proposal.

10. Agreements with members of the Board of Directors or the Company's personnel

There are no agreements between the Company and members of its Board of Directors or its personnel providing for the payment of compensation in case of resignation or dismissal on no serious grounds or termination of term or employment as a result of a public proposal.

Chania, 12 April 2017

The Board of Directors of ANEK

INDEPENDENT AUDITOR'S REPORT

To the shareholders of

ANEK LINES S.A.

Report on the Company Separate and Consolidated Financial Statements

We have audited the accompanying financial statements of "ANEK LINES S.A." (the Company) and the consolidated financial statements of the Company and its subsidiaries, which comprise the separate and consolidated statement of financial position as at December 31st, 2016, and the separate and consolidated income statements and 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 notes.

Management's Responsibility for the Company Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards as these have been adopted by the European Union, as well as for these internal controls that management considers necessary for the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing that have been incorporated into Greek Legislation (G.G./B'/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's system of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

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

Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company "ANEK LINES AE" and its subsidiaries, as of 31 December 2016 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Emphasis of Matters

We draw your attention to the following:

a) Note 31 to the annual financial statements where reference is made to the maritime incident of the chartered ship "Norman Atlantic" that happened in December 2014. The incident, which is covered by insurance by an International Mutual Maritime Insurance Club, is still under investigation at the Courts of Italy, while a significant number of claims has already been settled extrajudicially. Due to the fact that the legal procedure is still in progress, uncertainty exists as to the final outcome of the case and its contingent effects on the financial statements of the Group.

b) Note 2 to the annual financial statements where reference is made to the matter of the estimate of the going concern assumption and in particular to the fact that the capital adequacy of the Group has not been restored and that the provisions of the article 48 of cod. L. 2190/1920 are applicable for the Company.

The above facts, indicate the existence of uncertainty in respect of the Group's ability to continue unhindered in operation as a going concern. In notes (2) & (20) to the annual financial statements reference is made to the completed restructuring of bank loans that restores the balance of the working capital of the Group as well as to the other measures taken or planned by the management in order to ensure the Group's ability to continue as a going concern.

Our opinion is not qualified in respect of these matters.

Reference to Other Legal and Regulatory Requirements

Taking into consideration that management is responsible for the preparation of the Report of the Board of Directors and the Corporate Governance Statement included in this report, pursuant to the provisions of paragraph 5, article 2 (part B') of L. 4336/2015, we note that:

a) The Report of the Board of Directors includes a corporate governance statement which provides all the information set out in article 43bb of cod. L. 2190/1920.

b) In our opinion the Report of the Board of Directors has been prepared in accordance with the applicable legal requirements of the articles 43a and 107A and the paragraph 1 (cases c' and d') of the article 43bb of cod. L. 2190/1920 and its content corresponds with the accompanying separate and consolidated financial statements for the year ended 31.12.2016.

c) Based on our understanding obtained during our audit of the Company "ANEK LINES SA" and its environment, we have not identified any material misstatements in the Report of the Board of Directors.

Athens, April 12th 2017

The Certified Public Auditors – Accountants

KONSTANTINOS EMM. ANTONAKAKIS **Institute of CPA (SOEL) Reg. No. 22781**	**KONSTANTINOS ATH. ARAMPATZIS** **Institute of CPA (SOEL) Reg. No. 34 351**
Grant Thornton An instinct for growth™ Chartered Accountants Management Consultants 56, Zefirou str., 175 64 Palaio Faliro, Greece Registry Number SOEL 127	SOL CERTIFIED PUBLIC ACCOUNTANTS Crowe Horwath. **Associated Certified Public Accountants s.a.** **member of Crowe Horwath International** **3, Fok. Negri Street - 112 57 Athens, Greece** **Institute of CPA (SOEL) Reg. No. 125**

ANNUAL SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS AS OF 31ST DECEMBER 2016

The amounts included in the financial statements are in EUR thousand
Any differences in totals are due to the rounding of figures.

STATEMENT OF COMPREHENSIVE INCOME

	Note	Group 01.01.16-31.12.16	Group 01.01.15-31.12.15	Company 01.01.16-31.12.16	Company 01.01.15-31.12.15
Turnover (sales)	4	157.583	159.845	138.176	140.867
Cost of sales	5	(116.532)	(117.200)	(103.075)	(103.119)
Gross profit		**41.051**	**42.645**	**35.101**	**37.748**
Other income	7	3.535	1.467	4.372	2.299
Administrative expenses	6	(9.393)	(9.105)	(8.384)	(8.166)
Selling expenses	6	(13.414)	(13.758)	(11.352)	(11.837)
Other expenses	7	(5.723)	(2.970)	(5.429)	(2.535)
Earnings/ (losses) before taxes, financing and investing results (EBIT)		**16.056**	**18.279**	**14.308**	**17.509**
Financial expenses	8	(14.227)	(16.821)	(14.164)	(16.695)
Financial income	8	201	95	175	47
Results from investing activities	9	(166)	(609)	(156)	(404)
Results from measurement of investments in associates	10	19	10	661	438
Profits / (losses) before taxes		**1.883**	**954**	**824**	**895**
Income tax	21	(613)	(501)	(98)	(134)
Earnings/ (losses) after taxes		**1.270**	**453**	**726**	**761**
Other comprehensive income / (expenses)					
Transferred to the income statement:					
Change of tax rate of land's deferred taxiation	21	-	(78)	-	(50)
		-	**(78)**	**-**	**(50)**
Non-transferred to the income statement:					
Profit / (loss) for employee retirement benefits	22	108	459	109	452
Deferred taxes		-	(5)	-	(2)
		108	**454**	**109**	**450**
Other comprehensive income / (expenses) after taxes		**108**	**376**	**109**	**400**
Total comprehensive income / (expenses) after taxes		**1.378**	**829**	**835**	**1.161**
Profit / (loss) attributable to:					
Parent's Shareholders		634	559	-	-
Minority interest		636	(106)	-	-
Total comprehensive income / (expenses) attributable to:					
Parent's Shareholders		742	960	-	-
Minority interest		636	(131)	-	-
Earnings/(losses) after taxes per share - basic (expressed in €)	26	0,0034	0,0030	0,0039	0,0040
Earnings / (losses) before taxes, financial, investing results & depreciation (EBITDA)		25.572	29.581	23.118	28.141

The additional notes are an integral part of the above annual financial statements.

STATEMENTS OF FINANCIAL POSITION

		Group		Company	
	Note	31.12.16	31.12.15	31.12.16	31.12.15
ASSETS					
Tangible fixed assets	*11*	265.952	270.296	255.954	260.271
Investment property	*11*	1.769	1.823	694	700
Intangible assets	*11*	10	20	10	20
Investments in subsidiaries	*12*	-	-	6.551	6.059
Investments in associates	*12*	1.909	1.890	1.909	1.890
Other long term receivables		121	73	99	50
Deferred tax assets	*21*	242	239	-	-
Total non-current assets		**270.003**	**274.341**	**265.217**	**268.990**
Inventories	*13*	2.592	2.723	1.591	1.798
Trade receivables	*14*	37.070	39.892	33.443	36.473
Other short-term receivables	*14*	5.672	6.699	7.791	8.040
Financial assets at fair value through profit and loss	*15*	5.587	3.585	3.647	1.636
Cash and cash equivalents	*16*	11.903	6.392	8.904	3.977
Non-current assets held for sale	*11*	-	1.549	-	1.549
Total current assets		**62.824**	**60.840**	**55.376**	**53.473**
TOTAL ASSETS		**332.827**	**335.181**	**320.593**	**322.463**
EQUITY AND LIABILITIES					
Share capital	*17*	56.597	56.597	56.597	56.597
Share premium account	*17*	745	745	745	745
Reserves	*18*	7.409	7.387	5.952	5.952
Results carried forward	*19*	(76.844)	(77.564)	(72.003)	(72.838)
Total company shareholders' equity		**(12.093)**	**(12.835)**	**(8.709)**	**(9.544)**
Minority interest		4.752	4.280	-	-
Total equity		**(7.341)**	**(8.555)**	**(8.709)**	**(9.544)**
Long-term bank borrowings	*20*	3.463	3.883	3.463	3.883
Deferred tax liabilities	*21*	1.255	1.299	361	362
Employee retirement benefit liabilities	*22*	2.390	2.620	2.265	2.505
Other provisions	*22*	1.673	1.152	1.183	683
Subsidies payable	*11*	700	882	-	-
Capital lease liabilities	*23*	10.880	11.887	10.880	11.887
Other long term liabilities	*24*	4.502	7.831	4.502	6.827
Total non-current liabilities		**24.863**	**29.554**	**22.654**	**26.147**
Short-term bank borrowings	*20*	282.135	279.678	281.916	279.362
Trade payables	*25*	23.044	20.004	18.022	14.935
Other short term liabilities	*25*	10.126	14.500	6.710	11.563
Total current liabilities		**315.305**	**314.182**	**306.648**	**305.860**
Total liabilities		**340.168**	**343.736**	**329.302**	**332.007**
TOTAL EQUITY AND LIABILITIES		**332.827**	**335.181**	**320.593**	**322.463**

The additional notes are an integral part of the above annual financial statements.

STATEMENT OF CHANGE IN SHAREHOLDER'S EQUITY

Group	*Note*	Share capital	Share premium	Asset revaluation reserves	Other reserves	Results carried forward	Total	Minority interest	Total
Balance as at 01.01.2015		**56.597**	**745**	**2.117**	**5.281**	**(78.539)**	**(13.799)**	**4.558**	**(9.241)**
Total comprehensive income of fiscal year 2015				(51)		1.011	**960**	(131)	**829**
Dividends to non-controlling subsidiaries								(138)	**(138)**
Purchase of own shares of subsidiary						4	**4**	(9)	**(5)**
Reserves formed of subsidiaries					40	(40)	-		-
Shareholders' equity as at 31.12.2015		**56.597**	**745**	**2.066**	**5.321**	**(77.564)**	**(12.835)**	**4.280**	**(8.555)**
Balance as at 01.01.2016		**56.597**	**745**	**2.066**	**5.321**	**(77.564)**	**(12.835)**	**4.280**	**(8.555)**
Total comprehensive income of fiscal year 2016	*19*					742	**742**	636	**1.378**
Dividends to non-controlling subsidiaries								(164)	**(164)**
Reserves formed of subsidiaries	19				22	(22)	-		-
Shareholders' equity as at 31.12.2016		**56.597**	**745**	**2.066**	**5.343**	**(76.844)**	**(12.093)**	**4.752**	**(7.341)**

Company	*Note*	Share capital	Share premium	Asset revaluation reserves	Other reserves	Results carried forward	Total
Balance as at 01.01.2015		**56.597**	**745**	**957**	**5.019**	**(79.165)**	**(15.847)**
Effect from retroactive implementation of IAS 27	*28*					*5.142*	***5.142***
Restated balance as at 01.01.2015		**56.597**	**745**	**957**	**5.019**	**(74.023)**	**(10.705)**
Total comprehensive income of fiscal year 2015				(24)		1.185	**1.161**
Shareholders' equity as at 31.12.2015		**56.597**	**745**	**933**	**5.019**	**(72.838)**	**(9.544)**
Balance as at 01.01.2016		**56.597**	**745**	**933**	**5.019**	**(72.838)**	**(9.544)**
Total comprehensive income of fiscal year 2016	*19*					835	**835**
Shareholders' equity as at 31.12.2016		**56.597**	**745**	**933**	**5.019**	**(72.003)**	**(8.709)**

The additional notes are an integral part of the above annual financial statements.

CASH FLOW STATEMENTS

	Group		Company	
	01.01.16-31.12.16	01.01.15-31.12.15	01.01.16-31.12.16	01.01.15-31.12.15
Operating activities				
Profits / (loss) before tax	1.883	954	824	895
Plus / (less) adjustments for:				
Depreciation	9.704	11.504	8.810	10.632
Grants amortization	(188)	(202)	-	-
Impairment of value of fixed assets	-	91	-	91
Profit / (loss) from sale of non-current assets	(4)	(1)	-	(1)
Provisions	4.388	903	4.329	844
Foreign exchange differences	16	815	23	796
Results of investing activities	147	509	(505)	(124)
Financial expenses (less financial income)	14.010	15.911	13.966	15.851
	29.956	**30.484**	**27.447**	**28.984**
Plus /(less) adjustments for changes of working capital accounts or related to operating activities:				
Reduction / (increase) of inventories	123	372	208	339
Reduction / (increase) of receivables	191	7.812	(731)	4.178
Increase/(reduction) of payable accounts (except loan liabilities)	(3.855)	(16.097)	(2.820)	(14.350)
Less:				
Interest and related expenses paid	(1.615)	(1.898)	(1.558)	(1.799)
Income tax paid	(575)	(494)	(100)	(96)
Total cash flows generated from operating activities (a)	***24.225***	***20.179***	***22.446***	***17.256***
Investing activities				
Acquisition of affiliates, securities and other investments	(2.168)	(3.171)	(2.168)	(1.250)
Acquisition of fixed assets	(5.304)	(4.292)	(4.478)	(3.759)
Proceeds from the sale of fixed assets	4	1	-	1
Interest received	15	49	4	1
Dividend received	-	-	151	128
Total cash flows generated from investing activities (b)	***(7.453)***	***(7.413)***	***(6.491)***	***(4.879)***
Financing activities				
Purchase of own shares	-	(5)	-	-
Payments for capital leases	(1.250)	(802)	(1.250)	(802)
Proceeds from borrowings	-	-	-	-
Payments of borrowings	(9.876)	(9.018)	(9.778)	(8.848)
Dividends paid	(135)	(113)	-	-
Total cash flows generated from financing activities (c)	***(11.261)***	***(9.938)***	**(11.028)**	**(9.650)**
Net increase/ (decrease) in cash and cash equivalents (a) + (b) + (c)	**5.511**	**2.828**	**4.927**	**2.727**
Cash & cash equivalents at beginning of the year	6.392	3.564	3.977	1.250
Cash & cash equivalents at end of the year	**11.903**	**6.392**	**8.904**	**3.977**

The additional notes are an integral part of the above annual financial statements.

NOTES ON THE FINANCIAL STATEMENTS OF FISCAL YEAR 2016

-amounts in thousands € unless otherwise stated-

1. General information for the Company and the Group

The Company was established in 1967 (Government Gazette 201/10.04.67) under the corporate name "Anonimi Naftiliaki Etareia Kritis S.A." trading as "ANEK LINES" (hereinafter "ANEK" , "Company" or the "Parent") and operates in the passenger shipping sector. The Company's seat is located in the municipality of Chania and its registered offices are located on 148 Karamanli Ave, Chania. ANEK is recorded in General Company Register with number 121557860000 and its website address is www.anek.gr. The Company's shares have been listed in the Athens Stock Exchange since 1999.

In addition to the Parent company, the Group includes the following subsidiaries and associates with the following participation percentages:

Name	***Group percentage***	***Registered office***	***Activity***
LANE S.A.	50,11%	Chania	Passenger shipping
ETANAP S.A.	48,01%	Stilos, Chania	Production and sale of bottled water
LEFKA ORI S.A.	60,49%*	Stilos, Chania	Production and trade of plastic bottles and packaging products
ANEK HOLDINGS S.A.	99,48%**	Chania	Tourism - participation in other companies - consulting, etc.
AIGAION PELAGOS THALASSIES GRAMMES SHIPPING COMPANY	100%	Chania	Sailing company under Law 959/79
ANEK LINES ITALIA S.r.l.	49%	Ancona, Italy	Agency and representation of shipping companies

** direct participation: 24% and indirect via ETANAP: 36,49%*

*** direct participation: 99% and indirect via ETANAP: 0,48%*

The aforementioned companies, in which ANEK participates by more than 50%, as well as "ETANAP" in which the Parent company has the control, have been included in the consolidated financial statements as at 31st December 2016 using the full consolidation method. "ANEK LINES ITALIA S.r.l." in which the Parent Company participates by 49% was consolidated using the equity method. "ANEK HOLDINGS SA" participates by 100% in "ANEK ENERGY LTD", which has not commenced its activities as of today.

The number of personnel employed as at 31st December 2016 was 640 for the Company (out of which 452 were employed as crew aboard ships) and 749 persons for the Group (out of which 514 were employed as crew aboard ships). Respectively, at the end of year 2015 the Company had a number of 728 persons and the Group 819.

The annual financial statements of year 2016 have been approved by BoD of ANEK at the meeting of April 12th 2017.

2. Preparation basis of the financial statements

The attached annual separate and consolidated financial statements (hereinafter "financial statements") have been drafted according to the International Financial Reporting Standards (hereinafter “IFRS”), which have been issued by the International Accounting Standards Board (IASB) (and their interpretations). All the IFRS issued and in force at the date of drafting of the annual financial statements have been adopted by the European Union. The financial statements have been drafted according to the going concern principle and the historical cost principle, as modified with the adjustment of specific assets and liabilities at fair values.

Ability to smoothly continue performing activities (going concern)

In the past few years, with the implementation of specific strategies by the management of the Group, it has been achieved significant cost reduction and substantial improvement of results, which is reflected in the fact of the Group's return to profitability in 2015 and its maintenance in 2016. The results of the previous years were significantly burdened by non-repeating expenses (such as impairment of vessels’ book value and provisions) as well as by high fuel prices. As a result, Company’s and Group’s Equity on 31.12.2016 were negative by € 8,7 million and € 7,3 million respectively.

However, in March 2017 was successfully completed the restructuring of long-term debt of the Parent. Under the terms of the new contracts, the repayment is agreed to be done gradually until 2023, the interest burden is significantly lower, while it is stipulated the write off of part of the capitalized interest. By the restructuring of the bank debt is accomplished the securement of financial stability of the Group, the restoration of working capital and the strengthening of the capital structure. The write off of capitalized interest in conjunction with the expected operating profits for year 2017, is estimated that can lead to the restoration of the ratio of equity to share capital. The effect of the above terms of the loan agreements will be reflected in the financial statements of 2017.

Considering the above facts, the financial statements have been prepared under the principle of going concern.

Important accounting estimates, judgments and assumptions

The drafting of financial statements according to the IFRS requires that the management proceeds to estimates, admissions, assumptions and evaluation judgments that affect the assets and liabilities, the notification of any receivables and payables on the date of the financial statements as well as the published amounts of income and expenses. The actual results may be different from such estimates. These estimates, admissions and evaluation judgments are made in order to select the most appropriate accounting principles and are based on the prior experience of the Group’s management in relation to the level or the volume of relevant transactions or events and on other factors relevant to the expectations on the future developments and transactions. Moreover, they are reexamined periodically in order to correspond to the current conditions and reflect the current risks.

The accounting assessments on vessels' useful life and residual value (see note 3 vi) are important for the Group's assets, since they significantly affect the financial position and results. A significant judgment involves the classification of Company's investments (e.g. classification of an investment as available for sale, held until expiry or as an asset valued at fair value through results), as well as the impairment test thereon with the identification of recoverable value and value in use (see note 3 vii). Finally, the recoverability of receivables, the assessment of certain balances as doubtful and the need to form provisions for impairment, as well as provisions for other contingent liabilities, require judgments and assessments affecting the financial statements.

- **Accounting policy for joint - venture ANEK - SUPERFAST ENDEKA (HELLAS) INC. & Co**

Regarding the accounting policy of the presentation of «ANEK SA - SUPERFAST ENDEKA (HELLAS) INC. & Co JOINT VENTURE» (hereafter "joint venture") in Group's financial statements, it is noted that IFRS 11 has replaced IAS 31 «Investments in joint-ventures» and SIC 13 «Jointly Controlled Entities - Non-Monetary Contributions by Venturers». IFRS 11 refers to the accounting treatment of these investments, the rights and obligations of the venturers on these ventures. The objective of the Joint Venture is to create revenue and the distribution among the venturers as determined by the contractual arrangement. The Group's participation in the Joint Venture is identified in accordance with the requirements of IFRS 11 as «joint operation». According to this classification, the Group recognizes in its financial statements:

a) its assets, including its share of any assets held jointly,

b) its liabilities, including its share of any liabilities incurred jointly,

c) its share of the revenue from the sale of the output by the joint operation and

d) its expenses, including its share of any expenses incurred jointly.

- **New standards, interpretations, revisions and amendments**

The International Accounting Standards Board (IASB) and the IFRIC have issued a number of new IFRS and interpretations, which are either mandatory for accounting periods beginning on January 1st 2016 or after, or are not mandatory, as since the publishing date of the financial statements have not adopted by the European Union. The Group has fully adopted all IFRSs and interpretations that are effective after January 1, 2016, and examines the impact of the adoption of other IFRS and interpretations in the financial statements. The most significant new standards, interpretations and revisions are presented below:

(α) New standards and interpretations, revisions and amendments to existing Standards that are effective from 1st January 2016 and on and have been adopted by the European Union:

- ***Amendments to IAS 19: "Defined Benefit Plans: Employee Contributions"***

In November 2013, the IASB published narrow scope amendments to IAS 19 "Employee Benefits" entitled Defined Benefit Plans: Employee Contributions. The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. There was no significant effect from the implementation of the above in the consolidated financial statements.

- ***Annual Improvements to IFRS – 2010-2012 Cycle***

In December 2013, the IASB issued Annual Improvements to IFRSs - 2010-2012 Cycle, a collection of amendments to IFRSs, in response to eight issues addressed during the 2010-2012 cycle. The amendments are effective for annual periods beginning on or after 1 July 2014, although entities are permitted to apply them earlier. The issues included in this cycle are the following: IFRS 2: Definition of 'vesting condition', IFRS 3: Accounting for contingent consideration in a business combination, IFRS 8: Aggregation of operating segments, IFRS 8: Reconciliation of the total of the reportable segments' assets to the entity's assets, IFRS 13: Short-term receivables and payables, IAS 17: Interest expenses capitalised, IAS 16 /IAS 38: Revaluation method—proportionate restatement of accumulated depreciation and IAS 24: Key management personnel services. There was no significant effect from the implementation of above in the consolidated financial statements.

- ***Amendments to IFRS 11: "Accounting for Acquisitions of Interests in Joint Operations"***

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

- ***Amendments to IAS 16 and IAS 38: "Clarification of Acceptable Methods of Depreciation and Amortisation"***

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

- ***Amendments to IAS 27: "Equity Method in Separate Financial Statements"***

In August 2014, the IASB published narrow scope amendments to IAS 27. Under the amendments, entities are permitted to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate Financial Statements – an option that was not effective prior to the issuance of the current amendments. The Company applied the amendment to IAS 27 in the annual financial statements of 2016 and valued its investments in subsidiaries and associates using the equity method. The impact of the application of the amendment to IAS 27 in the financial statements of the comparable period is set out in note 28 "Adjustments of figures".

- ***Annual Improvements to IFRS – 2012-2014 Cycle***

In September 2014, the IASB issued Annual Improvements to IFRSs - 2012-2014 Cycle, a collection of amendments to IFRSs, in response to four issues addressed during the 2012-2014 cycle. The issues included in this cycle are the following: IFRS 5: Changes in methods of disposal, IFRS 7: Servicing Contracts and Applicability of the amendments to IFRS 7 to condensed interim financial statements, IAS 19: Discount rate, and IAS 34: Disclosure of information "elsewhere in the interim financial report". There was no significant effect from the implementation of above in the consolidated financial statements.

- ***Amendments to IAS 1: "Disclosure Initiative"***

In December 2014, the IASB issued amendments to IAS 1. The aforementioned amendments address settling the issues pertaining to the effective presentation and disclosure requirements as well as the potential of entities to exercise judgment under the preparation of financial statements. The amendments do not affect the consolidated Financial Statements.

- ***Amendments to IFRS 10, IFRS 12 and IAS 28: "Investment Entities: Applying the Consolidation Exception"***

In December 2014, the IASB published narrow scope amendments to IFRS 10, IFRS 12 and IAS 28. The aforementioned amendments introduce explanation regarding accounting requirements for investment entities, while providing exemptions in particular cases, which decrease the costs related to the implementation of the Standards. The amendments do not affect the consolidated Financial Statements**.**

(b) New Standards, Interpretations and Amendments to existing Standards that have not been applied yet or have not been adopted by the European Union:

- **IFRS 14 – Regulatory deferral accounts**

In January 2014, the IASB issued a new standard, IFRS 14. The aim of this interim Standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities. Many countries have industry sectors that are subject to rate regulation, whereby governments regulate the supply and pricing of particular types of activity by private entities. The Group will examine the impact of the above on its financial statements.

- **IFRS 15 "Revenue from Contracts with Customers"**

In May 2014, the IASB issued a new Standard, IFRS 15. The Standard fully converges with the requirements for the recognition of revenue in both IFRS and US GAAP. The key principles on which the

Standard is based are consistent with much of current practice. The new Standard is expected to improve financial reporting by providing a more robust framework for addressing issues as they arise, increasing comparability across industries and capital markets, providing enhanced disclosures and clarifying accounting for contract costs. The new Standard will supersede IAS 11 “Construction Contracts”, IAS 18 “Revenue” and several revenue related Interpretations. The Group will examine the impact of the above on its Financial Statements. The above are effective from 01/01/2018.

- **IFRS 9 – Financial instruments**

In July 2014, the IASB issued the final version of IFRS 9. The package of improvements introduced by the final version of the Standard, includes a logical model for classification and measurement, a single, forward-looking “expected loss” impairment model and a substantially-reformed approach to hedge accounting. The Group will examine the impact of the above on its Financial Statements. The above are effective from 01/01/2018 and the Group does not intend to apply it earlier.

- **Amendments to IFRS 10 and IAS 28: “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”**

In September 2014, the IASB published narrow scope amendments to IFRS 10 and IAS 28. The objective of the aforementioned amendments is to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. In December 2015, the IASB postponed the effective date of these amendments indefinitely pending the outcome of its research project on the equity method of accounting. The Group will examine the impact of the above on its Financial Statements.

- **IFRS 16 “Leases”**

In January 2016, the IASB issued a new Standard, IFRS 16. The objective of the project was to develop a new Leases Standard that sets out the principles that both parties to a contract, i.e. the customer (‘lessee’) and the supplier (‘lessor’), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, a lessee is required to recognise assets and liabilities arising from a lease. The above are effective from 01/01/2019. The Group will examine the impact of the above on its Financial Statements.

- **Amendments to IAS 12: “ Recognition of Deferred Tax Assets for Unrealized Losses”**

In January 2016, the IASB published narrow scope amendments to IAS 12. The objective of the amendments is to clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. The above are effective from 01/01/2017 and have not been adopted by the European Union. The Group will examine the impact of the above on its Financial Statements.

- **Amendments to IAS 7: “Disclosure Initiative”**

In January 2016, the IASB published narrow scope amendments to IAS 7. The objective of the amendments is to enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The Group will examine the impact of the above on its Financial Statements. The above are effective from 1/1/2017 and have not been adopted by the European Union.

- **Clarification to IFRS 15 “Revenue from Contracts with Customers”**

In April 2016, the IASB published clarifications to IFRS 15. The amendments to IFRS 15 do not change the underlying principles of the Standard, but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation in a contract, how to determine whether a company is a principal or an agent and how to determine whether the revenue from granting a license should be recognized at a point in time or over time. The Group will examine the impact of the above on its Financial Statements. The above are effective from 1/1/2018 and have not been adopted by the European Union.

- **Amendment to IFRS 2: “Classification and Measurement of Share-based Payment Transactions”**

In June 2016, the IASB published narrow scope amendment to IFRS 2. The objective of this amendment is to clarify how to account for certain types of share-based payment transactions. More specifically, the amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligation, as well as, a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The Group will examine the impact of the above on its Financial Statements. The above are effective from 1/1/2018 and have not been adopted by the European Union.

- **Amendments to IFRS 4: “Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts”**

In September 2016, the IASB published amendments to IFRS 4. The objective of the amendments is to address the temporary accounting consequences of the different effective dates of IFRS 9 Financial Instruments and the forthcoming insurance contracts Standard. The amendments to existing requirements of IFRS 4 permit entities whose predominant activities are connected with insurance to defer the application of IFRS 9 until 2021 (the “temporary exemption”) and also permit all issuers of insurance contracts to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued (the “overlay approach”). The Group will examine the impact of the above on its Financial Statements. The above are effective from 1/1/2018 and have not been adopted by the European Union.

- **Annual Improvements to IFRS – 2014-2016 Cycle**

In December 2016, the IASB issued Annual Improvements to IFRSs – 2014-2016 Cycle, a collection of amendments to IFRSs, in response to several issues addressed during the 2014-2016 cycle. The issues included in this cycle are the following: IFRS 12: Clarification of the scope of the Standard, IFRS 1: Deletion of short-term exemptions for first-time adopters, IAS 28: Measuring an associate or joint venture at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017 for IFRS 12, and 1

January 2018 for IFRS 1 and IAS 28. The Group will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"**

In December 2016, the IASB issued a new Interpretation, IFRIC 22. IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance. The Group will examine the impact of the above on its Financial Statements. The above are effective from 1/1/2018 and have not been adopted by the European Union.

- **Amendments to IAS 40: "Transfers of Investment Property"**

In December 2016, the IASB published narrow-scope amendments to IAS 40. The objective of the amendments is to reinforce the principle for transfers into, or out of, investment property in IAS 40, to specify that (a) a transfer into, or out of investment property should be made only when there has been a change in use of the property, and (b) such a change in use would involve the assessment of whether the property qualifies as an investment property. That change in use should be supported by evidence. The Group will examine the impact of the above on its Financial Statements. The above are effective from 1/1/2018 and have not been adopted by the European Union.

3. *Principal accounting policies*

The principal accounting policies used in preparing the attached annual financial statements for fiscal year 2016 are as follows:

(i) Consolidation basis

The attached consolidated financial statements include the financial statements of the Parent Company as well as of all subsidiary companies in which ANEK can exercise control. The control is exercised when ANEK, through a direct or indirect ownership of percentages in capitals maintains the majority of votes or has the power to exercise control in the boards of directors of subsidiaries. The subsidiaries are consolidated from the day the essential control is transferred to the Parent company, and they cease to be consolidated when the control is no longer exercised. The buyout accounting method is used for the consolidation of the subsidiaries that are bought out. The cost of a buyout is calculated as the sum of the fair values as at the date of transfer of the subsidiary's assets, of the shares issued and of the existing liabilities plus any cost incurred in connection with the buyout. The assets acquired and liabilities undertaken are recorded initially at fair value, regardless of the minority interest. The difference between the acquisition cost and the fair value of the assets acquired and liabilities undertaken is recorded as goodwill. If the acquisition cost is lower than the fair value, the resulting negative goodwill is recognized immediately in profit and loss account. The goodwill resulting from the acquisition of subsidiaries, associates and joint ventures is shown under intangible assets and is not subject to amortization, but is subject to impairment control on an annual basis. If interests are sold, any possible goodwill is taken into account in calculating profits / (losses). All the related party transactions and balances have been written-off in the attached consolidated financial statements. Where it was required, the accounting policies of subsidiaries have been amended so that consistency with the accounting policies that were adopted by the Group can be ensured. Moreover, all subsidiaries prepare their financial statements for the same period and at the same date as those of the Parent Company.

(ii) Investments in subsidiaries

From the fiscal year 2016, the Company applied the amendment to IAS 27 "Consolidated and separate financial statements" and valuated its investments in subsidiaries by the equity method in the separate financial statements. Minority interest represents the percentage of profits / (losses) and equity which do not correspond to the Group and are presented in the consolidated financial statements separately. If minority interests are purchased by the Company, the difference between the buyout price and the net book value of the equity of the Company that is bought out is recognized as goodwill.

(iii) Investments in associates

ANEK's investments in other companies in which it exercises essential influence, which are not subsidiaries or joint ventures, are presented by using the equity method and are recorded initially at acquisition cost, including any possible goodwill recognized at the time of buyout. According to the equity method, the profits / (losses) resulting after the buyout are recognized in profit and loss account, and the amounts recorded directly in the associate's equity are recognized directly in the Group's equity. From 2016, the Company applied the amendment to IAS 27 "Consolidated and separate financial statements" and valuated its investments in subsidiaries by the equity method in the separate financial statements.

(iv) Currency of operation and presentation, and conversion of foreign currencies

The currency of operation and presentation used in the financial statements of ANEK and its subsidiaries is the Euro. Transactions in other currencies are converted into euros according to the currency exchange rates that were valid on the dates of these transactions. Upon the date of drafting of the financial statements, the monetary elements of assets and liabilities expressed in other currencies are adapted so that they depict the current currency exchange rates. The earnings and losses that result from transactions in foreign currencies during the period, as well as at the end-of-year appraisal of monetary elements in foreign currencies, are registered in the attached profit and loss account, with the exception of transactions that fulfill the conditions for the counterbalancing of cash flows presented in equity under "total comprehensive income".

(v) Recognition of revenues

Revenues are recognized to the degree that it is possible that financial benefits will flow for the Group and the relevant amounts can be measured reliably including the selling value of goods and services less value added tax, refunds, discounts and deduction of intercompany income. The following specific recognition criteria must also be fulfilled upon the recognition of the revenues:

Revenues from fares (tickets or vessels' charters)

The revenues from tickets are recognized at the moment when the passengers/ vehicles execute the trip (traveling tickets). The revenues from the chartering of vessels are recognized based on the accrual principle, as per the stipulations laid down in relevant contracts. Government subsidies for subsidized routes are recognized in the relevant period and are included in "turnover".

Revenues from goods sold and provision of services onboard

The earnings from goods sold and the provision of services onboard are recognized at the moment of the sale or the provision of the service, when the relevant receipts are issued.

Revenues from goods sold and provision of services of non-shipping companies

The revenues from goods sold are recognized at the moment of sale and they are accounted by the issuance of the respective invoices. The earnings from the provision of services are accounted at the period when the services are provided.

Interest

The interest revenues are recognized according to the accrued accounting policy.

Dividends

The dividends are recognized as revenues when the right to collect them is established.

(vi) Fixed assets and depreciations / Investments in property

- The vessels, the buildings and the furniture, as well as the other equipment are appraised at the historical (or deemed) cost plus subsequent additions and minus accumulated depreciation-amortization and any provisions for their impairment. The historical cost of buildings since the IFRS transition date (01.01.2004) has been the deemed cost according to IFRS 1.
- Lands are measured at fair value, as determined on the basis of a study prepared by an independent assessor, and adjustment differences, and if positive, are recorded in equity as a real estate adjustment reserve (net of the relevant deferred tax). If the measurement results in net book value impairment, this is recognized as expense in profit and loss account, unless the reduction reverses a prior increase in the "adjustment reserve".
- In what concerns the vessels, the Group's management proceeded to an estimate of the relevant useful life, which was set at 35 years from the launching year of each vessel. It is deemed that there are no components of a different useful life other than subsequent expenses relating to additions to and improvements of vessels, which are separated and depreciated partially and based on equal amounts within a five-year period. The residual values of ships are set initially to 20% of the acquisition cost, but are reviewed annually (taking into account their current prices, as they arise from estimates made by independent firms) in an effort to come up with a more accurate estimate of their values at the end of their useful lives, and they are adjusted when necessary.
- Repair and maintenance costs are recorded in the expenses of the fiscal year when they were incurred. Significant improvements are capitalized at the cost of the corresponding fixed assets if they add to their useful lives, increase their production capacity or reduce their operating cost.
- The cost and the accumulated depreciation of an asset are written-off upon its sale or withdrawal, or when no further financial benefits are expected from its continued use. The earnings or the losses resulted from the distribution of an asset are included in the income statement of the year in which

the respective asset is withdrawn.

- The Group's intangible assets include all accounting software programs, which are measured at acquisition cost less accumulated amortization and any possible impairment losses.
- The depreciation – amortization is calculated according to the fixed method with coefficients that reflect the useful life duration of the respective assets as follows:

Type of fixed asset	Useful Life
Vessels	35 years
Buildings	20 - 50 years
Plants	66 years
Mechanical equipment	8 years
Other transport means	5 - 9 years
Furniture and fixtures	5 - 10 years
Software	3 - 5 years

The useful live and residual value of buildings is adjusted when necessary after taking into account the relevant estimates made by an independent assessor.

- Investment real estate is intended for making revenues from rental fees or profits from reselling and are measured as acquisition cost less accumulated depreciation and any possible impairment losses.

(vii) Impairment of assets (exclusive of goodwill)

The accounting values of the non-current assets are audited annually for purposes of impairment when events or changes in conditions suggest that their accounting value may not be retrievable. When the accounting value of some asset exceeds the retrievable amount, the respective impairment loss is registered in the income statement, unless if there is a credit balance in the readjustment reserve for the same asset. The retrievable value is defined as the highest value between the net sale price and the use value. The net sale price is the amount that can be received from the sale of a property asset in the context of a reciprocal transaction in which the parties are fully aware and voluntarily adhere to, after the deduction of any additional immediate cost for the distribution of the property asset, while the use value is the net current value of the estimated future cash flows that are expected to be executed by the continuous use of a property asset and from the return that is expected to result from its distribution at the end of its estimated useful life. For the purposes of defining the impairment, the elements in assets are grouped at the lowest level for which the cash flows may be separately recognized. More specifically, the impairment test of the accounting values of the most important assets of the Parent Company and the Group includes the following:

a) Vessels: On the basis of estimates made by independent firms of assessors, the current value of each vessel is determined as at the balance sheet date (at the end of each fiscal year) and is compared against the corresponding net book value. If it is identified that the latter is higher than the current value of a vessel, the value in use of a cash flow unit is determined to find out whether there are reasons for impairment.

b) Investments in subsidiaries: As regards the Parent Company's investments, their equity is taken into account, plus any possible goodwill which is not shown in the subsidiaries' financial statements.

(viii) Inventories

Inventories are measured at the lower of their acquisition cost and net realizable value. The acquisition cost, including the acquisition value plus other purchasing expenses, is determined by using the weighted average cost method. The net realizable value of merchandise and products is the estimated sale price in the normal operation, minus the estimated necessary cost for their sale. The net liquid value of fuel, lubricants and materials on vessels, as well as of raw and auxiliary materials of trade and industrial subsidiary companies is the cost for their replacement. Provisions for slowly distributed or devaluated reserves are formed if deemed necessary.

(ix) Accounts receivable

The accounts receivable appear at their nominal value, after provisions for any uncollected balances. All receivables the Group are short-term (to be collected in one year maximum) and, therefore, there is no need to proceed with discounting at balance sheet date. On every balance sheet date all the delayed or doubtful receivables are estimated in order to find out whether it is, or is not, necessary to form an impairment provision for these receivables. Any balance definitely not collected is written-off by a respective reduction of the provision for bad debts. The provision amount is recorded as an expense in profit and loss under "other expenses".

(x) Cash and cash equivalents

The Group considers time deposits and other high liquidity investments of a maturity date of less than three months as cash and cash equivalents. Cash and cash equivalents comprise cash and sight deposits, as well as overdrafts in banks, which are shown as current bank liabilities.

(xi) Share capital

Common and preferred shares are shown in the share capital of shareholders' equity, which represents the value of the Company's shares issued and in circulation. The amount paid above the par value per share is recognized in the shareholders' equity under "share premium account". Additional expenses relating to the issue of new shares are recorded in the shareholders' equity, by deducting them from the "share premium account". Own shares represent Parent Company shares acquired and held by the Parent Company or its subsidiaries and are shown at acquisition cost, by deducting them from the shareholders' equity. Upon purchase, sale, or cancellation of own shares, the relevant accounts and the results of the relevant act or liquidation are recognized directly in equity.

(xii) Bank loans

All loan liabilities are initially recorded at the cost that reflects their fair value reduced by the respective expenses for the loan. Following initial recording, they are measured at amortized cost using the effective interest method. Those loan liabilities that are payable within the following twelve months from the balance sheet date are shown as current bank liabilities.

(xiii) Borrowing costs

Borrowing costs are recognized as expense in the period in which they are incurred and include the interest of current and non-current bank liabilities, as well as the amortization of the cost incurred for obtaining the loans in accordance with their durations.

(xiv) Provision for retirement benefits

(a) Short-term benefits: Short-term benefits to employees (except for termination or retirement) in money or in kind are recognised as an expense when they are accrued.

(b) Post-employment benefits: Post-employment benefit schemes (except for the vessels' crew), comprise both defined contribution plans and defined benefit plans. The accrued cost of the defined contribution plans is recognised as an expense in the period it concerns. The liability recognised in the balance sheet in respect of defined benefit pension plans is calculated at the discounted value of future benefits to employees that have been accrued at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the other comprehensive income in the period in which they occur. Past-service cost is recognised immediately in income. It is noted that in respect of the vessels' crew, based on applicable laws is stated that does not accumulate rights on indemnity compensation in case of dismissal or retirement and consequently the financial statements do not include relevant provision.

(c) Termination benefits: Termination benefits are employee benefits payable as a result of a Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits. The Group recognises the termination benefits as an obligation and termination at the earlier among the following dates: a) when the entity is without realistic possibility of withdrawal and b) when the entity recognises reconstruction cost that comes under IAS 37 and entails payment of termination benefits. Where termination benefits fall due more than 12 months, after the balance sheet date, are discounted to their present value.

(xv) Public insurance programs

The vessel crews are insured in NAT, whereas the Group's administrative personnel is mostly covered by the principal public insurance body for the private sector (IKA) that provides pension and medical-pharmaceutical benefits. Every employee is under the obligation to contribute part of his monthly salary to the fund, while part of the total contribution is covered by the Group. Upon retirement, the retirement fund is responsible for the payment of retirement benefits to the employees. Thus the Group does not have any legal or implicit obligation to pay future benefits based on that plan.

(xvi) Income tax (current and deferred)

According to the legislation in force on the taxing of vessels (Law 27/1975, article 2), the earnings from the exploitation of the vessels are exempted from income taxes. According to the same law, the vessels under a Greek flag are subject to a special tax on the basis of registered tons of total capacity. This tax is considered to be an income tax. The earnings from the non-shipping activities are taxed according to the general provisions on income tax. The tax rate according the law 4334/2015 (as amended the article 58 of 4172/2013) is 29%. Deferred income tax has been calculated either on differences of accounting and tax basis of subsidiary companies that operate under the regular income tax status, or on differences of accounting and tax basis of accounts of the Group's shipping companies which (differences) upon their realization or settlement are expected to affect the determination of the income tax. The current and the deferred tax are calculated according to the financial statements of each and every company included in the consolidated financial statements, according to the tax legislation in force in Greece or other tax frameworks within which operate the foreign subsidiaries. The expense for income tax includes the current tax for ships according to L. 27/1975, the income tax of non-shipping activities which results according to the earnings of each company, provisions for additional taxes and increments for years that have not been audited and from deferred income taxes according to the legislated tax coefficients. The income tax relating to items recognized directly in equity is recorded in other comprehensive income.

(xvii) Operating / financial leases

Operating leases: Leases, for which the lessor is burdened with all the risks and benefits of the asset's ownership, are registered as operating leases. The payments of operating leases are recognized as an expense in the income statement on a regular basis during the lease.

Financing leases: Leases relating to tangible assets for which the Group is burdened with all the risks and benefits of the leased fixed assets. These leases are capitalized at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and are amortized on the basis of the useful lives of the fixed assets. Each lease payment is allocated between the liability and the financial expenses so as to achieve a constant rate on the finance balance outstanding. The corresponding obligation, net of financial expenses, are shown in the statement of financial position as a financial lease obligation. The corresponding financial expenses are recorded in the income statement.

(xviii) State grants

State grants that concern the subsidization of fixed assets are recognized at their fair value when there is certainty that the grant will be collected and all the relevant terms of receipt will be upheld. These grants are registered under long-term obligations as income of subsequent years and are transferred to profit and loss in installments according to the estimated useful life of subsidized assets, less the cost of goods sold. Grants related to expenses are systematically registered under the revenues for the period in which these must be reconciled with the respective expenses.

(xix) Provisions and contingent liabilities

Provisions are recognized when the Group has current legal or deemed liabilities as a result of previous events, their liquidation is possible through the outflow of resources and the respective amounts of payables may be reliably appraised. The provisions are reexamined on every balance sheet date and are adjusted so as to depict the current value of the expense that is expected to be disbursed in order to settle the liability. In what concerns the provisions expected to be liquidated in the long-term, when the time value of money will be significant, the relevant amounts are calculated by prepaying the estimated future cash flows with a coefficient before taxes that reflects the current estimates of the market on the time value of money and where deemed necessary, the risks specifically related to the liability. Contingent liabilities are not recognized in the financial statements but they are made known, unless the possibility of an outflow of resources that incorporate financial benefits is minimum. Contingent receivables are not recognized in the financial statements but they are made known provided that the inflow of financial benefits is possible.

(xx) Earnings per share

The principal earnings per share are calculated by dividing the net profits or losses (after the deduction of preferred dividends of there are any) by the average balanced number of shares in circulation for the duration of every year (exempting the average of shares that were acquired as own shares). The earnings per share in the consolidated financial statements are calculated by dividing the net profits or losses after the deduction of minority interests with the average balanced number of shares.

(xxi) Dividends

Dividends are recorded as liability in the financial statements of the year in which the General Meeting of shareholders approves the relevant distribution proposal made by the Board of Directors.

(xxii) Segmental information

The Group presents the information required by IFRS 8, which has provided for an administrative approach for the information provided per operating segment. The relevant information provided must be the one the used by the management internally to evaluate the performance of the Group's operating segments. Adoption of the new standard did not have a significant effect on how operating segments are recognized for information purposes. The change relates to separating the non-shipping activities of the Group, which are shown in a separate column (segment). Shipping activities are still presented in segments arising from the lines in which the vessels are operated: domestic routes (coastal shipping) and foreign routes (mostly in the Adriatic Sea).

(xxiii) Investments and other (non-derivative) financial assets

Financial assets that fall under the provisions of IAS 39 and are governed by them are classified according to their nature and characteristics into one of the following four categories:
(i) Investments available for sale, (ii) Receivables and loans, (iii) Financial assets at fair value through the profit or loss and (iv) Investments held to maturity.

Initially they are recognized at acquisition cost, which represents the fair value plus, in some cases, the direct transaction and acquisition expenses. The classification of the above financial assets is made upon their initial recognition and wherever permitted it is reviewed and reassessed on a periodic basis.

(i) Investments available for sale: Financial assets (non-derivative) that cannot be classified in any of the above categories are designated and classified as investment available for sale. After the initial recognition, available for sale investments are registered in other comprehensive income. Upon sale or write-off or impairment of the investment the accumulated gains or losses are included in the profit or loss.
(ii) Receivables and loans: Receivables and loans created by the activities of the Group (and which fall outside the usual credit limits) are valued at net amortized cost using the effective interest rate method. Gains or losses are recorded in the profit or loss when the relevant amounts are written-off or suffer impairment

as well as through the amortization process.

*(iii) Financial assets at fair value through the profit and loss: This relates to the trading portfolio and com-*prises investments acquired with a view to liquidate them in the near future. Gains or losses from the valuation of such assets are recorded in the profit or loss.

(iv) Investments held to maturity: Financial assets (non-derivative) with defined flows and defined maturity are classified as held to maturity when the company is willing and able to retain them until their maturity. Investments held indefinitely or for a predetermined period cannot be classified in this category. Held to maturity investments are valued, after the initial recording, at net amortized cost using the effective interest rate method. Gains or losses are recorded in the profit or loss when the relevant amounts are written-off or suffer impairment as well as through the amortization process.

The current value of such investments that are traded in an organized exchange is derived by the exchange value of the investment at the closing date. As regards investments that are not traded in an active market, their fair value is calculated on the basis of relevant valuation techniques. These techniques are based on recent arm's-length investment transactions, with reference to the exchange value of another investment with characteristics similar to the investment valued, discounted cash-flow analysis and investment valuation models.

(xxiv) Measurement of financial assets' fair value

Fair value is the price that would be received to sell an asset (financial or non-financial) or paid to transfer a liability (financial or non-financial) in an orderly transaction between market participants at the measurement date. In measuring the fair value it is assumed that the transaction of selling the asset or transfer the liability takes place either: (i) the principal market for the asset or liability or (ii) in absence of the main market, in the most advantageous market for the asset or liability. A financial instrument is considered to be negotiable in a main market if the trading price is directly and regularly available from an exchange, broker, industry group, a pricing service or regulatory body and those prices represent actual and regularly in ongoing market transactions at arm's length base. An entity does not need to undertake an exhaustive search of all possible markets to trace the main market or, in absence of the main market, the most advantageous market, but takes into account all reasonably available information. In lack of appropriate evidence to the contrary, the market in which an entity would normally undertake a transaction to sell the asset or transfer the liability is considered to be the main market or in absence of the main market, the most advantageous market. If there is a principal market for the asset or liability, the fair value measurement represents the price on that market (whether that price is directly observable or estimated using another valuation technique), even if the price in a different market is potentially more advantageous at the measurement date. IFRS 13 establishes a hierarchy of valuation models on the objectivity of the data used in these models (observable or non observable data). Observable data are based on market data and derived from independent sources, while non observable inputs refer to management assumptions. The Group and the Company estimate the fair value of financial instruments relying on relevant framework that classifies financial assets to a three-level hierarchy, based on the data used for their valuation, as described below:

-amounts in thousands € unless otherwise stated-

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

Level 2: Investments held at fair value based on valuation models in which all the elements that significantly affect the fair value are based (either directly or indirectly) on observable market data.

Level 3: Investments at fair value based on valuation models in which the elements that significantly affect the fair value are not based on observable market data.

4. Segmental information

As mentioned above in note 3xxii, the main business activity of the Group is concentrated upon passenger ferry shipping activities, both in domestic and abroad routes. The main sources of revenue are generated from passenger, P.U. vehicles and truck fares, as well as other on-board activities (bar, restaurants, stores and casinos). Revenue of non-shipping Group companies which participate in the consolidated turnover are included in “other activities”. The following chart presents a geographical segmentation of the activities of both the Group and the Company for 2016 and 2015:

	Shipping activities		Other	
01.01.16 - 31.12.16	**Domestic**	**Abroad**	**Activities**	**Total**
Group				
Revenues from fares	57.350	80.875	-	138.225
On board revenues	3.037	6.820	-	9.857
Other	175	135	9.191	9.501
Total income	**60.562**	**87.830**	**9.191**	**157.583**
Cost of sales	**46.653**	**64.831**	**5.048**	**116.532**
Gross operating results	**13.909**	**22.999**	**4.143**	**41.051**
Vessels additions	757	4.121	-	4.878
Vessels depreciation	2.702	5.455	-	8.157
Net book value of vessels	83.545	166.978	-	250.523
Non distributed assets	-	-	-	82.304
Total Assets 31.12.16	**-**	**-**	**-**	**332.827**
Company				
Revenues from fares	47.365	80.875	-	128.240
On board revenues	2.807	6.821	-	9.628
Other	174	134	-	308
Total income	**50.346**	**87.830**	**-**	**138.176**
Cost of sales	**38.244**	**64.831**	**-**	**103.075**
Gross operating results	**12.102**	**22.999**	**-**	**35.101**

-amounts in thousands € unless otherwise stated-

01.01.16 - 31.12.16	Shipping activities Domestic	Abroad	Other Activities	Total
Vessels additions	336	4.121	-	4.457
Vessels depreciation	2.702	5.455	-	8.157
Net book value of vessels	80.048	166.978	-	247.026
Non distributed assets	-	-	-	73.567
Total assets 31.12.16	**-**	**-**	**-**	**320.593**

01.01.15 - 31.12.15	Shipping activities Domestic	Abroad	Other Activities	Total
Group				
Revenues from fares	62.102	78.733	-	140.835
On board revenues	3.374	6.846	-	10.220
Other	233	246	8.311	8.790
Total income	**65.709**	**85.825**	**8.311**	**159.845**
Cost of sales	**53.301**	**59.028**	**4.871**	**117.200**
Gross operating results	**12.408**	**26.797**	**3.440**	**42.645**
Vessels additions	3.481	322	-	3.803
Vessels depreciation	4.610	5.364	-	9.974
Vessels impairment	91	-	-	91
Net book value of vessels	97.130	156.672	-	253.802
Non distributed assets	-	-	-	81.379
Total Assets 31.12.15	**-**	**-**	**-**	**335.181**
Company				
Revenues from fares	51.639	78.733	-	130.372
On board revenues	3.174	6.846	-	10.020
Other	229	246	-	475
Total income	**55.042**	**85.825**	**-**	**140.867**
Cost of sales	**44.091**	**59.028**	**-**	**103.119**
Gross operating results	**10.951**	**26.797**	**-**	**37.748**
Vessels additions	3.318	321	-	3.639
Vessels depreciation	4.610	5.364	-	9.974
Vessels impairment	91	-	-	91
Net book value of vessels	94.054	156.672	-	250.726
Non distributed assets	-	-	-	71.737
Total assets 31.12.15	**-**	**-**	**-**	**322.463**

-amounts in thousands € unless otherwise stated-

Revenue from domestic fares in 2016 includes income from state subsidies for public services routes amounting to € 9.170 thousand for the Group compared to € 9.226 thousand in the previous year 2015. Additions, impairment, depreciation and net book value of vessels were allocated to geographic activities depending on the time of operation of each vessel on domestic and abroad routes. Any further allocation would be arbitrary given that other assets and liabilities from which the Group's income and expenses result are common and cannot be separated into segments.

5. Cost of sales

The cost of appearing on the financial statements of 2016 and 2015 can be analyzed as follows:

	Group		Company	
	01.01.16-31.12.16	**01.01.15-31.12.15**	**01.01.16-31.12.16**	**01.01.15-31.12.15**
Crew cost, crew benefits, etc.	31.511	31.546	28.247	28.370
Fuels, lubricants and consumables	40.968	47.004	33.610	39.415
Insurance, port expenses, water supply	9.701	9.889	8.872	9.089
Repair & maintenance, chartering and other operating expenses	25.357	17.962	24.189	16.271
Depreciation	8.995	10.799	8.157	9.974
	116.532	**117.200**	**103.075**	**103.119**

6. Administrative / Selling expenses

Administrative expenses for 2016 and 2015 are analyzed below:

	Group		Company	
	01.01.16-31.12.16	**01.01.15-31.12.15**	**01.01.16-31.12.16**	**01.01.15-31.12.15**
Payroll cost and other personnel expenses	5.634	5.698	5.450	5.509
Other administrative expenses	3.612	3.249	2.799	2.514
Depreciation	147	158	135	143
	9.393	**9.105**	**8.384**	**8.166**

Respectively, the selling expenses are analyzed as follows:

	Group		Company	
	01.01.16-31.12.16	**01.01.15-31.12.15**	**01.01.16-31.12.16**	**01.01.15-31.12.15**
Payroll cost & other personnel expenses	3.586	3.589	3.294	3.333
Sales commissions	6.237	6.679	5.748	6.261
Other selling expenses	3.028	2.943	1.792	1.728
Depreciation	563	547	518	515
	13.414	**13.758**	**11.352**	**11.837**

“Payroll cost” under administrative and selling expenses includes a provision for staff retirement indemnity (see relevant note 22 “Employee benefits”).

-amounts in thousands € unless otherwise stated-

7. Other income / expenses

Other income appearing in the financial statement is analyzed as follows:

	Group		Company	
	01.01.16-31.12.16	**01.01.15-31.12.15**	**01.01.16-31.12.16**	**01.01.15-31.12.15**
Provision of services to third parties, rental fees, commissions and other	574	589	1.485	1.486
Income from claims and forfeiture clause	2.271	152	2.258	120
Income from subsidies and other	690	726	629	693
	3.535	**1.467**	**4.372**	**2.299**

Respectively, other expenses are analyzed as follows:

	Group		Company	
	01.01.16-31.12.16	**01.01.15-31.12.15**	**01.01.16-31.12.16**	**01.01.15-31.12.15**
Provisions (doubtful receivables and other)	4.581	1.687	4.461	1.667
Other expenses	1.142	1.283	968	868
	5.723	**2.970**	**5.429**	**2.535**

Concerning the formation of a provision for doubtful receivables for fiscal year 2016, see note 14 “Trade receivables and other current liabilities”.

8. Financial results

Financial expenses and income are analyzed as follows:

	Group		Company	
	01.01.16-31.12.16	**01.01.15-31.12.15**	**01.01.16-31.12.16**	**01.01.15-31.12.15**
Interest expenses	12.344	14.629	12.319	14.579
Other financial expenses	1.683	1.323	1.650	1.273
Foreign exchange difference expenses	200	869	195	843
	14.227	**16.821**	**14.164**	**16.695**
Interest income	17	41	3	1
Foreign exchange difference income	184	54	172	46
	201	**95**	**175**	**47**

Other financial expenses, apart from commissions and other bank expenses, include the financial costs arising from the leasing contract of a Company's vessel, as well as interest on tax regulations pertain to the current year. There were no borrowing costs that were capitalized during the year.

-amounts in thousands € unless otherwise stated-

9. Results from investing activities

The results from investing activities of the Group and the Parent Company for fiscal years 2016 and 2015 include:

	Group		Company	
	01.01.16-31.12.16	01.01.15-31.12.15	01.01.16-31.12.16	01.01.15-31.12.15
Profits / (losses) from the sale and measurement of financial assets at fair value	(166)	(331)	(156)	(313)
Impairment of property assets value	-	(91)	-	(91)
Other losses	-	(187)	-	-
	(166)	**(609)**	**(156)**	**(404)**

Upon evaluation of the securities (listed on the Athens Stock Exchange or not) included in the Company's portfolio, in accordance with their current value as at 31.12.2016, incurred losses amounting to € 166 thousand compared to € 331 thousand at 31.12.2015. Upon the impairment test of the value of Group's vessels, which is carried out at the end of each fiscal year, there was no need for further impairment as at 31.12.2016, while the respective amount at 31.12.2015 was € 91 thousand. Group's other losses for 2015 refer to subsidiary vessel sale liquidation expenses.

10. Results from measurement of investments in associates

Applying the amendment to IAS 27 for the annual financial statements of 2016, the Company valuated its investments in subsidiaries and associates using the equity method. The impact of the application of this amendment to the comparable financial statements set out in note 28. The valuation of investments in associates at 31.12.2016 showed a profit of € 661 thousand over € 438 thousand at 31.12.2015.

11. Fixed assets / Investments in property

- **Privately-used tangible assets**

The tables of tangible fixed assets for the Group and the Company are shown below:

Group	Vessels	Land and buildings	Other equipment	Property in progress	Total
Acquisition value 01.01.15	**442.986**	**17.929**	**13.124**	**122**	**474.161**
Additions	3.803	76	388	26	4.293
Reductions	(13.300)	-	(18)	-	(13.318)
Transfers	-	-	122	(122)	-
Impairment	(91)	-	-		(91)
Reclassification to current assets according to IFRS 5	(10.671)	-	-	-	(10.671)
Acquisition value 31.12.15	**422.727**	**18.005**	**13.616**	**26**	**454.374**

-amounts in thousands € unless otherwise stated-

Group	Vessels	Land and buildings	Other equipment	Property in progress	Total
Additions	4.878	12	87	328	5.305
Reductions	-	(54)	(115)	(8)	(177)
Transfers	-	48	18	(18)	48
Acquisition value 31.12.16	**427.605**	**18.011**	**13.606**	**328**	**459.550**
Accumulated depreciation 01.01.15	**168.073**	**2.978**	**10.681**	**-**	**181.732**
Depreciation	9.974	671	841	-	11.486
Deductions	-	-	(18)	-	(18)
Reclassification to current assets according IFRS 5	(9.122)	-		-	(9.122)
Accumulated depreciation 31.12.15	**168.925**	**3.649**	**11.504**	**-**	**184.078**
Depreciation	8.157	676	856	-	9.689
Deductions	-	(54)	(115)	-	(169)
Accumulated depreciation 31.12.16	**177.082**	**4.271**	**12.245**	**-**	**193.598**
Net book value 31.12.15	**253.802**	**14.356**	**2.112**	**26**	**270.296**
Net book value 31.12.16	**250.523**	**13.740**	**1.361**	**328**	**265.952**

Company	Vessels	Land and buildings	Other equipment	Property in progress	Total
Acquisition value 01.01.15	**434.882**	**12.346**	**2.971**	**-**	**450.199**
Additions	3.639	60	60	-	3.759
Reductions	(13.300)	-	(18)	-	(13.318)
Transfers	-	-	-	-	-
Impairment	(91)	-	-	-	(91)
Reclassification to current assets according to IFRS 5	(10.671)	-	-	-	(10.671)
Acquisition value 31.12.15	**414.459**	**12.406**	**3.013**	**-**	**429.878**
Additions	4.457	11	10	-	4.478
Reductions	-	(54)	(87)	-	(141)
Acquisition value 31.12.16	**418.916**	**12.363**	**2.936**	**-**	**434.215**
Accumulated depreciation 01.01.15	**162.881**	**2.388**	**2.863**	**-**	**168.132**
Depreciation	9.974	595	46	-	10.615
Deductions	-	-	(18)	-	(18)
Reclassification to current assets according to IFRS 5	(9.122)	-	-	-	(9.122)
Accumulated depreciation 31.12.15	**163.733**	**2.983**	**2.891**	**-**	**169.607**
Depreciation	8.157	601	38	-	8.796
Deductions	-	(54)	(88)	-	(142)
Accumulated depreciation 31.12.16	**171.890**	**3.530**	**2.841**	**-**	**178.261**
Net book value 31.12.15	**250.726**	**9.423**	**122**	**-**	**260.271**
Net book value 31.12.16	**247.026**	**8.833**	**95**	**-**	**255.954**

In year 2015 the amount of € 1,6 million (€ 10,7 million acquisition value minus € 9,1 million accumulated depreciation) that reclassified in the statement of financial position under "Non-current assets held for sale" in accordance with the provisions of IFRS 5, related to the contractual sale value of a vessel of the

-amounts in thousands € unless otherwise stated-

Parent, completed in February 2016.

Investment property

"Investment property" includes the Parent Company's privately-owned offices, which are leased, as well as the value of lands of subsidiaries which are outside the production network and are occupied to provide the company with additional funds. The income from leasing out the Parent Company's offices in fiscal year 2016 amounted to € 27 thousand and no relevant expenses were incurred, apart from depreciation. Following are the amounts recorded under "Investment property" for the Group and the Company:

	Group	Company
Acquisition value 01.01.15	**2.085**	**961**
Additions / (reductions) for the year	-	-
Acquisition value 31.12.15	**2.085**	**961**
Transfers to tangible assets	(49)	-
Acquisition value 31.12.16	**2.036**	**961**
Accumulated depreciation 01.01.15	**256**	**256**
Depreciation for the year	6	6
Accumulated depreciation 31.12.15	**262**	**262**
Depreciation for the year	5	5
Accumulated depreciation 31.12.16	**267**	**267**
Net Book Value 31.12.16	**1.823**	**700**
Net Book Value 31.12.16	**1.769**	**694**

Intangible assets

All intangible assets include the Group's computer software, whose values for 2016 and 2015 are as follows:

	2016	2015
Acquisition value 01.01	2.066	2.066
Additions for the year	-	-
Acquisition value 31.12	**2.066**	**2.066**
Accumulated depreciation 01.01	2.046	2.033
Depreciation for the year	10	13
Accumulated depreciation 31.12	**2.056**	**2.046**
Net Book Value 31.12	**10**	**20**

There was no need for impairment of the value of intangible assets.

Fair value of vessels – Impairment test

As referred to note 3 vii, the Group measures the values of vessels at the balance sheet date by obtaining estimates from independent firms of assessors in order to determine their current values. If it is identified that the net book value is higher than the current value of a vessel, the value in use of a cash flow unit is determined to find out whether there are reasons for impairment. In accordance with relevant estimations performed on 31.12.2016 the total current value of the owned vessels of the Group was € 239,4 million compared to € 237,3 million which is the corresponding book value. In a vessel that its net book value was less than its current value at the end of 2016, as retrievable value was used its value in use and there was no need for impairment. The cash flow projections are based on approved management's budgets covering the useful life of the vessels. Moreover a sensitivity analysis was performed on the basic model assumptions (discount rates and residual values) in order to examine the adequacy of the margin value. According the sensitivity analysis the retrievable value exceeds the net book value. The discount rate used for the determination of value in use was the weighted average cost of capital after tax that stood at 8,4% that was also used in the corresponding previous year.

-amounts in thousands € unless otherwise stated-

- **Grants for assets**

The non-amortized balance of the Group's grants for assets as at 31st December 2016 amounted to € 882 thousand of which € 700 thousand are shown under "non-current liabilities"» and € 182 thousand included in "other current liabilities". The movement of grants for assets in 2014 are analyzed as follows:

	2016	**2015**
Opening net book value (non-current & current liabilities)	1.070	1.272
Transfer to fixed assets	-	-
Amortization of grants	(188)	(202)
Non amortized balance of grants	**882**	**1.070**
Transfer to current liabilities	(182)	(188)
Grants for assets as non-current liabilities	**700**	**882**

- **Existing encumbrances on fixed assets**

On the assets of the Group there are the following liens:

a) 1st mortgages on the vessels of € 360,2 million,

b) 2nd mortgages on the vessels of € 256,9 million and

c) Pre-notations on property of € 18,7 million pledges on machinery (of the subsidiary companies ETANAP and LEFKA ORI) of € 2,5 million.

The above liens exist to secure borrowing liabilities of a total amount of € 275,2 million as at 31.12.2016.

- **Depreciation of fixed assets**

Depreciation in the annual financial statements has been allocated as follows:

-amounts in thousands € unless otherwise stated-

	Group		Company	
	01.01.16-31.12.16	**01.01.15-31.12.15**	**01.01.16-31.12.16**	**01.01.15-31.12.15**
Cost of sales	8.994	10.799	8.157	9.974
Administrative expenses	147	158	135	143
Selling expenses	563	547	518	515
	9.704	**11.504**	**8.810**	**10.632**

12. Investments in subsidiaries & affiliates

From fiscal year 2016, the Company applied the amendment to IAS 27 "Consolidated and separate financial statements" and valuated its investments in subsidiaries and associates using the equity method in the separate financial statements. The impact of the application of the amendment to IAS 27 on comparable financial statements set out in note 28.

- **Subsidiaries**

Parent Company shares in subsidiaries and the relevant participation quotas are listed in note 1. The book values of holdings in subsidiaries as presented in the attached financial statements are as follows:

Company	31.12.16	31.12.15
ETANAP S.A.	5.882	5.383
LEFKA ORI S.A.	669	676
	6.551	**6.059**

The values of Parent's participations in the above subsidiaries are increased compared to the previous year with the proportion of the corresponding total comprehensive income for the year and reduced by dividends received. For the values of the subsidiaries “LANE”, “ANEK HOLDINGS S.A.” and “AIGAION PELAGOS S.C.” there has been a total impairment in previous years.

- **Affiliates**

The participation value in the associate “ANEK LINES ITALIA S.r.l.” in the consolidated financial statements stands at € 1.909 thousand on 31.12.2016 and in comparison to the previous year, is increased by the part of earnings for the year 2016 that corresponds to the Group. The main figures of the financial statements of associate “ANEK LINES ITALIA S.r.l.” for year 2016 are as follows:

Total assets	8.448	Total turnover	4.147
Less: Total liabilities	*(4.553)*	Earnings before taxes	75
Total equity	3.895	Earnings after taxes	36

During the year 2016, “ANEK LINES ITALIA S.r.l.” did not distribute any dividends. The “earnings from associates” amount included in the consolidated results € 19 thousand represent the Group's share on the total comprehensive income for fiscal year 2016. The corresponding amount for year 2015 was € 10 thousand.

-amounts in thousands € unless otherwise stated-

13. Inventories

Inventories as at 31.12.2016 and 31.12.2015 are analyzed as follows:

	Group		Company	
	31.12.16	31.12.15	31.12.16	31.12.15
Fuel and lubricants	1.456	1.749	1.326	1.564
Merchandise, products, raw and auxiliary materials and packaging materials	1.136	974	265	234
	2.592	**2.723**	**1.591**	**1.798**

There are no encumbrances on the Group and the Company's inventories and there was no need for impairment of value.

14. Trade receivables and other short term receivables

Trade receivables include the following:

	Group		Company	
	31.12.16	31.12.15	31.12.16	31.12.15
Trade (outstanding balances)	38.574	36.923	35.942	34.216
Cheques and notes	30.502	31.004	28.209	29.005
	69.076	**67.927**	**64.151**	**63.221**
Less: provisions for doubtful receivables	(32.006)	(28.035)	(30.708)	(26.748)
	37.070	**39.892**	**33.443**	**36.473**

During the impairment test on accounts receivables of 31.12.2016 emerged the necessity to form a provision for doubtful receivables amounting to € 3.960 thousand for the Company and € 3.980 for the Group. The accumulative provisions as at 31.12.2016 are considered as adequate for covering any losses could emerge. It is noted that a significant part of Group's trade receivables is covered with guarantees received (see note 31 "Contingent liabilities/ receivables").

The movement of provisions for doubtful receivables for 2016 is as follows:

	Group	Company
Opening balance	28.035	26.748
Additional provision	3.980	3.960
Used provision	(9)	-
	32.006	**30.708**

The Group's credit policy relating to trade receivables ranges, as the case may be, from 2 to 4 months. The ageing of trade receivables maturing is as follows:

-amounts in thousands € unless otherwise stated-

	Group	Company
Fully paid receivables	28.305	24.066
Non-impaired receivables in arrears		
< 90 days	412	2
90 - 180 days	44	14
> 180 days	8.309	9.361
	37.070	**33.443**
Impaired receivables	32.006	30.708
	69.076	**64.151**

Other short-term receivables as of 31.12.2016 and 31.12.2015 are analyzed as follows:

	Group		Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Other state receivables	671	656	1	222
Prepayments to suppliers	1.177	1.054	1.137	781
Accrued expenses & prepaid expenses	2.256	1.493	2.151	1.410
Sundry debtors	1.568	3.496	4.502	5.627
	5.672	**6.699**	**7.791**	**8.040**

All the above receivables are short-term and as a result of that fact, there is no need to proceed with discounting at balance sheet date.

15. Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss presented in the attached annual financial statements are as follows:

	Group		Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Shares of companies listed on the ASE	102	273	95	258
Other investments	5.485	3.312	3.552	1.378
	5.587	**3.585**	**3.647**	**1.636**

“Other investments” include, mainly, shares in non-listed cooperative banks and mutual funds. During the year 2016 the Group proceeded to the acquisition of shares in a non-listed shipping company. As regards measurement of “financial assets at fair value through profit and loss”, see note 9 “Results from investment activities”.

16. Cash and cash equivalents

The cash and cash equivalents analysis is as follows:

-amounts in thousands € unless otherwise stated-

	Group		Company	
	31.12.16	31.12.15	31.12.16	31.12.15
Cash on hand	1.776	1.446	683	845
Bank accounts	10.127	4.946	8.221	3.132
	11.903	**6.392**	**8.904**	**3.977**

The main part of the Group’s cash and cash equivalents is in euro.

17. Share capital / Share premium account

- **Share capital**

The Company’s share capital amounted to € 56.596.467,60 divided into 188.654.892 common and preferred voting shares with a nominal value of € 0,30 each. The last share capital increase of the Parent Company amounted to € 16.271.669,70 was completed in May of 2011.

- **Share premium account**

There was not any difference resulted in share premium account from the aforementioned share capital increase, while the related expenses have been deducted from the specific account the balance of which amounts to € 745 thousand.

18. Reserves

The reserves as at 31st December 2016 and 2015 are analyzed as follows:

	Group		Company	
	31.12.16	31.12.15	31.12.16	31.12.15
Legal reserve	201	179	-	-
Statutory reserves	225	225	-	-
Property revaluation reserves	2.066	2.066	933	933
Other reserves	4.917	4.917	5.019	5.019
	7.409	**7.387**	**5.952**	**5.952**

- **Legal reserve**

In compliance to Greek trade legislation, the companies are obligated to deduct 5% from the profit of each year and form a legal reserve until it reaches a third of their initial capital. According to the Company's articles of association, the aforementioned percentage amounts to 10%. Distribution of legal reserve is prohibited.

- **Statutory reserves**

These involve the optional provision for additional reserve, from net profits of each year in compliance to the Company’s articles of association.

-amounts in thousands € unless otherwise stated-

- **Property revaluation reserves (net after deferred tax)**

These are reserves for the revaluation of lands at their fair value, as determined by an independent assessor. These reserves during 2015 were decreased by € 51 thousand for the Group and € 24 thousand for the Company due to the change on the tax calculation rate of deferred tax. These amounts are recorded in "other comprehensive income" for the year 2015 as figures transferred to the income statement.

- **Other reserves**

Other reserves include, mainly, reserves from special taxation regime which are subject to tax in case they are distributed, but due to accumulated losses are not going to be distributed, and therefore the relative deferred taxes were not computed.

19. Results carried forward

The movement during 2016 of the «results carried forward» account for the Group and the Company is as follows:

	Group	Company
Opening balance	(77.564)	(72.838)
Net results for fiscal year 2016	634	726
Profit / (loss) for employee retirement benefits	108	109
Formation of legal reserve	(22)	-
Result carried forward at the end of year	**(76.844)**	**(72.003)**

20. Long term and short term bank borrowings

- **Long term loans**

The total long term loans of the Group on 31.12.2016 amounted to € 3.463 thousand, while on 31.12.2015 was € 3.883 thousand referring, mainly, to a Parent Company's bilateral loan concluded in 2014. It is noted that in the statement of Company's financial position there has been a reclassification of the total of long-term loans to short term loans according to par. 74 of IAS 1, given the fact that terms of the agreements were not met, in respect of debt servicing. According to the contracts, the lack of debt servicing is considered as fail of the Company to meet the terms and conditions undertaken, therefor the Company is obliged to repay the loans to the banks. However, in March 2017 was successfully completed the restructuring of the long-term debt of the Parent amounting to € 264,5 million. The loans are analyzed as below:

- Bond syndicated loan of € 219,9 million (part of which amounting to € 22,0 million is convertible under conditions).
- Bilateral loan of € 44,6 million.

The new loans contracted on the basis of a floating rate (Euribor plus spread) for a period of 7 years, with the final repayment date on December 31, 2023.

Collaterals have been provided to secure the aforementioned syndicated loans (shipping mortgages on vessels, concession of the product of an insurance compensation) to the lending banks. According to the terms and conditions of the relevant agreements, the Company may repay these debts earlier free of charge. The loan agreements also lay down the conditions for termination thereof, including not in-time payment, non-compliance with the general and financial guarantees provides, as well as the provision of information. Also, the agreements involve economic sanctions concerning requirements for the conditioning of the minimum borrowing level, as for the securities offered. The Company has also provided specific guarantees in connection with its compliance with laws and regulations, maintaining its type of business activity, environmental issues, as well as insurance coverage.

The balances of the above loans appearing in the attached balance sheets were measured at amortized cost using the effective interest method and were not essentially different from their fair values. The average actual cost of the Company's long-term borrowing in 2016 was 4,76%.

The total interest expenses for the Company's long-term loans, for years 2016 and 2015 amounted to € 11.296 thousand and € 13.108 thousand, respectively.

- **Short term loans**

In Group's «short term bank borrowings» on 31.12.2016 include the long-term loans that have been reclassified, including interest due, amounted to € 270,1 million. The respective amount on 31.12.2015 was € 261,8 million.

Moreover, the Company has contracted agreements of current accounts in euro of variable interest (Euribor plus margin rate) which were mostly granted by the banks assigning cheques receivable, using the above grants as securities. The Group's total short-term bank liabilities as at 31.12.2016 amounted to € 12.007 thousand compared to € 17.837 thousand on 31.12.2015, while the Company's amounted to € 11.788 thousand compared to € 17.521 thousand in the previous year.

The total interest expense for the Parent Company's short term loans for years 2016 and 2015 amounted to € 1.022 thousand and € 1.471 thousand, respectively.

21. Deferred tax and income tax

The Parent company and its subsidiaries operating passenger shipping sector are not subject to income tax for the profits arising from this business activity. As income tax is considered the tax in regard to Law 27/1975 (tax applied to the shipping tons of the total tonnage of the ship). The unaudited fiscal years of the Parent Company and of the consolidated subsidiaries are presented in the following table:

-amounts in thousands € unless otherwise stated-

Company	Unaudited years
ANEK	2008 - 2010
LANE	-
ETANAP S.A.	2009 - 2010
LEFKA ORI S.A.	2010
ANEK HOLDINGS S.A.	2008 - 2010 & 2014 - 2016
AIGAION PELAGOS SC	2011 - 2016

It is noted that from year 2011 and on the Group companies came under the tax audit of the certified auditors in regard to article 82 of law 2238/94 and to article 65[a] of law 4174/13. The audit of the fiscal years 2011 - 2015 did not reveal significant differences and the auditors' reports issued unqualified. The finalization of the audit by the tax authorities come upon according the POL. 1034/2016. The tax audit of 2016 is in progress and the relevant tax certificates are going to be provided after publishing the financial statements. However, no significant tax differences are expected to arise.

For the other unaudited tax years, Group companies have formed provisions for extra taxes that might arise after the auditing. Accumulated provisions amounted to € 269 thousand for the Company and € 456 thousand for the Group.

The income tax appearing in profit and loss account for the years 2016 and 2015 for the Company and the Group is analyzed as follows:

	Group		Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Income tax on taxable income	559	376	-	-
Tax under Law 27/1975	101	124	99	121
Deferred taxes of temporary differences	(47)	(31)	(1)	(1)
Difference in deferred taxes due to change in tax rate	-	32	-	14
	613	**501**	**98**	**134**

Deferred income taxes are accounted based on different accounting and tax bases of assets and receivables of subsidiaries falling under normal tax assessment, as well as various accounting and tax bases of assets and liabilities of the Parent Company, which (differences) are expected to pertain an effect on tax during the asset matching or their settlement.

Deferred income tax is calculated by using the tax rates expected to be used as a basis for settling receivables and liabilities in the future. During 2015, because of the change in tax rate, it was resulted an extra cost of € 32 thousand for the Group and € 14 thousand for the Company. Respectively, other comprehensive income was burdened by € 78 thousand for the Group and € 23 thousand for the Company due to change in deferred tax calculation rate of land.

The balance of the Group's deferred tax liabilities as at 31.12.2016 amounting to € 1.255 thousand (€ 361 thousand for the Parent Company) results mainly from the measurement of land and buildings at fair value, given that, the profits from a potential sale thereof will be subject to tax in compliance with the general income tax provisions.

-amounts in thousands € unless otherwise stated-

Moreover, the balance of the Group's deferred tax liabilities as at 31.12.2016 amounting to € 242 thousand resulted, mainly, from provisions for doubtful debts.

22. Employee benefits / Other provisions

- **Payroll cost**

As at 31.12.2016 the Group employed a total of 749 persons in vessels and offices. Payroll cost included in the financial statements is analyzed as follows:

	Group		Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Wages and salaries	34.674	34.865	31.518	31.747
Other employee benefits	1.274	1.256	1.205	1.204
Employer contributions for social security	4.677	4.603	4.190	4.160
Compensations	**40.625**	**40.724**	**36.913**	**37.111**
	95	264	78	255
Plus: Retirement cost of plans in results				
	40.720	**40.988**	**36.991**	**37.366**

Short-term benefits to executives are referred to below (note 29 "Balances and transactions with related parties").

- **Staff retirement indemnity**

The liabilities of the Group resulting from its obligation to pay retirement indemnities are determined through an actuarial study prepared by independent actuarial. The tables below present the composition of the net cost included in income statement for years 2016 and 2015, as well as, the movement of the liabilities for employee compensations. Liabilities' movement recognized in the statement of financial position is as follows:

	Group		Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Opening balance	2.620	2.894	2.505	2.777
Benefits paid	(101)	(129)	(91)	(129)
Provision recognized in income statement	(21)	314	(40)	304
Provision recognized in equity	(108)	(459)	(109)	(447)
Net balance at the end of year	**2.390**	**2.620**	**2.265**	**2.505**

The additional staff retirement indemnity provisions formed during the fiscal year are included in the administration and selling expenses. The above accumulated provision pertains to Group employees other than ship crews as the latter, according to applicable law, do not accumulate indemnity rights in the event of dismissal or retirement.

-amounts in thousands € unless otherwise stated-

The amounts included in the income statement are as follows:

	Group		Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Current service cost	89	109	78	100
Interest cost	52	52	50	50
Termination benefits	34	(28)	28	(27)
Past service cost	(196)	181	(196)	181
Total employee benefits cost	**(21)**	**314**	**(40)**	**304**

According the revised IAS 19, actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the other comprehensive income in the period in which they occur. The movement of actuarial results in equity statement is as follows:

	Group		Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Opening balance	(1.079)	(620)	(952)	(504)
Actuarial gains / (losses) recognized in other comprehensive income	(108)	(459)	(109)	(447)
Ending balance	**(1.187)**	**(1.079)**	**(1.061)**	**(952)**

The main actuarial assumptions are the following:

Average annual long-term growth of inflation....................................... 1,75%

Discount rate 1,4%

Average annual long-term payroll increase ……………............................ 1,75%

Average years of working life………………….. 13,44

The actuarial results are dependent on the actuarial assumptions. The effect of changes in significant actuarial assumption are as follows:

- The use of a higher discount rate by 0,5% would result the liability for retirement benefits to be lower 5,9%, while the opposite movement, ie the use of lower discount rate by 0,5%, would result to a higher liability by 5,9%.

- The use of an average annual long-term payroll increase higher by 0,5% would result the liability for retirement benefits to be higher by 6,3% while the opposite movement would result to a lower liability by 6,3%.

- **Other provisions**

The Group's other provisions as at 31.12.2016 amounting to € 1.673 thousand (€ 1.183 thousand for the Company) pertain to tax audit differences of previous years of amount € 456 thousand, additional social security contributions of amount € 313 thousand, and litigious disputes or disputes in arbitration of amount € 904 thousand.

-amounts in thousands € unless otherwise stated-

23. Capital leases liabilities

The Company has entered into a vessel's long term leasing contract, with repurchase right, which meets the criteria of IAS 17 and recognized as a finance lease. Therefore, this vessel is including as an asset in the financial statements. The total liability under the relevant contract as at 31.12.2016 amounted to € 11,9 million of which an amount of € 10,9 million is including in non-current liabilities The aging of the capital leases liabilities as at 31.12.2016 is as follows:

Within next year	1.032
Between 2 – 5 years	4.567
After 5 years	6.313
Total	**11.912**

Moreover, in note 30 is presenting the distribution of the future payments due to this finance lease.

24. Other long term liabilities

On 31.12.2016 an amount of € 4,5 million which referred on regulated tax obligations of the Parent Company (acc. to law 4321/2015),the repayment of which extends beyond one year, is shown in "other long term liabilities" item in the financial position statement. The respective amount at the end of previous year were € 6,8 million, while an amount of € 1,0 million referred to a subsidiary's regulated trade liabilities.

25. Trade and other current liabilities

Trade liabilities include the following:

	Group		Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Trade liabilities	20.800	18.407	16.869	13.536
Cheques payable	2.244	1.597	1.153	1.399
	23.044	**20.004**	**18.022**	**14.935**

Respectively, the other current liabilities are as follows:

	Group		Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Taxes and social security	4.524	7.951	3.012	6.861
Customer prepayments	537	602	154	240
Sundry creditors	2.819	3.266	1.569	2.051
Accrued expenses	197	172	155	149
Deferred income	2.049	2.509	1.820	2.262
	10.126	**14.500**	**6.710**	**11.563**

-amounts in thousands € unless otherwise stated-

All the above liabilities are current and, as a result, there is no need to proceed with discounting at the balance sheet date. As mentioned above in note 24 the non-current part of the regulated tax and trade obligations transferred to “other long term liabilities”. Deferred income of the Company and the Group includes the amount € 459 thousand relating to deferred income from customer loyalty program implementation.

26. Earnings / (losses) per share

Basic earnings / (losses) per share are calculated by dividing the earnings corresponding to the Parent shareholders by the weighted number of shares in circulation during the period. The discounted earnings / losses per share are equal to the basics, as there is not any titles convertible to shares.

	Group		Company	
	01.01.16-31.12.16	**01.01.15-31.12.15**	**01.01.16-31.12.16**	**01.01.15-31.12.15**
Earnings / (losses) after taxes corresponding to Parent shareholders	634	559	726	761
Weighted number of shares	*188.654.892*	*188.654.892*	*188.654.892*	*188.654.892*
Earnings / (losses) after taxes per share - basic (expressed in €)	0,0034	0,0030	0,0039	0,0040

27. Dividends

Pursuant to the provisions of the Greek commercial law, companies are obliged each year to distribute a first dividend equal at least to 35% of profits after taxes and after having formed the legal reserve. For fiscal year 2016 the Company is not able to distribute dividends.

28. Adjustments of figures

Due to the implementation from 01.01.2016 of the amendment to IAS 27 “Consolidated and Separate Financial Statements” regarding the use of the equity method to evaluate the investments in subsidiaries, joint ventures and associates in the separate financial statements, the Company adjusted the comparative published figures of “investments”, “results from investing activities” and “equity” as follows:

-amounts in thousands € unless otherwise stated-

Statement of financial position 31.12.2015	Published	Impact (IAS27)	Restated
Investments in subsidiaries	2.475	3.584	6.059
Investments in associates	46	1.844	1.890
Total non-current assets	**263.562**	**5.428**	**268.990**
TOTAL ASSETS	**317.035**	**5.428**	**322.463**
Results carried forward	(78.266)	5.428	(72.838)
Total equity	**(14.972)**	**5.428**	**(9.544)**
TOTAL EQUITY AND LIABILITIES	**317.035**	**5.428**	**322.463**

Statement of comprehensive income 31.12.2015	Published	Impact (IAS27)	Restated
Results from investing activities	(276)	(128)	(404)
Results from measurement of investments in associates	-	438	438
Earnings / (losses) before taxes	**585**	**310**	**895**
Earnings / (losses) after taxes	**451**	**310**	**761**
Other comprehensive income / (losses) after taxes	**424**	**(24)**	**400**
Total comprehensive income after taxes	**875**	**286**	**1.161**
Earnings / (losses) per share - basic (in €)	0,0024	0,0016	0,0040

The adjustment was made retrospectively from January 1, 2015 in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors", while corresponding adjustments made to the affected items in cash flow statements and in statement of changes in equity.

29. Balances and transactions with related parties

Balances (receivables / liabilities) with associated parties, as defined by IAS 24, as at 31st December 2016 and 2015 are as follows:

	Group		Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Receivables from:				
- subsidiaries	-	-	4.289	3.554
- affiliates	1.584	351	1.572	334
- other related parties	14.143	11.558	14.143	11.558
- executives & BoD members	-	-	-	-
	15.727	**11.909**	**20.004**	**15.446**

-amounts in thousands € unless otherwise stated-

Liabilities to:				
- subsidiaries	-	-	29	113
- affiliates	124	125	-	-
- other related parties	-	-	-	-
- executives & BoD members	63	120	23	16
	187	**245**	**52**	**129**

The purchases and the sales with associated parties are as follows:

	Group		Company	
	01.01.16-31.12.16	**01.01.15-31.12.15**	**01.01.16-31.12.16**	**01.01.15-31.12.15**
Purchases of goods & services from:				
- subsidiaries	-	-	112	140
- affiliates	300	399	296	396
- other related parties	-	-	-	-
	300	**399**	**408**	**536**
Sales of services to:				
- subsidiaries	-	-	7.984	6.336
- other related parties	-	-	-	-
	-	**-**	**7.984**	**6.336**

The invoicing of transactions between Group companies was done in accordance with the arm's length principle. These transactions, as well as, the intercompany dividends and the fees of BoD members and executives as referred to below are those that defined by IAS 24.

- **Intercompany dividends**

During year 2016 the Parent Company received dividend from the subsidiary "ETANAP" amounting to € 151 thousand versus € 128 thousand in 2015.

- **Key management compensation**

The gross fees to Directors and BoD members for fiscal years 2016 and 2015 refer to short term benefits and are analyzed as follows

	Group		Company	
	01.01.16-31.12.16	**01.01.15-31.12.15**	**01.01.16-31.12.16**	**01.01.15-31.12.15**
Executive members of the BoD	721	710	418	415
Non-Executive Members of the BoD	25	25	20	18
Management executives	829	812	829	812
	1.575	**1.547**	**1.267**	**1.245**

The fees of BoD members are approved by the annual ordinary General Meeting. As of the balance sheet date there were no stock option plans for BoD members and executives or other benefits depending on the value of shares.

-amounts in thousands € unless otherwise stated-

Auditors' fees

The fees charged by the auditors in 2016 for the mandatory audit of the Group's annual accounts, as well as, the tax audit, amounted to € 209 thousand and no other services were provided.

30. Commitments and contractual liabilities

Operating leases

As at 31.12.2016 Group companies had entered into operating lease agreements mainly for leasing buildings and chartering vessels; the agreements will expire at different dates in the following five years (up to 2021). The lease and charter expenses included in the attached profit and loss account for 2016 amounted to € 9.626 thousand, while in 2015 were € 6.379 thousand. The minimum future payable lease and charter fees for buildings and vessels on non-reversible operating leases at 31st December 2016 are as follows:

In the following year	9.955
From the 2nd to the 5th year	1.563
Total	**11.518**

There are no other operating lease agreements expiring after the five year period.

Capital leases

The Parent Company has signed lease agreements for two vessels as mentioned above in note 23. The future lease payments according the relevant contracts as at 31.12.2016 are as follows:

Within next year	1.369
Between 2 – 5 years	5.479
After 5 years	3.757
Total	**10.605**

Capital commitments

There were no capital commitments for the Company or the Group as at 31st December 2016.

Other commitments

There are certain commitments for the Group which are subject to state subsidized investment plans, as well as liabilities arising from agreements entered into for the servicing of public services routes (letters of guarantee, etc.).

31. Contingent liabilities / receivables – litigious disputes or disputes in arbitration

- **Litigations**

There are no disputes in litigation or arbitration, or other liabilities burdening the Group, which could significantly affect its financial condition. Until 31.12.2016 the relevant provisions that have been formed amounting to € 904 thousand.

- **Contingent liabilities / receivables**

The Group's contingent liabilities as at 31.12.2016 arising from its normal activity pertain to guarantees granted to secure liabilities and performance bonds amounting to € 3.197 thousand. Respectively, the Group has received guarantees for receivables amounting to € 19.525 thousand. Moreover, as mentioned above (note 21 "Deferred tax and income tax"), the tax liabilities of Group companies for certain fiscal years have not been finalized, but appropriate provisions have been formed for possible additional taxes.

- **"NORMAN ATLANTIC" case**

In relation to the progress of the case of the fire incident on board the chartered vessel "NORMAN ATLANTIC" in December 2014 (see note 29 of the annual financial report 2014), it is noted that the investigation as to the causes of the incident is still under progress by the Italian and Greek judicial authorities. In February 2017 the experts appointed by the Court filed their report before the Court of Bari. The experts report will be discussed before the competent Court with the participation of all parties involved. The above mentioned incident has already brought claims and interim measures raised by a significant number of parties sustained damages against the Company, the owning company and the managers of the vessel, meanwhile the extrajudicial settlement of the claims of the parties sustained damages is in progress with satisfactory results up to date. The findings of the Italian authorities do not affect the compensation procedure, since the relevant compensations and expenses are fully covered by the Mutual Insurance Association, with which the Company has Protection & Indemnity Insurance and Legal Protection (FD&D) Cover. Therefore, there will be no change in the management of this incident by the Company and it is not expected to burden its financial results.

- **Legal procedure against "MINOAN LINES SA"**

Regarding the arbitration procedure initiated by the Company before an arbitral tribunal in London against the company "MINOAN LINES SA" (see note 29 of Annual Financial Report of 2014), the management of the Group anticipates a positive result.

Recently, before the arbitral tribunal in London, the hearing in relation to a procedural application by ANEK, took place, requesting the Tribunal to exclude from the arbitration clause the "Amended Defence and Counteclaim Submissions" and the "Schedule to Amended Defence" dated 13.12.2015 submitted by MINOAN LINES SA. The Tribunal' s award, in relation to the above application, is anticipated.

-amounts in thousands € unless otherwise stated-

Before the arbitral tribunal in London, recently discussed a procedural request of ANEK that asks to be considered that the exercise by 13.12.2015 «Amended Defence and Counterclaim Submissions» and «Schedule to Amended Defence» of “MINOAN LINES SA” not-coincides with the arbitration clause and the decision is expected.

32. Risk management and policies

- **Credit risk**

Under the existing financial conditions, all companies are facing increased credit risks. The Group is following its customers’ balances closely by applying credit control procedures and defining credit limits and specific credit policies for all the customer categories. Where it is necessary, it has obtained additional guarantees to secure the credit granted even more. The accumulative provisions formed have reached the amount of € 32,0 million, and it is considered adequate to deal with credit risk, while, there is significant dispersion of the Group’s receivables, therefore, the risk of concentration is limited. As regards cash and cash equivalents, the Group is not exposed to any credit risk as there is natural hedging, given that there are also loan agreements entered into with the cooperating financial institutions. The maximum exposure to credit risk at the balance sheet date is analyzed as follows:

	Group		**Company**	
	01.01.16-31.12.16	**01.01.15-31.12.15**	**01.01.16-31.12.16**	**01.01.15-31.12.15**
Trade receivables	37.070	39.892	33.443	36.473
Other receivables	5.672	6.699	7.791	8.040
Cash and cash equivalents	11.903	6.392	8.904	3.977
	54.645	**52.983**	**50.138**	**48.490**

The maturing of the balances of trade receivables and the changes to impairment provisions are listed in note 14 “Trade receivables and other current receivables”.

- **Liquidity risk**

The Group on 31.12.2016 had negative working capital ratio as a result of the reclassification (from 31.12.2012) of total of long-term loans to short-term bank liabilities in accordance with IAS 1 due to fact that terms of the loan agreements of the Parent were not met. However, it is noted that:

a) On March 13, 2017 was approved by the Extraordinary General Meeting of Company’s Share-holders the issue of a convertible bond loan (CBL) in accordance with the provisions of cl 2190/1920 and l. 3156/2003, amounting up to € 22 million, of maturity until 31.12.2023 with private placement. The convert-ible bond loan will refinance part of the bank debt of the Company.

b) On March 29, 2017 was successfully completed the restructuring of long-term debt of the Parent. Under the terms of the new contracts, the repayment is agreed to be done gradually until 2023, the interest burden is significantly lower, while it is stipulated the write-off of part of the capitalized interest.

-amounts in thousands € unless otherwise stated-

By the restructuring of the bank debt is accomplished the securement of financial stability of the Group, the restoration of working capital and the strengthening of the capital structure. In conjunction with the general actions by the management of the Group, such as the further cutting down on operating costs and the settlement of tax liabilities to a later time, the liquidity risk is considered as limited. However, in order to avoid possible inadequate liquidity, Group's management looks after to secure that there is available bank credit at all times to cover any extraordinary needs during low liquidity periods. In the event of breaching one or more conditions laid down in the loan agreements entered into by the Group or of the Group's management being unable to secure bank credit in order to cover extraordinary needs under acceptable terms, this may have a significantly adverse effect on the Group's business activity, operating results, cash flows and financial position.

Finally, Group's management expects a positive outcome from the legal procedure against the company "MINOAN LINES SA" in relation to the advance forfeiture (see note 31).

The Company prepares short-term and long-term cash plans from which cash needs result in time. The maturity of Group's trade and other liabilities as at 31.12.2016 is as follows:

	up to 6 months	**6 to 12 months**	**above 1 year**
Trade liabilities	22.539	506	-
Leasing liabilities	505	527	10.880
Other current liabilities	7.880	-	4.502

- **Foreign exchange risk**

Both the Company and the Group are not exposed to increased foreign exchange risk as almost all their transactions with customers and suppliers outside Greece are made in Euro. There is a very limited potential of foreign exchange risk caused by the market value of spare parts and other materials, or services procured by countries outside the euro-zone, which is extremely limited in relation to the total of purchases and expenses. Moreover, a small part of the loans obtained by the Group is in foreign currency (USD was repaid within 2016.

- **Competition**

The vessels of ANEK Group performed itineraries in routes where there is intensive competition, particularly in the Piraeus-Crete and Greece-Italy routes. The effort made by each company to retain and increase its market share in the above markets may intensify competition even more, thus having an impact on their financial results. Moreover, as part of its shipping activities, the Group is trying to improve the allocation of vessels per route, optimize the profits acquired from existing (and possible new) routes and set its prices at competitive levels. A potential intensification of competition in the markets where the Group operates may have a significantly adverse effect on the Group's operating results, cash flows and financial position.

-amounts in thousands € unless otherwise stated-

- **Rate fluctuation risk**

ANEK has entered into agreements for long-term syndicated loans and credit accounts with different banks. Interests for all the above loans are calculated on the basis of the Euribor rate plus a margin. Consequently, the Company is exposed to a rate fluctuation risk, as it will be burdened with extra financial cost in the event of an increase in interest rates. The sensitivity of the results and equity to long term debt rate changes in 2016 was as follows:

Rate change	Effect on results and equity
± 0,5%	(-/+) € 1,19 million
± 1%	(-/+) € 2,38 million

Consequently, a possible rise in interest rates is expected to have a significantly adverse effect on the Group's operating results, cash flows and financial position.

- **Fuel price fluctuation risk**

Fuel cost is the key operating cost incurred by the Group which has a direct effect on the results of each period and thus, a rise in fuel prices is the most important risk faced by the Group. Fuel prices are settled in Euro, but they are indirectly affected by the EUR/USD exchange rate used as a basis for the determination of the international prices. The sensitivity of the results and equity to fuel cost changes per metric ton – ceteris paribus- in 2016 was as follows:

Fuel price change	Effect on results and equity
±5% / metric ton	(-/+) € 1,71 million
± 10% / metric ton	(-/+) € 3,42 million
± 20% / metric ton	(-/+) € 6,84 million

The Group's fuel and lubricants cost for 2016 represented a 29% of the total cost of sales, as compared to 35% in 2015. Despite the significant reduction in international oil prices since 2015 and on, the cost of fuel continues to be Group's most basic operating cost. Consequently, fuel price fluctuation is the most significant risk associated with the Group's financial results. Therefore, a possible rise in fuel cost is expected to have a significantly adverse effect on the Group's operating results, cash flows and financial position.

- **Regulatory risk**

There is a risk of additional costs or investments of any changes in the environmental - regulatory framework related to the operation and supervision of passenger shipping activities of the Group.

- **Macroeconomic conditions in Greece and restrictions on movements of capital (capital controls)**

The instability of the economic environment, mainly related to the completion of the second evaluation, and restrictions on movements of capital (capital controls) still in force, resulting in the increase of the Group's exposure to financial and operational risks. Management estimates that the operation of the Group has adapted without substantial impact from the capital constraints, but any negative developments in the economy will have an impact on the Group's activity, as a result of the decrease in the purchasing power of the passengers and the limitation of consumption expenditure on transport services . The restoration of the economic confidence and stability depends on the completion of the second evaluation, the actions and decisions of the "institutions" and the inclusion of the country in the quantitative easing program (QE).

-amounts in thousands € unless otherwise stated-

- **Capital risk management policies and procedures**

One of the principal goals of the Group is to manage its funds effectively so as to maintain its increased credit capacity in the market thus being able to find funds under favorable terms with a view, in the long run, to ensuring its unhindered operation in the future, as well as the distribution of satisfactory dividends to its shareholders. The Group still aims at the maintaining a high level of solvency and, as part of adapting its capital structure, it can adapt the amount of dividends payable, refund shareholders, issue new shares or sell assets in order to reduce borrowing. The Group monitors its capital sufficiency based on the leverage ratio, which is calculated by dividing the net borrowing to the total capital employed. “Net borrowing” means all loan liabilities (both current and non-current) less cash and equivalents, and “Total capital employed” means the sum of equity and net borrowing. The Management aims at keeping the leverage ratio at the lowest possible levels. Nevertheless the negative results of recent years affected materially the equity that have become negative and accordingly the leverage ratio:

	31.12.2016	**31.12.2015**
Total debt	285.598	283.561
Less: cash equivalents	(11.903)	(6.392)
Net borrowing (a)	**273.695**	**277.169**
Total equity	(7.341)	(8.555)
Total capital employed (b)	**266.354**	**268.614**
Leverage ratio (a) / (b)	**102,76%**	**103,18%**

It is noted that Note that after the successful restructuring of long-term debt of the Parent Company in March 2017, the leverage ratio is expected to improve significantly due to the reduction of total debt and rising equity.

- **Presentation of financial assets and liabilities per category**

Financial assets and liabilities at the financial statement date may be broken down per category as follows:

	Group		**Company**	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Current assets				
Trade receivables	37.070	39.892	33.443	36.473
Other receivables	5.672	6.699	7.791	8.040
Cash and cash equivalents	11.903	6.392	8.904	3.977
Financial assets at fair value	5.587	3.585	3.647	1.636
	60.232	**56.568**	**53.785**	**50.126**

-amounts in thousands € unless otherwise stated-

	Group		Company	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Non-current liabilities				
Financial liabilities measured at amortized cost	3.463	3.883	3.463	3.883
Capital leases liabilities	10.880	11.887	10.880	11.887
Other long term liabilities	4.502	7.831	4.502	6.827
Current liabilities				
Financial liabilities measured at amortized cost	282.135	279.678	281.916	279.362
Capital leases liabilities	1.032	874	1.032	874
Trade & other liabilities	29.892	30.949	21.725	23.213
Total liabilities	**331.904**	**335.102**	**323.518**	**326.046**

33. Financial assets at fair value

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments per valuation technique according to the requirements of IFRS 7 "Financial Instruments: Disclosures”:

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

Level 2: Investments that are valued at fair value, using valuation techniques for which all inputs, which have a significant fair value, are based (either directly or indirectly) on observable market data.

Level 3: Investments that are valued at fair value, using valuation techniques, in which the data, significantly affecting the fair value, are not based on observable market data.

The Group, in accordance with the requirements of IAS 39 "Financial Instruments: Recognition and Measurement" at the end of each reporting period of the financial statements performs the calculations required in relation to the fair value of financial instruments. The financial assets held by the Group, the fair value of which at 31.12.2016 amounts to € 5.587 thousand, are relating to shares of listed companies and shares in cooperative banks and are classified in Level 1.

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

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

34. Subsequent events

On March 13, 2017 was held the Extraordinary General Meeting of Company’s Shareholders which decided to issue a convertible bond loan (CBL) in accordance with the provisions of cl 2190/1920 and l. 3156/2003, amounting up to € 22 million, of maturity until 31.12.2023 with private placement and abolition of the preferential right of existing shareholders.

-amounts in thousands € unless otherwise stated-

The issuance of the above CBL is a part of a wider agreement of the total restructuring of long-term debt of the Parent which was successfully completed on March 29, 2017. Under the terms of the new contracts, the repayment is agreed to be done gradually until 2023, the interest burden is significantly lower, while it is stipulated the write-off of part of the capitalized interest.

There are no facts subsequent to 31st December 2016 which could substantially affect the financial standing and the results of the Group and the Company, or that should be mentioned in the notes on the financial statements.

Chania, 12 April 2017

Senior Vice-Chairman	Managing Director
Spyridon I. Protopapadakis **ID Card No. AA490648**	**Ioannis I. Vardinoyannis** **ID Card No. Π 966572**
Chief Financial Officer	**Chief Accountant**
Stylianos I. Stamos **ID Card No. M 068570**	**Ioannis E. Spanoudakis** **Economic Chamber License No. 20599, Class A**

DATA AND INFORMATION FOR FISCAL YEAR 2016

ANEK LINES S.A.

No of G.E.C.R.: 121557860000

Registered Office: 148 Karamanli Avenue, Chania

Financial data and information for the period from 1 January 2016 to 31 December 2016

(according to L. 2190, article 135 for companies publishing annual financial statements, separate and consolidated, in accordance to the International Financial Reporting Standards)

The following data and information are to provide users with general information for the financial position and the results of operations of ANEK LINES SA and the Group. Therefore, it is recommended to any user, before proceeding to any kind of investing decision or other transaction with the Company, to visit the Company's web site, where the financial statements and the Auditor's Report, when is reqiuired, are published.

COMPANY INFORMATION

Supervising authority: Ministry of Development, Societe Anonyme Division
Company's website: www.anek.gr
Date of approval of the annual financial statements: April 12, 2017
Certified auditors - accountants: Antonakakis Konstantinos (SOEL Reg. No. 22781), Arampatzis Konstantinos (SOEL Reg. No. 34351)
Auditing firms: GRANT THORNTON (Reg. No 127), SOL SA (Reg. No 125)
Type of auditors' report: Unqualified opinion (emphasis of matters)

BOARD OF DIRECTORS

Katsanevakis Georgios (Chairman)	Archontakis Georgios (Deputy Managing Director)	Krasanakis Adamantios (Μέλος)
Protopapadakis Spyridon (Senior Vice Chairman)	Achlioptas Konstantinos (Member)	Malandrakis Ioannis (Member)
Apostolakis Emmanouil (B΄ Vice Chairman)	Vamvoukas Anastasios (Member)	Marakakis Michael (Member)
Stavropoulos Ioannis (C΄ Vice Chairman)	Georvasakis Michael (Member)	Markantonakis Alexandros (Member)
Vardinoyannis Ioannis (Managing Director)	Kantilierakis Dimitrios (Member)	Fragkiadakis Georgios (Member)

STATEMENT OF FINANCIAL POSITION (parent company and consolidated)

(Amounts in € thousand)	Group 31.12.2016	Group 31.12.2015	Company 31.12.2016	Company 31.12.2015
ASSETS				
Tangible assets	265.952	270.296	255.954	260.271
Investments in property	1.769	1.823	694	700
Intangible assets	10	20	10	20
Other non-current assets	2.272	2.202	8.559	7.999
Inventories	2.592	2.723	1.591	1.798
Trade receivables	37.070	39.892	33.443	36.473
Other current assets	11.259	10.284	11.438	9.676
Cash & cash equivalents	11.903	6.392	8.904	3.977
Non current assets held for sale	-	1.549	-	1.549
TOTAL ASSETS	**332.827**	**335.181**	**320.593**	**322.463**
EQUITY & LIABILITIES				
Share capital	56.597	56.597	56.597	56.597
Other equity items	(68.690)	(69.432)	(65.306)	(66.141)
Equity attributable to shareholders of the parent (a)	**(12.093)**	**(12.835)**	**(8.709)**	**(9.544)**
Minority interests (b)	4.752	4.280	-	-
Total Equity (c) = (a) + (b)	**(7.341)**	**(8.555)**	**(8.709)**	**(9.544)**
Long-term borrowings	3.463	3.883	3.463	3.883
Provisions and other long-term liabilities	21.400	25.671	19.191	22.264
Short-term borrowings	282.135	279.678	281.916	279.362
Other short-term liabilities	33.170	34.504	24.732	26.498
Total liabilities (d)	**340.168**	**343.736**	**329.302**	**332.007**
TOTAL EQUITY AND LIABILITIES (c) + (d)	**332.827**	**335.181**	**320.593**	**322.463**

STATEMENT OF CHANGES IN EQUITY (parent company and consolidated)

(Amounts in € thousand)	Group 31.12.2016	Group 31.12.2015	Company 31.12.2016	Company 31.12.2015
Equity at the beginning of the year (01.01.2016 and 01.01.2015, respectively)	(8.555)	(9.241)	(9.544)	(10.705)
Total comprehensive income after taxes	1.378	829	835	1.161
Dividends paid	(164)	(138)	-	-
Other equity movements	-	(5)	-	-
Equity at the end of the year (31.12.2016 and 31.12.2015, respectively)	**(7.341)**	**(8.555)**	**(8.709)**	**(9.544)**

ADDITIONAL DATA & INFORMATION

1. Group entities that are included in the consolidated financial statements are presented in note 1 in the annual financial statement of 31.12.2016 including locations, percentage Group ownership and consolidation method. **2.** The basic accounting principles adopted in the financial statements, are consistent with those of the annual financial statements as at 31.12.2015 adjusted with the revisions to IFRS. **3.** There are no litigious disputes or disputes in arbitration against the Group that could significantly affect the financial position. The recorded relevant provisions for the Group amount to € 904 thousand and for the Company € 770 thousand. **4.** The number of employees at 31.12.2016 was 749 persons for the Group (640 for the Company) and at 31.12.2015 was 819 (728 for the Company). **5.** At the end of the period no shares of the parent company were possessed by the parent company neither by any subsidiary or associate company. **6.** Group other comprehensive income for year 2016 refer totally to actuarial profits and for year 2015 refer by € 454 thousand to actuarial profits and by € 78 thousand (negative) to deferred taxes from land revaluation due to change of tax rate. Other equity movements" in statement of changes in equity refers to a subsidiary's own shares acquisition. **7.** The provisions for the un-audited tax years of the Group companies, which are presented in note 21 of the annual financial statements, amount to € 456 thousand (€ 269 thousand for the Company). The accumulated provisions for doubtful debts amounted to € 32.006 thousand for the Group and € 30.708 thousand for the Company, while the provisions for retirement benefits amounted to € 2.390 thousand for the Group and € 2.265 thousand for the Company. Other provisions amounted to € 313 thousand for the Group and € 145 thousand for the Company. **8.** The ratio "Earnings / (losses) after taxes per share basic - (in €)" are calculated based in the weighted average number of total shares. **9.** The emphasis of matters paragraph in the auditors' report refer that: "We draw your attention to the following: a) Note 31 to the annual financial statements where reference is made to the maritime incident of the chartered ship "Norman Atlantic" that happened in December 2014. The incident, which is covered by insurance by an International Mutual Maritime Insurance Club, is still under investigation at the Courts of Italy, while a significant number of claims has already been settled extrajudicially. Due to the fact that the legal procedure is still in progress, uncertainty exists as to the final outcome of the case and its contingent effects on the financial statements of the Group. b) Note 2 to the annual financial statements where reference is made to the matter of the estimate of the going concern assumption and in particular to the fact that the capital adequacy of the Group has not been restored and that the provisions of the article 48 of cod. L. 2190/1920 are applicable for the Company. The above facts, indicate the existence of uncertainty in respect of the Group's ability to continue unhindered in operation as a going concern. In notes (2) & (20) to the annual financial statements reference is made to the completed restructuring of bank loans that restores the balance of the working capital of the Group as well as to the other measures taken or planned by the management in order to ensure the Group's ability to continue as a going concern. Our opinion is not qualified in respect of these matters. " **10.** Intercompany transactions (inflows and outflows) since the beginning of the current year and intercompany balances as of 31.12.2016 that have resulted from the transactions with the related parties, as defined by IAS 24, are as follows:

(Amounts in € thousand)	Group	Company
a) Inflows	-	8.135
b) Outflows	300	408
c) Receivables	15.727	20.004
d) Payables	124	29
e) Key management compensations	1.575	1.267
f) Receivables from key management	-	-
g) Payables to key management	63	23

TOTAL COMPREHENSIVE INCOME (parent company and consolidated)

(Amounts in € thousand)	Group from 01.01 to 31.12.2016	Group from 01.01 to 31.12.2015	Company from 01.01 to 31.12.2016	Company from 01.01 to 31.12.2015
Turnover	157.583	159.845	138.176	140.867
Gross profit / (loss)	41.051	42.645	35.101	37.748
Earnings / (losses) before taxes, financing and investing results (EBIT)	16.056	18.279	14.308	17.509
Earnings / (losses) before taxes (EBT)	1.883	954	824	895
Earnings / (losses) after taxes (A)	1.270	453	726	761
Owners of the parent	*634*	*559*	-	-
Minority interests	*636*	*(106)*	-	-
Other comprehensive income after taxes (B)	108	376	109	400
Total comprehensive income after taxes (A) + (B)	1.378	829	835	1.161
Owners of the parent	*742*	*960*	-	-
Minority interests	*636*	*(131)*	-	-
Earnings / (losses) after taxes per share basic - (in €)	0,0034	0,0030	0,0039	0,0040
Proposed dividend per share (in €)	-	-	-	-
Earnings / (losses) before taxes, financing and investing results, depreciation and amortization (EBITDA)	25.572	29.581	23.118	28.141

CASH FLOW STATEMENT (parent company and consolidated)

(Amounts in € thousand)	Group from 01.01 to 31.12.2016	Group from 01.01 to 31.12.2015	Company from 01.01 to 31.12.2016	Company from 01.01 to 31.12.2015
Operating activities				
Earnings / (losses) before taxes	1.883	954	824	895
Adjustments for:				
Depreciation	9.704	11.504	8.810	10.632
Grants amortization	(188)	(202)	-	-
Assets impairment / (reversal)	-	91	-	91
(Gain) / loss from disposal of property, plant and equipment	(4)	(1)	-	(1)
Provisions	4.388	903	4.329	844
Exchange differences	16	815	23	796
Results of investing activity	147	509	(505)	(124)
Financial expenses (less financial income)	14.010	15.911	13.966	15.851
	29.956	30.484	27.447	28.984
Adjustments for changes in working capital:				
Decrease / (increase) of inventories	123	372	208	339
Decrease / (increase) of receivables	191	7.812	(731)	4.178
Increase / (decrease) of liabilities (other than borrowings)	(3.855)	(16.097)	(2.820)	(14.350)
Less:				
Interest and financial expenses paid	(1.615)	(1.898)	(1.558)	(1.799)
Income tax paid	(575)	(494)	(100)	(96)
Cash flows from operating activities (a)	***24.225***	***20.179***	***22.446***	***17.256***
Investing activities				
Acquisition of affiliates, securities and other investments	(2.168)	(3.171)	(2.168)	(1.250)
Purchase of tangible and intangible assets	(5.304)	(4.292)	(4.478)	(3.759)
Proceeds from the sale of property, plant and equipment	4	1	-	1
Interest received	15	49	4	1
Dividends received	-	-	151	128
Cash flow from investing activities (b)	***(7.453)***	***(7.413)***	***(6.491)***	***(4.879)***
Financing activities				
Purchase of treasury shares	-	(5)	-	-
Payments of capital leases	(1.250)	(802)	(1.250)	(802)
Proceeds from borrowings	-	-	-	-
Payment of borrowings	(9.876)	(9.018)	(9.778)	(8.848)
Dividends paid	(135)	(113)	-	-
Cash flow from financing activities (c)	***(11.261)***	***(9.938)***	***(11.028)***	***(9.650)***
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	**5.511**	**2.828**	**4.927**	**2.727**
Cash and cash equivalents at beginning of the year	6.392	3.564	3.977	1.250
Cash and cash equivalents at the end of the year	**11.903**	**6.392**	**8.904**	**3.977**

Chania, 12 April 2017

THE SENIOR VICE-CHAIRMAN	THE MANAGING DIRECTOR	THE CHIEF FINANCIAL OFICCER	THE CHIEF ACCOUNTANT
SPYRIDON I. PROTOPAPADAKIS	**IOANNIS I. VARDINOYANNIS**	**STYLIANOS I. STAMOS**	**IOANNIS E. SPANOUDAKIS**
ID. No. AA 490648	**ID. No. Π 966572**	**ID. No. M 068570**	**H.E.C. License No. 20599/A' CLASS**

INFORMATION PROVIDED UNDER ART. 10 OF LAW 3401/2005

The above disclosures and announcements made by ANEK in 2016 have been published in the daily official list of the Athens Stock Exchange and are posted on ASE's website at www.helex.gr and at the Company's website at www.anek.gr.

DATE	**SUBJECT:**
29.03.16	Announcement for financial calendar 2016
31.03.16	Financial results for the fiscal year 2015
31.03.16	Announcement according art. 4.1.4.4 of A.S.E.
19.05.16	Disclosure of home member state
01.06.16	Preliminary Announcement for the Ordinary General Meeting
23.06.16	Announcement for change of Board of Directors
29.09.16	1st semester 2016 financial results
29.09.16	Announcement according art. 4.1.4.4 of A.S.E.