



NIREUS AQUACULTURE S.A



## **NIREUS AQUACULTURE S.A.**

**Company's Number in the General Electronic Commercial  
Registry: 7852901000**

**(Former: Company's Register No. 16399/06/B/88/18)**

### **ANNUAL FINANCIAL REPORT 2017**

**for the year**

**from 1<sup>st</sup> January to 31<sup>st</sup> December 2017**

***In accordance with article 4 of L. 3556/2007***



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## **DECLARATIONS BY THE MEMBERS OF THE BOARD OF DIRECTORS**

(In accordance with article 4 par. 2c of L. 3556/2007)

It is hereby confirmed, to the best of our knowledge, that the annual financial statements of the Company “NIREUS AQUACULTURE S.A” for the year, 1<sup>st</sup> January to 31<sup>st</sup> December 2017, which have been compiled in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets and liabilities, the net equity and the current year’s results of the issuer and its entities which are included in the consolidation and are taken as a whole and the board of directors report reflects a true view of the development, the performance and the position of the issuer, including the entities which are included in the consolidation, taken as a whole, including the description of the major risks and uncertainties which they encounter.

Koropi, 27 March 2018

The declarers

CHAIRMAN OF THE B.O.D

CHIEF EXECUTIVE OFFICER

VICE PRESIDENT OF THE B.O.D

ARISTEIDIS ST. BELLES

ID. No. AB 347823

CHACHLAKIS G. ANTONIS

ID. No. AE 083337

NIKOLAOS EMM.CHAVIARAS

ID. No. AH 935562



## ANNUAL BOARD OF DIRECTORS REPORT of the company

### “NIREUS AQUACULTURE S.A.”

On the Consolidated and Separate Financial Statements  
For the year 2017 (from 1<sup>st</sup> January to 31<sup>st</sup> December 2017)

Dear Shareholders,

We submit to you, based on legal requirements and the Company's articles of association, the annual financial statements for the year 2017 (1/1/2017-31/12/2017) officially approved.

For your better notification, we present data and information with respect to the development of operations as well as presenting the financial position of all entities which are included in the consolidation, the major risks and uncertainties which the Group of companies may potentially encounter and finally the major transactions which have been incurred between the issuer and its, related to the Group, parties.

## I. FINANCIAL PERFORMANCE AND EXPLANATION OF RESULTS

### A. Sales

Group sales in 2017 amounted to € 206,7 mil., as compared to € 195,8 mil million, during the prior year 2016 marking an increase of 5,6%.

The analysis of sales variation by segment is presented in the below table:

Amounts in mil. €	2017	2016 (*)	Variation	%
Aquaculture (fish and juveniles)	187,2	177,4	9,8	5,5%
Fish feed	6,7	7,1	-0,4	-5,6%
Aviculture Stockbreeding	9,3	8,1	1,3	15,7%
Other	3,5	3,2	0,3	9,4%
<b>Total</b>	<b>206,7</b>	<b>195,8</b>	<b>10,9</b>	<b>5,6%</b>

*\* Restated due to a change in the presentation of a subsidiary company's sales figure from a gross to a net basis with an off-set of an equivalent amount of raw material consumption and third party expenses*

The increase in the value of fish sales is attributed to an increase in sales volume by 8% which over covered the reduction in sales prices of 2017 as compared to 2016 and thus contributed to the increase in sales, in value terms, by 5,2%. More specifically, sales fish increased by €8,7 million from € 168,9 million in 2016 to € 177,6million in 2017, which is attributed to increased demand and availability as compared to the corresponding prior year of 2016.



The historic high level of fish sales achieved was attributed to the significant increase in sales volumes that reached, in equivalent fish raw materials, 34,6 thousand tons compared to 31,9 thousand tons in 2016, marking an increase of 8,6%.

The weighted average sales prices of fresh fish decreased by -2,6% as compared to the corresponding prior year due to the significant decrease of sea bream prices which stems from the fierce competition of the Turkish aquaculture companies.

Furthermore, the increase in sales juveniles by 13,8% or € 1,2 million as compared to the prior year noted due to increased sales quantities, in addition to the increase in sales of the aviculture and stock breeding segment by 15,7% or € 1,3 million, resulted in the positive variation of sales in 2017 as compared to the prior year 2016.

## **B. Financial Results of the Group**

Group results marked increased profits in 2017 as compared to the corresponding profits of 2016. Total pre-tax results in 2017 amounted to profits of € 23,3 mil., versus profits of € 7,9 million in 2016. The results after taxes corresponding to the shareholders of the parent company amounted to profits of € 23,4 million in 2017 as compared to profits of € 10,9 million 2016.

Current year's pre-tax profits include one-off and non-recurring losses of a total amount of € (6,0) million mainly derived from: a) the provision for indemnity of an amount of € (1,8) million to another party for legal action taken against the company from which an amount of € (0,45) million relates to the provision of interest as presented in financial expenses (b) € (1,8) million financial cost from the discounting of the gain on valuation of loan borrowings, (c) one-off non-recurring provisions in relation to the recognition employees' entitlement to vacation days which were vested as at 31.12.2017 of an amount of € (2,4) million.

The current year's results after tax also includes a deferred tax asset from brought forward tax losses of an amount of € 3,8 million.

The Group's operational EBITDA amounted to € 30,1 million in 2017 as compared to € 27,3 million in 2016, presenting an increase of € 2,8 million. The increased quantities of fish in addition to the improvement in the production cost were the main factors contributing to the above increase.

EBITDA amounted to € 42,2 million compared to € 24 million in 2016, mainly due to increased inventory levels as at 31/12/2017 given that the evolution of fish biomass growth during the year marked a significant improvement reaching the historic high of 35 thousand tons.

## **II. SIGNIFICANT EVENTS IN THE CURRENT YEAR**

### **A. Bank Decision on Optimization of their Investment Shareholding in Nireus**

Nireus Aquaculture SA has received four letters from the banks and shareholders of the Company, namely those of Piraeus, Eurobank, National Bank and Alpha Bank, that have informed the Company that they are investigating the available alternatives with respect to the optimization of their shareholdings in the share capital of the Company with the assistance of Lazard Frères SAS, PricewaterhouseCoopers and Alvarez & Marsal, as financial advisors, along with consultation of the law firm Koutalidis as legal advisor. Within this context, the above banks have decided to instruct their advisers to organize a competitive bidding process, which may result in the sale of all or part of their shareholding participation in Nireus Aquaculture SA.



## **B. Increase of the Company's Share Capital**

On 24.10.2017 and according to the minutes of the Board of Directors the company's share capital increased by an amount of € 755.833,20 and the company's share premium increased by an amount of € 25.194,66 as a result of the conversion of 56.761 bonds of a par value of 13,76 each, to 2.519.444 new shares of a par value of € 0,30 at a sales price (conversion price) of € 0,31 and a conversion ratio of 44,387.

The share capital of the company, as at 31.12.2017, amounted to € 88.205.043,60 divided into 294.016.812 common shares with voting rights, at a nominal value of €0,30 each.

The company as at 31.12.2017 holds 24.061 treasury shares while the Group subsidiaries do not hold any shares of the Company.

## **III. DEVELOPMENT OF FINANCIAL RATIOS & ALTERNATIVE PERFORMANCE INDICATORS**

Based on the Guidelines of the European Securities Authority which are included with the ESMA / 2015 data / 1415el document and in accordance with the announcement of the Capital Market Committee, the Group defines as alternative performance measures, the following key indicators:

### **1.Operational EBITDA**

**EBITDA** is defined as earnings before taxes plus or minus financial and investment results, plus total depreciation and amortization expense. Investment results include gains or (losses) on revaluation of fixed assets, grants, impairment of goodwill and intangible assets and gains or (losses) of subsidiaries held for sale. Furthermore, EBITDA excludes one-off and non-recurring charges which are not included in the normal operations of the company such as provisions for indemnity due to legal court cases, in addition to other one-off non-recurring items. These adjustments are required in order that the said financial indicator be comparative and historically consistent, in compliance and in accordance with the ESMA guidelines and the alternative performance measures (APM's)

**Operational EBITDA** is defined as EBITDA (calculated in accordance with the above) with biological assets being valued at cost and prior to the effect of biological assets at fair value. For the calculation of the valuation of biological assets at cost, the company applies the annual rolling weighted average method of cost per unit of measurement.

Operational EBITDA increased by 10,26% from € 27.309k in 2016 to € 30.112k in 2017. The operational EBITDA margin increased from 13,95% in 2016 to 14,57% in 2017.

A reconciliation with the corresponding figures of the financial statements is presented in Note 8 of the annual financial statements "Calculation of EBITDA and Operational EBITDA" and in Note 26: Biological Assets, table "Analysis of the Impact of the valuation of biological assets at fair value versus cost".



## 2. Net Debt to operational EBITDA

The financial indicator “**Net Debt** (after the valuation of loans at fair value) **to operational EBITDA** decreased from 5,67 in 2016 to 4,86 in 2017 (Note 34: Loan Borrowings).

## IV. MAJOR RISKS AND UNCERTAINTIES

### 1. CURRENT ECONOMIC DEVELOPMENTS IN GREECE

Despite the economic recovery in 2017, there are still concerns over the course of the Greek economy in the years to come following the completion of the rescue plan.

The Management of the Group examined the conditions developed in the Greek economy and considering the fact that sales of approximately 79% occur outside Greece, it does not expect to have a significant impact on the Group's activity and results.

### 2. INVENTORIES-BIOLOGICAL-VALUATION

*The business activity of the Group may be affected by risks associated with the sensitivity of inventories*

The Group has significant reserves of live stock given its target to continuously supply the market with fish and juveniles. Due to their increased sensitivity, and although it has been ensured that the stocks are held in the most hygienic and safe conditions, and given the quality control performed on an ongoing basis, there is always the potential risk of impairment of inventories by the presence of a disease due pathogenic bacteria.

Although inventories of the Group are secured against a variety of risks, potential damage to the quality of the stocks would adversely affect the business and financial position of the Group.

*Any price reduction of the Group's aquaculture products may adversely affect its business operations, financial position and operating results*

Prices of fish products are affected by a set of factors that contribute to their formation. Indicatively, in previous years there was a small increase in the production of seabass and seabream in Greece, products that may occasionally be oversupplied resulting in reduced sales prices. Furthermore, the increase in production by Turkish producers, which products are sold in the same market, may lead to the sale of products at low prices.

Given that the production of fish is planned several months prior to the sale the finished products as the process of fish growth, in order that they reach an average commercial size takes approximately 18 months, and given that the long-term efforts made in forecasting prices of fish are extremely difficult, the Group faces the possibility of a reduction in sales prices for its products. Therefore, a negative change in prices for fish products, may materially and adversely affect the financial position and results of the Group.



*The Group is subject to the risk of reduction of the total value of fish inventory given that the valuation depends upon their fair values (market prices).*

The formation of fish market prices also affects the valuation of biological assets at fair value. Therefore, in the event of a reduction in market prices, a reduction in the total value of biological assets may occur, impacting the results of the financial year.

The valuation of biological assets is subject to management's assumptions, judgments and estimates on fair values.

### **3. CUSTOMERS-CUSTOMER CREDITS**

The risk of bad debts is significantly reduced as a result of a large customer diversification.

The remaining amount of receivables is in their majority insured through customer credit insurance contracts through which 80% of the owed amount is insured in the event of default in payment.

Furthermore, the strict credit control procedures which the Group applies mitigates the risk of bad debts.

### **4. PERSONNEL**

The Management of the Group is supported by an experienced team of qualified personnel which has complete knowledge in their area of expertise and with respect to market conditions, thus contributing to the smooth functioning and development of the Company.

Relations between Management and personnel are at best and no working problems are encountered. As a result of these relations, the working litigation concerning working issues is minimal amongst the number of employed persons.

### **5. FOREIGN EXCHANGE RISK**

Foreign exchange risk exposure is minimal given that transactions are realized in the Euro currency.

## **V. EVENTS AFTER THE REPORTING PERIOD**

During March 2018 an amount of € 1.341.394 was deemed restricted due to the Company's liability of indemnity towards a third party in relation to a court case which is in progress before the Athens Multi-Member court of First Instance.

It is to be noted that a provision has been established for the above indemnity in the results of 2017 in addition to that legal procedures have been carried out to rebut the court action.



## VI. PROSPECTS FOR 2018

The continuously increasing world population and the decreasing fish population of wild catches is expected to significantly increase the demand for aquaculture products. As a result, demand for the Group's products is expected to increase proportionally in the forthcoming decades. Moreover, demand for other product categories (juveniles, feed, aviculture and stockbreeding equipment) continues to be intense.

Within this environment, the Group has designed a strategy in order that it play a significant role in these developments as the leading power in the Mediterranean aquaculture industry. This strategy aims at strengthening the communication policy aimed at building a strong corporate brand, developing new commercial networks, and developing added value (VAP) products.

Furthermore, significant investments in research and development are undertaken, targeting at reducing the time period of fish growth, reducing the FCR (Feed Conversion Ratio) and increasing survival rates.

Particular emphasis is placed on ensuring sustainable development.

## VII. BRANCHES

The company maintains 58 active branches in Greece and one in Italy.

## VIII. SIGNIFICANT TRANSACTIONS BETWEEN THE COMPANY AND ITS RELATED PARTIES

### I. Related Parties and Transactions

	LOCATION OF HEADQUARTERS	PERCENTAGE PARTICIPATION GROUP %	
		31.12.2017	31.12.2016
<b>PREDOMAR S.L.</b>	SPAIN	100%	100%
<b>PROTEUS SA</b>	GREECE	100%	100%
<b>KEGO AGRI SA</b>	GREECE	100%	100%
<b>NIREUS INTERNATIONAL LTD</b>	CYPRUS	100%	100%
<b>NIREUS GMBH</b>	GERMANY	100%	100%

Apart from the above subsidiaries, the following banks: Piraeus, Alpha Bank, Eurobank and National Bank, their percentage shareholding of which is presented in paragr. 5.2 of the “Statement of Corporate Governance”, are considered Related Parties.



The following table presents the realized transactions among related parties:

<b>Transactions during the period</b>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Sales of goods and services	-	-	3.714.012	3.656.161
Other income	-	-	59.127	39.675
Purchases of goods and services	190.685	135.000	2.605.888	2.595.734
Purchases of property, plant and equipment	-	-	2.839.589	2.372.572
Fees to Directors and compensation	2.327.799	1.981.597	1.796.996	1.548.482
Interest received	52.290	38.258	47.915	38.258
Interest paid and related expenses	6.020.657	6.470.263	6.005.031	6.345.623

The Company's trade transactions with its related parties during the year 2017 have occurred under normal market terms and conditions.

## II. Transactions with Board of Directors and Key Management

### Transactions and compensation to Directors and key management

*Amounts in Euro*

Salaries, employment benefits and compensation to Directors  
Salaries and other employment benefits to key management

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Salaries, employment benefits and compensation to Directors	1.457.137	1.263.946	1.290.707	1.116.763
Salaries and other employment benefits to key management	870.662	717.651	506.289	431.719
	<b>2.327.799</b>	<b>1.981.597</b>	<b>1.796.996</b>	<b>1.548.482</b>



## **NON-FINANCIAL REPORT OF THE B.O.D REPORT**

(the present is prepared in accordance with the Attachments A' of L. 4308/2014 and the provisions of article 43<sup>a</sup> of L 2190/1920)

### **1. CONCISE DESCRIPTION OF THE COMPANY'S PROFILE**

#### **1.1 PROFILE**

NIREUS AQUACULTURE S.A is the parent company of a fully vertically integrated Group, with aquaculture being its main core of activities.

The parent company was established in 1988 in Chios, in which region the first aquaculture unit initially operated. In its 30 years of operation, and through continuous development, mergers and acquisitions, NIREUS conquered the leading position in the production and sale of Mediterranean fish species worldwide, simultaneously being among the 10 largest aquaculture companies in Europe.

The company is further considered one of the key players worldwide with respect to the aquaculture fish market.

The company's shares are listed on the Main Market of the Athens Stock Exchange since 1995, while in 2009 the trading of bonds from the convertible bond loan issued in 2007, commenced.

Located in the municipality of Koropi Attica, the NIREUS Group maintains production facilities in Greece and in Spain. It sells its products to more than 35 countries worldwide and is a leader in the market with respect to all of its products: fish, juveniles and fish feed.

Our customers include large Super Market chains, wholesalers and processors in Europe and America. Furthermore, the customers of NIREUS include aquaculture companies, which are served for the purpose of meeting all operational requirements through the purchase of fish feed, juveniles of excellent quality, as well as high quality equipment.

The NIREUS Group is vertically integrated in the production and sale of aquaculture products, covering the entire value chain of fish feed production broodstock, juveniles, sea bream, sea bass, meagre, red porgy/pagre, processed products and aquaculture equipment in the following key operating segments: i. Aquaculture operations, ii. Fish feed operations, iii. Aviculture-stockbreeding operations and iv. Other Segments which comprise of production of hatcheries, pre-fattening and fattening units, packing units, processing units, fish feed units, aquaculture equipment production unit and one (1) genetic material production unit for pig breeding. Furthermore, NIREUS has one (1) research and development units.

Information concerning the Group's production facilities in NIREUS and other Group companies in addition to the capacity of these facilities by business operations follows:

I. Aquaculture Activities: The Company has in active operation, a sufficient number of aquaculture units to serve its markets in accordance with its long-term strategy. More specifically, NIREUS and its Group consolidated companies currently have an annual production capacity of over 36.000 tonnes of fish and 167 million pieces of juveniles for the Mediterranean fish species in their owned facilities in Greece and in Spain, which include in Greece: 29 fattening units, 4 hatcheries, 2 pre-fattening units, 6 packing units, 1 processing unit, 2 logistics centers, 1 research and development in addition to 2 fish feed centers, and in Spain 1 pre-fattening unit.

In addition, the Group manages, through collaborations, eight (8) additional fattening units in Greece and one (1) fattening unit in Spain, one pre-fattening unit in the region of S.Evia, five (5) packing units in Greece and in Spain, in addition to (1) in Milan Italy.



The juveniles production units, fish fattening and packing units in Greece, are concentrated in Astakos Aitolokarnanias, Igoumenitsa, Evia, Chios and, to a lesser extent, in Fokida and Argolida. The processing unit is located in Koropi, in order to better serve the needs of Greek customers. The logistics centers are located in Patras, Koropi, and in Milan, Italy.

The geographical dispersion of the units is a strategic choice of the Group in order to secure production from various risk factors, such as environmental impacts (climate, pollution, etc.).

II. Feed Fish Activities: The company has two proprietary fish feed plants with a total annual capacity of 90.000 tons. One fish feed unit is located in the industrial area of Patra in a privately owned area of 22.000 square meters, where buildings have been raised of a total surface area of approximately 6.942 sq.m. The second fish feed unit is located in the industrial area Nea Artaki, Evia on a privately-owned property of a total of 19.618 sq.m. where buildings have been built of a total area of approximately 9.009 sq.m. Offices are included in the units of the two factories.

III. Aviculture Stockbreeding Activities: The Group, and specifically the KEGO AGRI SA, has a modern genetic material production unit for pig production capacity of 140 sows, which is legally established and operates in the area "Soros" in the Local Community of Kallithea Municipal Unit of Tanagra of Viotia. The unit includes a dry period unit, pig farrowing, weaning, growth, selected animals, fattening and boars building, office buildings and biological waste unit.

As for the production of vitamin premixes and mineral supplements, this takes place, as mentioned above, by NIREUS, but for account of KEGO AGRI SA., in the privately-owned unit of the first, which is located in the Industrial Area Nea Artaki, Evia. The annual production capacity is 4.000 tons of nutritional supplements for livestock.

## **2. SOCIETY**

### **2.1 MAJOR SOCIAL RISKS, WHICH ARE ASSOCIATED WITH THE COMPANY'S ACTIVITIES**

#### **CONSUMER HEALTH AND SAFETY**

Consumers demand the food they purchase and consume to be safe and of a high quality. Despite the fact that the institutional and regulatory framework plays an important role in ensuring food safety and quality, the ultimate responsibility for ensuring the implementation of appropriate procedures and controls lies with the food producing company, which supervises and monitors the products produced from raw materials to the final end product.

In order to identify the critical points that determine the health and safety issues of the products it produces, the Group uses the Hazard Analysis Critical Control Points (HACCP). In contrast to the end-product quality assurance procedures, the HACCP approach allows for preventive action by identifying critical points at all stages of the production process. At the same time, the issue is also relevant to all the Group's stakeholders.

#### **FISH HEALTH AND WELFARE**

Fish health and welfare is vital for any aquaculture company, both from an ethical as well as from a financial perspective. The management of the issue has major impacts on the first two stages of the value chain, e.g, in relation to fish feed and its cultivation, as well as in the final stage, being the customer. More specifically, the health and welfare of fish significantly contributes to a high survival rate, while it is also a key factor for the treatment of viruses or disease. A potential disease which may emerge in a fish population and lack of timely treatment, through best management practices, can lead to significant financial consequences, to the degradation of the entire fish population's survival, and can thus reducing the quality of the produced product. Moreover, it also affects, among others, important



parameters in relation to the value chain such as product price, consumers' perception of food quality and hence consumers' decision to purchase. The results of protecting the health and welfare of fish also impacts employees, shareholders, investors and the academic community as well as a wider group including social institutions and NGOs. Actions required to improve this target are to be assumed throughout the entire production chain. Effectiveness also depends upon close working relationships with suppliers as well as through the entire research and academic community, in view of developing innovative technologies, applications and products to ensure and to promote fish health and welfare.

## **SUSTAINABLE FISH FEED & RAW MATERIALS**

### **SUSTAINABLE FISH FEED**

By the term "sustainable fish feed" we refer to fish feed composed of raw materials which are natural or synthetic products and side products of vegetable or animal origin products, are produced under agricultural, livestock and fishing best and sustainable practices and do not affect human interest for nutritional use.

Sustainable fish feed is a major topic, given that sustainability of aquaculture is to a large extent based on raw materials used for the production of fish feed (fishmeal and fish oil). Apart from the reduction in supply which is the most significant risk, several objections and criticisms emerge, such as whether the use of wild catch could potentially be a ready-to-eat food instead of being used as a raw material for the production of intermediate links in the food chain, comprising a major issue with significant impacts for shareholders, customers and NGO's.

Furthermore, an important factor to be emphasized, which further impacts the sustainable development of aquaculture, is the dependence of farmed aquaculture fish on fish meal and fish oil consumption as a food ingredient, in addition to wild catch which are required for the production of consumed fishmeal and fish oil. The mathematical formula of this variable is expressed by the FIFO ratio (Fish in - Fish out). It is noted that the yield of wild catch in fishmeal and fish oil is 22,5% and 5% respectively, for ex. one kilo of wild catch ultimately generates 225g of fishmeal and 50g of fish oil.

### **RAW MATERIALS**

For the purpose of fish feed production in our two plants, specific raw materials standards are used as set by the responsible person for the composition of fish feed and are ensured by the Nireus Group's Quality Department. The main raw materials used in fish feed for the farming of marine fish species are fish meal and fish oil, raw materials high in nutritional and biological value, comprising the necessary ingredients of fish feed. As regards the production of these specific raw materials, fish meal and fish oils, wild catches are used which are not directly intended for human consumption (small size, plenty of bones) they have a high-volume production and usually of a short biological life cycle (are reproduced in 1-2 years). They are harvested in various areas around the world, for which proper fisheries policies are applied. Furthermore, the diet of our fish which includes fish feed meeting which meet certain standards is taken seriously into consideration by our customers (super market chains, restaurants, end consumers), some of which also set this as a prerequisite for initially cooperating with our Group. Therefore, improper management of this significant issue negatively affects all stages of fish feed, fish cultivation and our value chain customers, while significantly impacting suppliers and relations with NGO's.



## **CREATING VALUE IN LOCAL COMMUNITIES**

Our Group acknowledges that highly rated companies are judged not only by their financial results or by the quality of their products and services which they provide, but are also judged in terms of their contribution to the social groups with which they interact, given that there is a risk of losing their “social license to operate”, i.e, from the confidence provided by the local communities to continue their operations.

Creating value in local communities, comprises a permanent chapter in the formation the CSR and the strategy of the NIREUS Group and its employees. Managing the issue directly impacts local communities of the regions in which we operate. Furthermore, influences are acknowledged to exist at various stages of our Group’s value chain, such as in the production of fish feed, cultivation and processing.

### **2.2 COMPANY POLICIES (due diligence procedures inclusive)**

#### **CONSUMER HEALTH AND SAFETY**

A structure of vertically integrated production processes, has allowed us to monitor controls applicable to all production stages, from the broodstock up to the final end product, both with respect to raw materials as well as, and up to, the intermediate and final end product. The Quality Control Department, prepares annual budgets for the purpose of monitoring raw materials, intermediate, semi-finished and finished products. The Group has established and operates three laboratories for the purpose of product control, one of which is used to monitor fresh harvested fish and two for monitoring feed. Through this manner regular inspection of produced products is ensured. Furthermore, in the context of self-monitoring the Group has established and maintains a long-term relationship with specialized monitoring laboratories for testing a number of parameters. Further specialized analyses for final end products are regularly performed by the following bodies: University of Athens, University of Patras, Democritos as well as large private laboratories in Greek and abroad.

The Group has implemented a complete traceability system, in accordance with predefined health and safety standards, strictly meeting the required international standards and hence the needs of our customers worldwide. It ensures the quality of products provided, applying specific policies and systems such as :

- ▶ The non-use of genetically modified raw materials
- ▶ The continuous monitoring of the farming processes
- ▶ Continuous and strict quality controls for fry, fish feed, finished products
- ▶ Monitoring the environment through tests and measurements
- ▶ A Full traceability system.

Traceability is a method applied to fish farming according to which the Group records detailed information, at all stages of the product production process, such as from its birth, to its growth up to market size, inside the sea, to its diet, its packaging and its delivery to its final point of sale destination. In this manner, we are in a position to trace the fish’s entire history until the point where the consumer purchase it from the shelf to which we have delivered it, thus guaranteeing the safe and high nutritional value of food.

Group objectives as regards Quality and Food Safety, which are reviewed annually and are redefined according to the results of the Annual Review of the Quality Control System and Occupational Health and Food Safety are the following:



- ▶ Environmentally, economically and socially sustainable production of fish products.
- ▶ Compliance with legal regulatory requirements concerning products' safety and hygiene.
- ▶ Providing high quality products and services by the Group to its customers.
- ▶ Use of the most technologically advanced methods for production and product distribution, under the continuous target of improving the quality and safety of produced fish and fish feed.
- ▶ Timely delivery of products, according to mutually accepted contract terms.
- ▶ Minimizing non-conformities to nil incidences.
- ▶ Ensuring conditions that guarantee occupational health and safety.
- ▶ The focus of all employees in a continuous effort to improve their quality of work.
- ▶ Suppliers' compliance with quality and technical standards and to specific product delivery schedules set by the Group.
- ▶ Production of feed that does not transfer natural, chemical, biological hazards to farmed animals intended for human consumption.
- ▶ The supply and use raw material fish feed derived from sustainable production processes, placing an emphasis on feed generated from the sea environment. Gradual reduction in the use of raw materials directly used for human consumption.
- ▶ The production of non-genetically modified products and the use of non-genetically modified raw materials in fishfeed.

## **FISH HEALTH AND WELFARE**

One of the Group's main objectives and part of its overall effort is to ensure viable sustainable development by applying best practices for the fish health and welfare in the fish population. The overall control and responsibility of ensuring good health and welfare conditions of fish belongs to the Department of Fish Pathology.

The use of technology, continuous staff training, enrichment of its workforce capacity with specialized scientists / fish pathologists, modernization of equipment both in its basic Group laboratory units, as well as in various production sites, formation of special groups designed to improve survival conditions, and maintain fish health at high levels, have all in total proven as being essential in achieving the specific objective.

Generally, this specific objective is generally complex and an improvement in the prevailing situation is significantly affected by both external factors, environmental and non-environmental in nature, which can be monitored by the Group itself. Further information in relation to the issue will be presented in the forthcoming Sustainable Development Report for financial year 2017.

Responsibilities: The Group has formed special teams of scientists specialized in the prevention and treatment of various diseases in acknowledgement of these factors and their impact on the health and welfare of fish. In conjunction with the above, work groups have been developed aiming at reducing the presence of these such factors in the production environment which are responsible for adversely affecting negatively impacting the condition of the fish.

Specific actions: Research efforts made in fighting various diseases in collaboration with leading research institutions and through the use of external assistance and laboratory tests conducted in collaborating research centers and universities such as the University of Sterling, is of vital importance.

Policies: The Group's plans also include the design of integrated and implemented policies and actions that contribute to good fish health and welfare such as:



- ▶ Production and development conditions in locations carefully selected according to physicochemical and environmental measurements in isolated coasts with strong currents
- ▶ Cages with a small number of fish- cages with low fish stock densities so that fish can freely swim for optimum health and firm flesh (2% fish, 98% water)
- ▶ Growth which is continuously monitored
- ▶ A balanced diet with high-quality raw materials
- ▶ Strict avoidance of all chemical substances, prohibiting the use of genetically modified raw materials
- ▶ Specific protocols for managing and executing productive functions adapted to the conditions of each region
- ▶ Applying written documentation on best labor practices and behavior to ensure that farmed species are treated with caution and respect
- ▶ Continuous measurements of various physicochemical parameters of the production sea area
- ▶ Development and use of new technologies in all production processes that ensures optimal fish survival
- ▶ Applied vaccination plan tailored to the diversities and peculiarities of each species produced, arousing and exploiting the mechanisms of each species in view of fighting any possible infection

In the context of prevention planning and under the Ichthyopathology Department's supervision, innovative and new vaccines aimed at controlling and limiting incidences of various bacterial and viral diseases, were utilized.

The target remains at high levels for the following years having designed an analytical plan of actions in order that survival be improved by 4 units until 2020.

## **SUSTAINABLE FISH FEED AND RAW MATERIALS**

### **SUSTAINABLE FISH FEED**

Sustainable Target: A sustainable target is that each kilo of wild catch yields an equal or greater amount of farmed fish, namely  $FIFO \leq 1$ .

Program on Sustainable Fish Feed Use : In order to achieve the above future targets, further to the significant results already achieved up until today, the Group has designed and developed a program on sustainable use of fish feed. The sustainable fish feed project's objective is to adopt new basic fish feed, and to adapt to animal assets -fish population-, and to guide its human resources to its use.

The new fish feed will be derived from the replacement - partly or wholly – of the food ingredients used today through the selection of the corresponding sustainable ones, namely those of sustainable origin, non-competitive to the needs of human consumption and fully meet the nutritional needs of growing fish. Further goals include the following; ensuring for the Group a higher level of productivity in addition to the improvement of individual productive indicators (KPI's).

For these targets, a number of individual sample tests of a small or larger scale are needed and have been designed to reduce risk and to adapt to the specific requirements of Mediterranean aquaculture.

The quality of end products -aquaculture fish- will remain at high levels as is today, simultaneously informing both end consumers, as well as all intermediate links in the value chain, with respect to the alternative use of sustainable raw materials in the production of fish feed.

The specific program will be one of the most significant Group projects aimed at the reduction of production costs in the following 4 years. The program is monitored by the Group's specialized executive team, which is the Nutrition Group.

For the purpose of the fish feed production's best practices, the responsible use of raw materials from renewable natural resources in addition to the reduction of the environmental impact of the fish feed production process, the Group has



certified both factories which it maintains with the globally recognized GLOBALG.A.P standard. Compound Feed Manufacturing Standard.

Qualitative and Environmental Targets of Sustainable Fish Feed: Improvement in the characteristics of the final end product such as a reduction in flesh fat (<9%), and in the fish belly and the coverage of the demands in nutritional requirements for ensuring the daily dose of 250mg EPA + DHA from the consumption of 2-3 servings per week Furthermore an additional environmental target for 2019 has been set, the proportion of consumed-produced fish by the company is +1,5 (Fish In / Fish Out = 1,5). Further information in relation to the issue will be presented in the forthcoming Sustainable Development Report for financial year 2016.

## RAW MATERIALS

Raw materials procurement policy: Our supply of raw materials is made in collaboration with the Group's approved suppliers. Furthermore, when it comes to screening a new supplier, raw material specifications are sent to the potential supplier, from which products are to be purchased, as specified by the responsible fish feed manager. The supplier then returns back to us the results of the requested analysis as well as a sample of the raw material to be provided, which is then tested in our own or third party laboratory in order that these be examined so that they comply with the standards. Once the specific raw material has been approved for acceptance, all remaining certificates required by the Company's Quality and Security System (required supporting documents for each consignment, etc.) are then requested from the supplier. Certificates are examined by the Quality Control department and given that these meet our requirements, the supplier is recorded on the list of approved suppliers. If deemed necessary, appropriate inspections of the supplier's premises are undertaken by a person from our Quality Control department.

Concerning procurement procedures and our broader collaboration with raw materials suppliers, there are procedures in place with corresponding forms in our Company's quality system. The responsible raw material procurement practices of our Group are further presented in the forthcoming Sustainable Development Report for financial year 2017.

Targets and Objectives: One of the environmental problems currently being faced around the globe is the overfishing of oceans, a space of which is also used for the production of fishmeal and fish oil. Thus, among the Group's objectives is the reduction of the percentage of fishmeal and fish oil derived from wild fish in our fish feed, increasing respectively the proportion of raw materials from land-based cultivations as well as those derived from products not directly intended for human consumption. At the same time, our target is that fish meal and fish oil which we use, be certified by the IFFO RS (Global Standard for the Responsible Supply of Fish meal and Fish oil) ensuring that the fish from which they are derived are harvested via responsible practices for the sustainable management of natural resources.

## **CREATING VALUE IN LOCAL COMMUNITIES**

The Group creates value for local societies through:

- ▶ product donations and other grants
- ▶ employment workers from the local communities in a very large percentage of total Group employees
- ▶ selecting suppliers from the local communities
- ▶ carrying out educational activities in our facilities
- ▶ stable and frequent contact with them.



Objectives:

- ▶ Minimize complaints.
- ▶ More systematic cleaning of the sea bed, ports, coasts in operational regions.
- ▶ Gradual segregation and concentration (within 5 years) of fattening units, in larger demarcated by the State parks so as to reduce the fragmentation of our units, as well as arbitrary nuisance which may be created in enterprises near our activities.

## **2.3 RESULTS OF THE SAID POLICIES AND NON-FINANCIAL BASIC PERFORMANCE INDICATORS**

### **CONSUMER HEALTH AND SAFETY**

The Group is certified according to the following international recognized standards for Quality, Health and Safety of products, Environmental Management and Best Practices ISO 9001: 2008, ISO 22000: 2005, BRC, ISO 14001: 2014 GLOBALG.A.P. Proper implementation is verified by inspections from third parties, including certified bodies, responsible state authorities, the EU and other countries to which the Group exports. Examples include: FVO: Food and Veterinary Office EU, FDA: Food and Drug Administration USA, ROSSELKHOZNADZOR: Russian Veterinary Office, the national veterinary services. Furthermore, the Group is oftentimes subject to visits and inspections from its customers.

### **FISH HEALTH AND WELFARE**

Despite the fact that our industry is facing wider challenges in relation to fish health and welfare, by evaluating and comparing our Group against similar companies in the Mediterranean aquaculture sector as well as with the broader industry of intensive aquaculture levels worldwide, all measures, rules and protocols applied within the Group as well as final performance results, confirm the Group's high level of targets.

Monitoring mechanisms: The NIREUS Group is certified in accordance with the updated 5.0 edition of the GLOBAL G.A.P. standard for aquaculture.

Results: As a result of all these successive actions, key achievements in 2017 include the achievement in the improvement of the, already high, survival rate by an additional 3%.

During 2017, efforts and sample tests were carried out with the use of electricity anaesthesia at the sudden death stage of wild catch. The plan for introducing new vaccines and techniques which was designed during the previous years has reached the levels of materialisation and the first results are evidenced from the improvement in survival. The testing of new such procedures and vaccines is a long-term and a well-designed project, the performance of which is monitored by a specialised team of ichthiopathologists. The results of the actions will continue and be recorded in the following years. The total production of species are farmed in cages at selected sea areas with specific stocking densities per cage and per farmed species, in order to ensure both the welfare and growth of fish.



## **FISHFEED AND RAW MATERIALS**

### SUSTAINABLE FISHFEED

NIREUS Group has, for several years, focused on this significant issue, which also comprises a key target. Through systematic research undertaken by both the Nutrition team that has been formed and which consists of experienced professionals with technical know-how in the broader field of aquaculture, and through cooperation with various research institutions and universities, has achieved to maintain:

- ▶ reduction in the use of fishmeal from 30%, being the percentage contributed in the middle of the previous decade, to 18%, presenting a decrease of 40%, with a corresponding reduction in fish oil used from 7,5% to 4%, presenting a decrease in excess of 46%. These achievements were obtained following numerous time-consuming experiments and small sample uses in specific fish population's biomass, in addition to several improvements in the results of experiments and the replacement of specific raw materials used for fish feed with alternative raw materials mainly of plant origin.
- ▶ improvement in the FIFO ratio at the lowest value limits characterizing farming of Mediterranean species. During the past years the FIFO ratio of the wider Mediterranean aquaculture industry is currently at 1,85% while the NIREUS Group for 2017 target stands at 1,73%. It is evident that the indicator still deviates from our ultimate target, however, a detailed business plan, has been designed, entailing specific steps and according to which a declining trend in the index is marked, aiming at it reaching sustainable values by early next decade. The period of such a drastic change is small compared to the overall average production cycle of Mediterranean fish species which approximates 16 to 18 months depending upon certain conditions and parameters.

### RAW MATERIALS

During the screening procedures of suppliers, they are provided with a questionnaire which is completed and which includes questions concerning environmental issues as well as an assessment of their own suppliers. The Group's Quality control and Procurement Departments monitor global alerts for qualitative issues of raw materials, in order that if a supplier of ours is reported in these, that he be temporarily removed from the list of desired suppliers and depending upon the outcome of the alert, that he be either re-activated or not.

## **3. EMPLOYMENT AND RESPECT OF HUMAN RIGHTS**

### **3.1 MAJOR RISKS IN RELATION TO EMPLOYMENT AND HUMAN RIGHTS, WHICH ARE ASSOCIATED WITH THE COMPANY'S ACTIVITIES**

As part of our approach to corporate responsibility, we recognize and systematically prioritize the issues in relation to labour and human rights connected to our activities and that may negatively impact our stakeholders, and the overall Sustainable Development on a national basis. The links of the impacts of our activities on Sustainable Development was made possible through the UN Goals Sustainable Development.

We methodically approach the material issues related to labour and human rights that we have identified in order to limit the negative impacts that may arise from the improper management of each issue, and to increase the marginal benefits for our stakeholders through proper management. Considering the above, we strongly monitor the effects of our activities in relation to the following matters:



- Occupational Health and Safety
- Employee Training
- Freedom of association
- Elimination of child and forced labour, and
- Avoidance of discrimination in the workplace

The manner by which risks are managed is presented in the following sections.

## **3.2 COMPANY POLICIES**

### **OCCUPATIONAL HEALTH AND SAFETY**

- Our Group shows a particular concern for the health and safety of employees through a series of procedures, safety rules and protection measures
- By ensuring safe working conditions, by taking various protective measures, and through continuous education and updates, the risks of accidents are minimized, while productivity is enhanced.

This goal is achieved through:

- Observance of the Internal Labour Code of Conduct with reference to all the obligations, procedures, and rights that govern employee relations with the Group
- Visits of Occupational Doctors and Safety Technicians
- Health and safety training in the workplace

### **EMPLOYEE TRAINING**

Our Group has a widespread perception that our vision for continuous advancement in business and employee performance is directly linked to the continuous enhancement of our competencies and skills. Continuous, and targeted training of our workforce has been noted to be very crucial for both the company and the employees themselves. During the design and implementation of training programs, areas requiring improvement are identified and needs are assessed. Thereafter specific objectives are set as well as educational material required for meeting these targets. The corresponding training seminars held in 2017 are described in the following section:

### **HUMAN RIGHTS**

The Group is committed to supporting the Universal Declaration of Human Rights of the UN, complying with all relevant legislation (of Greece and of the countries in which it operates). Furthermore, the Group's priority is the satisfaction of its workforce (potential for further development, worthy benefits, organized seminars for further training). NIREUS seeks to ensure that its partners are not involved in any form of human rights violations.

The NIREUS Group secures employees' freedom of association and for this reason there are two employee unions in the Group with which management engages in open and frequent communication. We adhere to legislation which prohibits any form of forced or compulsory employment.

According to the principles governing the Group, and in compliance with the UN Global Compact, our Group does not support or encourage child labour. This is referred to in a large number of customer contracts. Our company recognizes



that its greatest asset is its people, and is therefore attentive in promoting professional advancement and development through training and other activities. It furthermore, promotes through various corporate benefits, a work balance between professional and personal life. The company is therefore in full compliance with the Greek Legislation.

### **3.3 RESULTS OF THE SAI POLICIES**

#### **OCCUPATIONAL HEALTH AND SAFETY EMPLOYEE TRAINING**

##### Safety Technicians:

In all Group premises, there are regular visits held by security technicians, who oversee that safety rules and personnel training through the proper use of the Personal Protective Equipment is abided by.

In addition, security technicians are responsible for updating Occupational Risk Studies where necessary.

##### Occupational Doctors:

During their visits to local branches, occupational doctors maintain medical records and issue medical certificates to all employees. In accordance with their instructions, a pharmacy for first aid is provided in each unit.

Occupational risk assessment: The assessment of occupational risk comprises a complex and dynamic process which through the working environment analysis, contributes to the formation of a healthy and safe workplace adapted to human potential. All information and data derived from the working environment analysis and its impact on health and safety, properly processed, contribute to the formation of preventive interventions that help to adjust the working environment to the dimensions of the working employee. In this way, a proper and effective assessment of the occupational risks, is thus, a basic requirement for safe work, rendering it fundamental in avoiding negative impacts.

Monthly reporting forms: In the context of continuous improvement of employee Health and Safety in the working environment, the Legal and Corporate affairs department, in May 2013, established a procedure of completing monthly reporting forms in relation to health, safety and other administrative issues concerning all Group units located either on land and in the sea area. This monthly form is completed by each unit's responsible official, under the supervision of his manager, and which through e-mails is then sent to the Head of Legal and Corporate affairs who then has the responsibility of informing other departments, if deemed necessary.

It should be noted that during the period 2017 there were no fatalities or cases of occupational diseases.

## **4. MAJOR RISKS IN RELATION TO CORRUPTION AND BRIBERY**

### **4.1 MAJOR RISKS IN RELATION TO CORRUPTION AND BRIBERY WHICH ARE ASSOCIATED WITH THE COMPANY'S ACTIVITIES**

#### **BUSINESS ETHICS AND INTEGRITY**

Since its inception, the NIREUS Group has stood out for its professional ethics and timeless values, which characterize every aspect of its business, in all applicable areas which were incorporated in the Code of Conduct, which came into force in 2013 and which depicts the Group's position to each shareholder, partner, trader and employee. This



substantiates our commitment to high standards of conduct and our continuous effort for improvement in all areas of concern.

Improper implementation and application of the above could negatively affect the entire value chain, as well as employees' morale, with the imposition of legal sanctions and fines to the Group, consequently impacting its reputation and financial performance. For this reason, this issue has been a key topic of interest for most stakeholders such as Employees, Shareholders and Investors, the Academic Community, the NGOs, suppliers and Customers, since it either directly or indirectly impacts their activities.

## **4.2 COMPANY POLICIES (due diligence inclusive)**

### **BUSINESS ETHICS AND INTEGRITY**

Accountability and Transparency: NIREUS Group is particularly attentive to the implementation of all Corporate Governance guidelines, which have been internationally established and which mainly focus on providing complete and timely information to investors and to the relevant authorities, for each substantial issue concerning either significant developments or financial information, and for the protection of shareholders' interests and rights.

Our primary interest is to communicate and notify all stakeholders with respect to our activities, in compliance with the mandatory provisions, given that this ensures the required level of transparency further to that it strengthens relationships of trust towards our Group.

In the meantime, people's duty and responsibility is to continuously act in a lawful and ethical manner. They are furthermore, to perform duties uninfluenced by others, refusing any form of reward from third parties, to adhere to professional confidentiality and to refrain from any unauthorized commercial act, or other practice, or from any prohibited use of inside information.

Code of Conduct: In compliance with all the above and by applying all actions recorded in detail in the Group's Code of Conduct, all employees thereby contribute to the prevention and/or to the proper management of any potential case of abuse, corruption or incorrect practice, thus contributing to the sustainment of the Group's high reputation. The Group's principles on corporate ethics and employees' appropriate conduct towards its customers, suppliers and other partners are, inter alia, referred to in the Group's Code of Conduct in Chapter Z "Protection of interests and resources". The Code of Conduct, also provides for the imposition of penalties in case of violation of rules, which are escalated according to the seriousness of the misconduct from reprimand up to dismissal.

Global Compact of the United Nations (UN Global Compact): NIREUS Group supports the 2008 Global Compact as mentioned in the relevant section of the Report "Participation and Recognition". Certain principles of the Global Compact with which NIREUS Group has voluntarily complied, includes fighting against corruption, including extortion and bribery, protection of internationally proclaimed human rights, and non-complicity in human rights abuses.

The target includes the expansion of the Grievance Management Policy (Whistleblowing Policy) enabling the notification of grievance incidents to the Group's Management as well as to any third-party stakeholder engaging with the Group such as public authorities, suppliers and customers. The above is achieved through the General Department of Legal and Corporate Affairs.



## 4.3 RESULTS OF THE SAID POLICIES

### BUSINESS ETHICS AND INTEGRITY

Policies on regular and extraordinary reports: Having established numerous branches in Greece and abroad, and aiming at the establishment of direct and structured communication of local working groups with headquarters, NIREUS Group has established, since 2013, a monthly policy on completing Regular and Ad hoc grievance reports through a special form. Further information on the issue will be included in our Group's Corporate Social Responsibility Report for the financial year 2017.

Grievance Management Policy (Whistleblowing Policy): Furthermore, the Groups has established since 2013 a Grievance Management Policy implemented in all facilities, aiming at establishing early warning procedures in view of tracking any illegalities and irregularities for any matter relating to the Group's operations. With respect this policy, all Group employees are notified through relevant announcements. Further information will be included in our Group's Corporate Social Responsibility Report for the financial year 2017.

Remediation Plans: Electronic submission of Regular and Ad-hoc Grievance Reports through means of direct electronic submission and automatic notification to all responsible officials concerned is in place, thus maintaining, in this manner, an electronic file for the purpose of transparency.

## 5. ENVIRONMENT

### 5.1 MAJOR ENVIRONMENTAL RISKS ASSOCIATED WITH COMPANY ACTIVITIES

As part of our approach to corporate responsibility, we recognize and systematically prioritize environmental issues associated with our activities and that may cause adverse effects to our stakeholders and to the wider natural environment as well as to the overall sustainable development at a national level. Linking the effects of our activities on Sustainable Development was made possible through the UN Goals Sustainable Development.

We methodically approach to environmental issues that we have identified in order to limit the negative effects that may arise from improper management, and increase the marginal benefit from proper management. Considering the above, we intensively monitor the effects of our activities in connection with the following environmental issues:

- Protection of marine ecosystems on farms
- Liquid waste
- Solid wastes

The manner we manage these risks are presented in the following two sections.

### 5.2 COMPANY POLICIES

The continuous improvement of environmental performance, prevention of pollution, implementation of precautionary principles as well as ensuring compliance with legislation, comprises the NIREUS Group management's commitment over time. Towards meeting this end, the Group applies a continuously evolving Integrated Management System to all its operations, including the environment, for occupational health and safety functions. Besides being certified by GLOBAL G.A.P., the company also possesses the ISO certifications in accordance with the international ISO standards 9001: 2008, ISO 22000: 2005 (HACCP), ISO 14001: 2004 and BRC Global Standards (British Retail Association). During 2017, NIREUS has been actively involved in the development of a new ASC standard (Aquaculture Stewardship Council) for Mediterranean species.



ESMA/2015/1415el: The design of the Environmental Management System has been prepared in accordance with the Process Mapping methodology. The assessment is documented according to the International Bibliography, the Law as well as to previous years' experience. Parameters assessed as significant become topics of environmental programs. This process is reperformed on an annual basis so that performance and substantiality of the applied environmental programs, be evaluated.

Protection of marine ecosystems in farming units:

In the laboratories where environmental parameters are monitored, analyses on farming waters and analysis of the composition of sediment fauna is performed in order to assess the impact of the activity on the environment.

Monitoring liquid waste parameters:

All liquid waste is monitored for biochemical oxygen demand (BOD), chemical oxygen demand (COD), total suspended solids (TSS), total nitrogen and total phosphorus through laboratory analyses performed either in in-house laboratories and/or at external accredited laboratories. The purpose of the analyses is to ensure that the physicochemical properties of the final recipient (sea, sewage nets) will not be modified.

Solid waste management:

The Group actively participates in Collective Recycling Programs held nationwide but is also engaged in smaller own developed projects which it has developed. Projects are reassessed, and the Group is in continuous search for materials and partners in order to improve its environmental performance.



## **EXPLANATORY REPORT OF THE BOARD OF DIRECTORS OF NIREUS AQUACULTURE S.A**

(based on paragraphs 7 and 8 of article 4 of L. 3556/2007)

**(a)** The structure of the share capital, including the shares not listed for trading in an organized market in Greece or another member-state, reporting for each category of shares the rights and the obligations related to this category and the percentage of the total share capital that the shares of this category presented.

The share capital of the Company amounts to € 88.205.043,60 composed into 294.016.812 shares of par value Euro 0,30 each and is fully paid up. The entire company's shares are ordinary, registered, with voting rights, listed for trading on the Athens Exchange and have all the rights and the obligations prescribed by the Law.

**(b)** Restrictions in the transfer of the company's shares such as restrictions in holding of shares or the obligation in obtaining prior approval from the company or other shareholders or by a Public or Administrative Authority with the reserve of the article 4 par. 2 of L. 3371/2005.

The transfer of the company's shares is made as enacted by Law and do not exist out of its Articles of Association restrictions in their transfer.

**(c)** Significant direct or indirect participations as defined by articles 9 to 11 of the L. 3556/2007.

As at 31/12/2017 persons holding significant direct or indirect participations as defined by articles 9 to 11 of L. 3556/2007 are:

<b>Surname</b>	<b>Number of Shares</b>	<b>% Percentage</b>	<b>Type of participation</b>
Piraeus Bank	94.766.854	32,23%	Direct and indirect
Alpha Bank	60.207.070	20,48%	Direct
Eurobank	45.577.428	15,50%	Direct
National Bank of Greece	18.017.816	6,13%	Direct
Linnaeus Capital Partners BV	16.160.734	5,50%	Linnaeus Capital Partners BV (voting rights are owed by Ms. Zolotova as the sole controlling party of Linnaeus Capital Partners BV)

**(d)** Holders of any type of share granting special control rights and description of relevant rights.  
Shares of the company, which grant special control rights to their shareholders do not exist.

**(e)** Restrictions in voting right such as restrictions in voting rights to holders of certain percentage of the share capital or to holders of certain number of voting rights, and the time terms for exercise of voting rights.

The Articles of Association do not provide for any restrictions in voting rights



(f) Shareholders Agreements, which are known to the company and entail restrictions in transfer of shares or restrictions in exercise of voting rights.

The company is not aware of the existence of shareholders' agreements, which entail restrictions in the transfer of its shares or in the exercise of the voting rights arising from its shares.

(g) Rules for appointment and/or replacement of members of the Board of Directors and amendment of the Articles of Association, when these differ to that provided by the c.L. 2190/1920.

The rules provided by the company's Articles of Association for appointment and/or replacement of members of its Board of Directors and amendment of its articles, do not differ to that provided by the provisions of c. L. 2190/1920.

(h) Competence of the Board of Directors or certain members of the Board of Directors, for the issue of new shares or for the purchase of treasury shares according to the article 16 of c.L. 2190/1920.

**A.** The Board of Directors of the Company is allowed to proceed in the issuance of new shares, following stipulated authorization on the basis of the General Assembly's decision in the following cases.

1) *In accordance with article 13 paragraph 9 of c.L2190/1920, as in force, and in execution of the decision taken at the Company's Shareholders General Meeting held on 05-06-2006, which was listed in the Register of Companies on 20-06-2006, protocol number K2-9377, the three-year Stock Option Plan granted to the Members of the Board of Directors and to the Company's Management was approved. Specifically, following the exercise of rights have been vested from the participants in the program, a decision is taken by the Board of Directors as regards the increase of the Company's share capital by an amount which corresponds to the rights that have been exercised and the issuance of the respective new shares, in execution of the assumed liabilities based on the Plan. Subsequent to this, the Board of Directors proceeds with the decision released, based on article 11 of cL.2190/1920 in respect of the certification of the paid-up share capital.*

*It is noted that due to the current economic decision of the capital market, the exercise of the above rights in the third year has not been made possible and following a five-year period the right of exercise is now inactive. Therefore, a resolution of the General Meeting was obtained as regards the final annulment of the right due to the inactivation of the of the stock option plan which the company had decided upon in 2006.*

2) *In accordance with article 3a of c.L 2190/1920, as in force, and in execution of the decision of the A' Reiteration Extraordinary Shareholders Meeting of the Company, which was listed in the Companies Register of the Ministry of Development on 9-5-2007 with protocol number K2-6896, the issuance of the convertible bond loan into common with voting right shares with preference rights to old shareholders of an amount of 19.995.575,10 Euro was approved. Specifically, following the exercise of the right of conversion of debentures to shares, a Board of Directors decision is taken to increase the Company's share capital by an amount which corresponds to the conversion of debentures depending upon the conversion requests, and the conversion ratio, and the corresponding issuance of the company's new shares, in execution of the terms of the program of the convertible bond loan as these are in force. Subsequent to the above, the Board of Directors proceeds with the issuance of the decision, based on article 11 of c.L 2190/1920 in respect of the certified paid-up share capital.*

3) *In accordance with Article 3a of L.2190 / 1920, as in force, and in execution of the 04.05.2015 decision of the Repeat Annual General Meeting of shareholders, registered in the General Commercial Register on 26.5. 2015 number no. 57022 and approved the issuance of a bond convertible into ordinary registered voting shares with preemptive right of the existing shareholders amounting to 29,466,293 euros. Specifically, each time practicing bonds conversion rights to shares following the Board of Directors to increase the share capital by the amount corresponding to the conversion of bonds into shares according to the respective conversion applications and the current conversion ratio and corresponding issue of new shares of the company, pursuant to the terms of the Program of the above bond issue, as*



*applicable. Then the Board shall issue a decision in accordance with Article 11 of L.2190 / 1920, certifying payment of the share capital.*

**(h)** Significant agreements of the company that are in force, amend or expire in case of a change in the company's control following public motion and the results of the agreement, except if, due to its nature, the publication of the agreement would cause serious loss in the company. The exemption of publication of the agreement is not effective when the obligation for publication arises from other provisions.

In the event of a change in the company's control following public proposal, there are no agreements, which are in force, are amended or expire.

**(i)** Agreements for indemnity compensation to members of the Board of Directors or personnel, in case of retirement or dismissal without basic reason or end of term or engagement due to public announcement.

There are no special agreements for indemnity compensation to the members of the Board of Directors or to personnel, specifically in case of retirement or dismissal without basic cause or termination of their service or their engagement due to public proposal.



## STATEMENT OF CORPORATE GOVERNANCE

(The present statement is compiled according to article 43bb of Law 2190/1920 and is part of the Annual Report of the Board of Directors)

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#### ***INTRODUCTION/GENERAL***

The term Corporate Governance refers to the total of rules and principles applied for the proper operation and management of the company.

The ultimate purpose of Corporate Governance is the safeguarding of the legitimate interests of the company, the promotion of the company's competitive advantage and the enhancement of transparency regarding the company's activities.



The legislative framework regulating statutory regulations in Greece is constituted by the provisions encompassed in the Law governing the Société Anonym Companies (L.2190 / 1920) as currently in force, in addition to Laws 3016/2002, Law 3693/2008, Law 3884/2010, Law 3873/2010 and Law 4403/2016 in which a new article of C.L.2190 /1920 (article 43bb) has been added. The framework has established the minimum mandatory contents of the Statement of Corporate Governance which is included in the Annual Report of the Board of Directors of companies with securities listed for trading on a regulated active market.

## **1. Code of Corporate Governance**

### 1.1 Disclosure of the voluntary compliance of the company with the code of corporate governance

The company voluntarily complies and adopts the Greek code of corporate governance of the Hellenic Corporate Governance Council (HCGC) for public listed companies (referred to as “Code”). The Code is posted on the website of the Hellenic Athens Exchange Markets in the following address:

**[http://www.helex.gr/documents/10180/906743/HCGC\\_GR\\_20131022.pdf/e8e7b6da-6dd0-4c30-90e9-79fe9ca8383d](http://www.helex.gr/documents/10180/906743/HCGC_GR_20131022.pdf/e8e7b6da-6dd0-4c30-90e9-79fe9ca8383d)**.

### 1.2 Deviations from the Code of Governance and explanation of non- compliance. Special stipulations of the Code which are not applied by the company and explanations of the reasons of non-application.

The company states that it conforms to all legal obligations (C.L 2190/1920, C.L. 3016/2002 and C.L 3693/2008). These minimum obligations are embodied in the Code of Corporate Governance of which a company must comply with the shares of which are exchanges in an active market.

The minimum requirements are included in the above Code of Conduct (SEV) to which the company comes under except for that the code includes a series of additional (of the minimum requirements) special principles. As compared to the mentioned principles, there are currently certain deviations in order that there be compliance with the conditions, values, inheritance and ownership regime of the company such that the company’s interest be promoted in the best possible manner. An analysis and explanation which justifies the reasons for the deviations follows:

## **Part A’- Board of Directors and its members**

### **I. Role and responsibilities of the Board of Directors**

The BoD has not formed a separate committee, which manages the procedure for recommending candidates for election of the BoD and prepares by itself proposals for the BoD.

The proposals are submitted by the Board of Directors of the company to the General Assembly which is responsible for the approval of the election of the members of the Board of Directors. In addition, it has not proceeded with the formation of a compensation committee given that the Compensation and Benefits Committee which has been formed has replaced the Management and Performance System which was designed by **Hay Group** in 2009.

### **II. Composition of the BoD**

The BoD is comprised of one (1) executive and (8) non-executive members.



### **III. Role and characteristics of the President of the BoD**

In the Company's Articles of Association there is discern between the responsibilities of the President and the Managing Director, however, it is permitted that these responsibilities coincide.

### **IV. Duties and conduct of the members of the BoD**

The BoD has not adopted as part of its corporate code of conduct, specific policies to encounter conflict of interests between its members and the company, given that in any case the stipulations of the law and the Articles of Association will come into effect. Certain members of the Board and any third party to whom responsibilities of the Board have been assigned are required to adequately and timely disclose to other board members the same interests that may potentially arise from transactions of the company which comprise part of their duties, as well as any other conflict of interest with those of the company or its affiliated companies arising in the performance of their duties.

### **V. Nomination of candidates for the BoD**

- The maximum service of the BoD is not a four-year period, but longer, (at least five-year), so that the need to elect a new BoD does not come about in shorter periods, which would mean additional formalities (as for the representation in the presence of third parties etc). Furthermore, the expanded service duration of the BOD secures the better knowledge of the company and a more discreet decision taking.
- There is no committee for recommending candidates to the BoD, given that it is not deemed necessary due to the structure and operations of the company.

### **VI. Operations of the BoD**

- There is no specific code of conduct for the operation of the BoD, as the articles of Association and the Corporate Code of Conduct are considered adequate for the organization and functioning of the BoD
- There is no provision for the support of the BoD during the exercise of its duties by a competent, specialized and experienced secretary, since the technological infrastructure exists to record and presentation the convocations of the BoD
- There is no obligation for the President and the non-executive members of the BoD to convene on a regular basis without the presence of the executive members in order that the performance and the compensation of the latter be discussed given that all relevant matters are discussed in the presence of all members of the BOD.
- There is no provision for the existence of introductory informative programs for the new members of the BoD or their continuous education since the members that are promoted for election have adequate and proven experience of organisational and managerial skills.
- There is no provision for the allocation of sufficient resources to the committees of the BoD for the fulfilment of their obligations and for the hiring of external consultants to the degree these are needed, as such resources are approved by the management of the company, based on the company's needs.

### **VII. Performance Evaluation of the BoD**

There is no institutional procedure which assesses the effectiveness of the BoD and its committees or the assessment of the performance of the President of the BoD during the procedure in which the independent Vice- President directs, or any other non-executive member of the BOD in the absence of an independent vice-president. This procedure is not deemed necessary given the structure of the company.



## **Part B- Internal Audit**

### **I. Internal Control – Audit Committee**

No specific and fixed funds are given out to the committee for the use of external consultants, as the composition of the committee and the specialized knowledge and experience of its members ensure its operation.

During 2017 and in accordance with the Audit Committee in cooperation with the Internal Auditor of the Group a major project review of all Group procedures was implemented and delivered with specific proposals which are in progress for further actions.

## **Part C- Compensation**

### **I. Level and structure of the compensation**

- there is no compensation committee, comprising exclusively of non-executive members, independent in their majority, which aims at defining the compensation of the executive and non-executive members of the BoD and thus there are no rules for the frequency of its convocations and other issues concerning its operation. The Compensation Committee which has been formed has replaced the **Management and Performance System** which was designed by **Hay Group since 2009**.
- in the contracts of the executive members of the BoD, there is no provision that the BoD may ask for part or full refund of the bonuses paid due to possible revision of the financial statements of previous years or in general as regards erroneous financial data that were used to calculate such a bonus since such rights come about, only after the approval of the financial statements.
- the compensation of every executive member of the BoD is not approved by the BoD after the proposal of the compensation committee without the presence of the BOD's executive members, given that no such committee exists for the compensation of the Board of Directors but rather all such benefits are approved by the General Assembly.

### **II. Remuneration Structure Policy**

The compensation setting process is characterized by objectivity, transparency and professionalism, and is free from conflicts of interest. The remuneration of non -executive directors reflects the period of employment and their duties and are not directly related to the performance of the company.

The level and structure of remuneration aim at attracting and retaining the company, board members, administrative executives and employees that add value to the company with their skills, knowledge and experience. The level of remuneration is in line with their qualifications and their contribution to the company. The Board of Directors has a clear policy as to the manner by which the company pays its executives, especially those who are suitably qualified for the effective management of the company.

The remuneration of executive board members is associated with the corporate strategy, the purpose of the company and the realization of these, with the ultimate objective of creating long-term value to the company.

In determining the remuneration of executive directors, the Board of directors takes into consideration:

- Their duties and their responsibilities
- Their performance
- The financial position, performance and the prospects of the company



- The level of remuneration for comparable executive services in comparable companies
- The level of remuneration for employees in the company and in the entire Group.

### **III. Fees paid in cash or in kind other than shares (not affiliated with shares) executive Board members.**

The General Meeting held on 08.09.2017 following the proposal of the Board for the period 09.09.2017-10.09.2018 approved the payment of the net amount of up to 15.000 € per month to the CEO in addition to the fringe benefits of leased cars, private insurance, mobile phone and corporate credit card.

No benefits are provided in shares or rights over shares (share-based payments) to executive Board members

### **IV. Non-executive board members.**

The General Meeting of the shareholders held on 08.09.2017, following the proposal from the Board of Directors, approved the remuneration of non-executive board members for the period 09.09.2017-10.09.2018 of the amount of € 2000 per meeting with a maximum of 14 meetings. In addition to the members of the Audit Committee the amount of € 500 per meeting for the Audit Committee with a maximum of six (6) meetings.

Furthermore, the company shall pay to the Chairman and Non-Executive Member a total annual gross fee of € 300.000 under the approved, by the General Meeting of shareholders, employment contract term (July 2015- July 2018). Furthermore, under the relevant resolution of the General Meeting of Shareholders, the President and Executive Member is paid an annual total gross remuneration of € 150.000 with a fixed-term employment contract (July 2015-July 2018). These two members do not receive a remuneration of € 2.000 per meeting.

## **2. Board of Directors**

### **2.1 COMPOSITION AND MANNER OF CONDUCT OF THE BOD**

The primary obligation and responsibility of all members of the board of directors of the company as a listed in an organized market company, is the continuous enhancement of the long-term economic value of the company and the protection of the company's interest.

The Board is the ultimate governing body of the Company, which mainly modulates the strategy and development policy of the Company and decides on any matter relating to the administration, the management of its assets and generally adheres to the achievement of its purpose. As part of these responsibilities, it can decide on all matters except those that are within the exclusive competence of the General Assembly, according to Law 2190/1920, as amended, and the Articles of Association.

Each Board member shall be liable to the Company as regards the management and administration of corporate affairs in accordance with the provisions of Law 2190/1920. Furthermore, each member has obligations as stipulated by the Articles of Association, the present Regulation and the legal framework applicable to companies listed on the stock market.

The Board of Directors is exclusively responsible and liable for:

The review that all accounting practices and generally approved accounting standards are abided by.

- a. The review of the financial results of the company in relation to the budget, the prior years and the competition.
- b. The involvement in the preparation and the regular reassessment of the strategic design.
- c. The approval of significant investments, loans, acquisitions and sale of financial assets of the company.
- d. The approval of significant changes in the company's policy and its structure



- e. The monitoring of the company's compliance to regulations, operational methodologies and the decisions of the authorities
- f. The proposal for distribution of profits
- g. The recommendations-proposal to the shareholders in case of election or re-election of the Board members

**The constitution of the Board of Directors provides as follows:**

1. The Company is governed by the Board of Directors that is composed of a minimum of 3 and a maximum of 11 members. The members of the Board of Directors are elected by the General Meeting of the Shareholders through a silent vote and with a quorum and a majority based on article 35 and 42 of paragraph 1 of the Articles of Association.
2. The Board members are divided into executive and non-executive. The number of non-executive members should not be less than 1/3 of the total number of members. If a fraction results, it is rounded up to the next unit. Among the non-executive members, at least two independent members must exist, in accordance with the following paragraphs. The status of the board members as executive or not is determined by the board. The independent members of the Board are appointed by the general meeting.
3. The members of the Board of Directors is 5 years. It begins from their elections from the General Assembly of the shareholders and is extended up to the ordinary General Assembly who will approve the annual financial statements of the year, but which cannot exceed a six-year term.
4. The Board of Directors elects members in replacement of members that have resigned, have died, or have lost their identity with whichever manner. The election is feasible under the condition that the replacement of the above members is not possible from substitute members, who have been elected by the general assembly. The above election from the Board of Directors is done with a decision taken by the remaining members, if these are at least three (3) and is valid for the remaining of the service term of the members which they replace. The decision of election is submitted to the public according to article 7b of C.L. 2190/1920, as this is valid, and is announced from the Board of Directors in the immediate general assembly which follows, even though no relevant issue may have been stated in the agenda.
5. In the event of resignation, death or in any other manner loss of the identity of the member or members of the Board of Directors, the remaining members can continue the management and the representation of the company and without the replacement of the missing members based on the preceding paragraph, under the condition that this number exceeds half of the members, as was the case before the occurrence of the above events. In any case, it is not permitted that these members be less than three (3).
6. In any case, the remaining members of the Board of Directors, irrespective of their number, can proceed in convening in a general assembly with a sole aim the election of the board of directors.
7. A member of the Board of Directors can even be a legal entity. In this case the legal entity is obliged to appoint a physical person for exercising the authority of the legal entity as a member of the Board of Directors.
8. The company, within twenty days from the establishment of the Board of Directors, shall submit to the SEC the minutes of the general meeting that elected the independent directors. Similarly, the minutes of the board is submitted within the same period and, which states the status of each member of the board as executive, non-executive or has been temporary elected as an independent member in replacement of another member who resigned, or has deceased or who for any reason was deposed.



### **Invitation of the Board Meeting Procedures:**

1. All members of the Board of Directors are invited by the President or the legal proxy at least 2 working days before convening via an invitation, which includes the time and place where the Board of Directors will convene, in addition to the matters included in the agenda with clarity and relative information material with the relevant proposals if necessary, otherwise decision making is permitted only under the condition that all members of the Board of Directors are either present or are represented and no one objects to the decision making process.

The President sets the agenda with the matters to be discussed as set by the Secretary account of at least two days prior to the of the conference invitation.

The list is drawn up by the company's CEO at its discretion, taking into account any recommendations submitted through administration procedures.

The President and the Board of Directors may at any time, commencing from the initiation of the topic on the agenda until its resolution to request, through the CEO, the submission of any additional information or document relating to the subject matter.

Each Board member may propose any topic for discussion with a brief explanation to the Managing Director, who will propose the matter to the President of the Board and include this on the agenda.

2. Two members of the Board of Directors can request the convocation of the Board of Directors through a request to the President or to his substitute, who are obliged to convene the Board of Directors so that the meeting be held within the time limits of 7 days commencing from the date of request.

3. In this request application, the matters which will occupy the Board of Directors should be stated with clarity. If the Board of Directors does not convene through the President or the substitute as of the above timeframe, it is permitted that the members that have requested the meeting that they themselves call the meeting within 5 days before the expiration of the above 7 days' time limits, notifying the remaining members of the Board of Directors with an invitation.

### **Meetings - Quorum- Discussion-Resolutions**

1. The Board shall meet at the headquarters of the company, whenever the law, the statutes or the needs of the company so require.

The Board can validly convene outside the corporate headquarters in another place, either in Greece or abroad, provided that all members are either present or are represented and no one not objects to the meeting and to the decision making.

The company's Board of Directors can convene through teleconferencing. In such a case the invitation to the members of the Board of Directors will include the necessary information for the participation of these in the meeting, given that the minimum technical security specifications in connection with the validity of the meeting, as these may have been specified by the Ministry of Development, are met.

### **2017 BoD Meetings**

1. In 2017 the Board convened 24 times in which a quorum existed for the purpose of decision making. In meetings with an agenda of significant matters (approval of financial statements etc) a quorum of all Board members was noted.

2. The Board of Directors is in a quorum and convenes on a timely basis when half and one members are present or are represented by the elected members. In no case, however, does the number of members who are personally present cannot be less than three (3). In order for the quorum to be identified the rounding number is ignored.

3. A director who is absent or unable to attend, may delegate under his own responsibility his representation in the BOD meeting only to another member, whom he may appoint by a notarial deed or by a simple letter addressed to the Board. The authorization for representation may include more than one meeting. No director can represent more than one members.



4. Notwithstanding the preceding paragraph, each member must be present and continuously participate in meetings of the Board.
5. The existence of a quorum, is monitored by the President, upon commencement of the meeting as well during its duration. In the event that a quorum does not exist after the commencement of the meeting, the Chairman shall terminate the meeting. All resolutions taken during the meeting in which a quorum was established are legal and valid.
6. The meetings of the Board are attend at without voting rights, and after invitation of the President, the Legal Consultant of the Company and Company executives or affiliated companies or parties, given that issues of their responsibility are discussed.
7. The Chairman of the Board coordinates and directs the meetings and the overall functioning of the Board. As regards all other matters, it has the same rights and obligations as all other members of the Board.
8. During the meeting, the CEO as a rapporteur orally briefs the matter of discussion with a clear presentation of the rapporteur's decision, thereafter questions are raised by the members of the Board of Directors, and any supplementary informative proposals as well as views from the other company executives and finally the positions of its members. The contents of the recommendations may be amended during the meeting, when the final amended proposal will be recorded.
9. The decisions of the Board of Directors are validly taken by a majority of the members who are present personally committee and those that may be represented.
10. In the event that any matter of the agenda refers to the private interest of a Board member or to a relative up to third degree, by blood or affinity, this member, following his declaration or by another Board member, is excluded from discussion and shall not participate in taking any such decision.
11. Upon completion of the discussion of each matter, the issue is put to a vote for a final resolution. Voting is always nominal and apparent and begins with the vote of the CEO as a rapporteur. If there are contrary proposals or amended proposals, the contrary proposals are first voted, then the amended ones and finally those presented by the Managing Director.
12. The discussions of the meeting may be taped after the President's proposal and decision of the Board and the relevant records are maintained until the ratification of the relevant practices.

#### **Maintaining Minutes of the Board of Directors**

1. Discussions and decisions of the Board of Directors are certified with minutes from he who has been seated as President from the members that were present in the meeting as well as from the secretary. The minutes shall include: the name of those present, all agenda issues with the relevant recommendations and informative material, the summary of the discussion topics, any opinion of the minority members and finally the decisions per matter of discussion.
2. The minutes are certified in their entirety, in the next meeting or in urgent cases during the same day after being circulated to members of the Board of Directors for reading and further comments.

By exception and when deemed necessary, the part can be confirmed on the same day which encompasses the urgent matter of the Board, and in the following meeting the full text of the minutes can be signed.

Each member of the Board, prior to the validation of the minutes, can propose the oral amendment or its supplementary amendment given that it is accepted by the Board of Directors.

Recommendations can be sent in writing to the Chairman of the Board up to the date the meeting is certified, in order that these be taken into account.

If a member of the Board does not send any written proposals and is not present in the validation meeting, it is considered that he fully agrees with the text for validation which has been distributed.



3. No member can ignore the signing of the minutes of the meeting who participated, he can however, ask that his opinion be accurately summarized in the minutes if he disagrees with the opinion that is being taken. In any case his non-approval in no manner constitutes the decision taken as void, as long as his refusal to sign is mentioned in the minutes.
4. The President, with custody of the Secretary of the Board of Directors may compile the minutes through which decisions are taken without a meeting having been preceded (decisions by circulating minutes). In this case, the preparation and signing of the attached minutes by all Board members or by their representatives, in writing or by fax is the same as the resolution of the Board of Directors.
5. The minutes of the Board, given that these are endorsed, are maintained in the Board Secretary's file. Copies of these are given to Board members upon request.
6. Copies or extracts of the minutes are issued by the Chairman of the Board or by the persons which they substitute.
7. The secretariat support of the Board of Directors shall be provided by the Legal Counselor, who also serves as the secretary of the Board and the Secretariat of the President of the Board of Directors.

The Secretary of the Board of Directors shall ensure the delivery of copies of the Board's decisions to all internal departments of the company if necessary and to submit copies of those decisions to the public authorities, including their publication in the SA & Ltd Bulletin, in accordance with the provisions of the current legislation.

### **2.1.2 Information on the Members of the Board of Directors**

The present BOD of the company is composed of 9 members and comprises of the following:

**1) Aristides Belles** of Stergiou and Anti, economist, born in Katarakti Chios in 1953, citizen of Ano Voula Attikis, President, and Non-Executive Member.

Mr. Belles has also served as Chairman of the Board of the Greek Entrepreneurship Club and also as Chairman of the Board of the Federation of Greek Mariculturers. He holds a degree in Business Administration from the University of Piraeus.

**2) Nicholaos Chaviaras** of Emmanuel and Ekaterini, entrepreneur, was born at Dafnona Chios in 1952, Vice-President, and Non-Executive Member

Mr. Nicholaos Chaviaras is the co-founder and major shareholder of the Company. He is responsible for the coordination and implementation of the investment projects of NIREUS group. He is also Member of the Board in subsidiaries of the Group.

**3) Antonios Chachlakis** of Georgiou, mechanical electrician was born in 1958 in Piraeus, CEO and Executive Member Mr. Anthonios Chachlakis holds a BSc and an MSc in Electrical Engineering Department from the Technical University of Brooklyn, New York, USA. He joined the Group in 1996, while he also had 10 years of managerial experience in Industrial Automation.

**4) Petros Fronistas** of Christos and Katigkos, born in Sikinos Cyclades in 1945 and is resident of Zografou Attica, Independent Non Executive Member.



Mr. Petros Fronistas graduated from the Athens University of Economics (and Business) with a long career in the banking sector, tenure and in senior management positions, mainly in the Group of the National Bank. He is a Member of the Board of Directors of the companies THRACE PLASTICS SA (Listed on the ASE) and PRONOMIOYXOS LOGISTICS GENERAL WAREHOUSE GREECE SA.

**5) Christina Sakellaridi** of Stavros and Penelope, Business Consultant, born in Athens in 1929, resident of Athens, is an independent Executive Member.

Ms. Christina Sakellaridi serves as President of the Panhellenic Exporters Association, Vice President of CPB ASSET MANAGEMENT AEDAK, Owner 'Ch.G. SAKELLARIDI ' Business Consultant who served as First Vice President of ACCI (Athens Chamber of Commerce and Industry). President of Export Credit Insurance Organization (OAEP), President of the Greek Organization of Commerce Abroad (HEPO), CEO of INTERINVEST NATIONAL INVESTMENT SA, Vice Chairman of the International Chamber of Commerce & Member of the General Council of the Bank of Greece. She attended the University of Athens Law School and the FACULTE DE DROIT in Paris. She was awarded by the President of the Greek Republic Karolos Papoulias with the "Golden Cross of Merit" and by the French President Nicolas Sarkozy Lord with the "Famous Knight of the French National Order of Merit".

**6) Anna Pouskouri** of Michael and Helen, Economist, born in Athens in 1949, resident of Germany, Independent Non Executive Member

Anna Pouskouri has 32 years of experience in the international banking sector. She began her career in the International Trade Division of Bayerische Vereinsbank (thereafter Bayerische Hypo - und Vereinsbank, Unicredit), she established the Representative Office and in 1989 the Bank's branch in Greece. She dealt mainly with Corporate and Investment Banking (Syndicated Loans, Project Finance, Trade Finance, Shipping, Real estate) in Greece and southern Europe and lastly as Managing Director for Southern Europe. She left the Bank in June 2010 and since then offers advice on strategy and financing to companies in Greece and abroad. Ms. Pouskouri studied at the University and the Technical University of Munich Economics (MA) and Urban and Regional Development.

She has attended many training seminars, including the Advance Management Program at Harvard Business School. She speaks German, English and French.

**7) Constantinos Lambrinopoulos** of Petros and Evangelia, Entrepreneur, born in Athens in 1952, resident of Athens, Non- Executive Member.

Mr. Konstantinos Lambrinopoulos is a graduate in Business Administration of Piraeus University and Political Sciences in Panteion University. He is a PhD candidate in Marketing at the University of Piraeus. He has 35 years experience in managerial positions in Greek and multinational companies. He is President and CEO of SPRINT Advertising. He is also Chairman of the Board HMA (Hellenic Management Association) and Vice President of the Entrepreneurship Club, Member of the BOD of ALBA Business School and Executive Director in Being Essential S.A. In accordance with the relevant decision of the Ordinary General Meeting of 8/9/2017 and the corporate governance principles applied by the company, Mr. Lambrinopoulos, having already been a member of the Board of Directors for more than 12 years, has become a Non-Executive Member Board of Directors

**8) Lito Ioannidou** of Antonios and Alexandra, Business Consultant who was born in P. Faliro Attiki in 1954, is an Independent Non Executive Member.

She is a holder of the Bachelor of Commerce and an MBA in Business Administration from McGill University, Canada. Ms. Lito Ioannidou is a Consultant for fund raising, mergers & acquisitions, finding strategic investors and restructuring of debts and business strategy through the company "LIAL BUSINESS CONSULTANTS" founded in 2006 and has served as Executive Vice President-General Director of the Athens Exchange SA (2001-2005). She has also served as



President and CEO at City-Leasing SA (1998-2000), as Vice President - Deputy Market Manager Greece (2000), Vice President-Corporate Head (1993-2000), Head of Corporate Credit / Risk Management in the Country citibank NA, Greece (1989-1993).

She has also been a member of the Working Committee (Higher Coordinating Committee) of the Federation of European Securities Exchanges (FESE) and Chairman of the Audit Committee of FESE and has been involved in conducting portfolio quality control and risk management procedures for Citibank Germany (1986), Egypt (1988), Argentina (1989), Italy (1991), London (1994). She has participated in Board of Directors of MAILLIS PACKAGING SYSTEMS SA & LAVIPHARM.SA

**9) Markos Komondouros** of Panagiotis and Janet, Economist who was born in Athens Attiki in 1963 and is an Independent Non-executive Member.

Mr. Markos Komondouros has a 15 year career in SGWarburg / UBS covering all aspects of finance and financial advisory financial services in international markets , specializing in mergers and acquisitions . After five years in London and Paris , he moved to Constantinople and founded the Turkish office of the bank. He remained in Turkey for 5 years , increasing the size of activities in all fields , with particular emphasis on international investments in Turkey . Most recently , Markos has established and led a specialist team of UBS London in the field of support services. After his departure from UBS in 2003 , Markos Komondouros continued his advisory services in the United Kingdom, Greece and Turkey through Vector Partners. He served in the BOD of Probank. He speaks English, Turkish, French, Spanish and Italian. He holds of a B.Sc in Mathematics from the Imperial College, an MBA from the London Business School and an MA in applied linguistics from the Birkbeck College.

The above members of the Board of Directors have other professional obligations which are presented in Attachment I of the Present report.

The term of the above Board of Directors which was elected by the Annual General Meeting of 04.05.2015, ends in 2020.

**2.1.3. Ensuring Diversity of the Board of Directors**

The company has not implemented a specific policy for the diversity of the composition of the Board of Directors. Despite this, it is in the process of updating the corporate code of conduct as well as examining the feasibility of integrating the aforementioned policy.

The Board of Directors has for several years comprised of experienced and distinguished representatives of various sectors such as businessmen, economists, lawyers, engineers and bank officials.

The following information concerns the percentage representation of members by, male/female, category.

<b>Board of Directors</b>	<b>Number of Members</b>	<b>Percentage%</b>
Males	6	66,6%
Females	<u>3</u>	<u>33,3%</u>
<b>Total</b>	<b><u>9</u></b>	<b><u>100%</u></b>

The average age of the member of the Board of Directors is 65 years.



#### **2.1.4 Policies on disclosure of related party transactions**

The Company has adopted policies to ensure that the Board has sufficient information to support its decisions in relation to transactions between related parties including transactions of subsidiaries with related parties.

Related party transactions have been included in the Six-month and Annual report of the Board of Directors as well as in the Annual and Six-month Financial report. Furthermore, all contracts relating to transactions with related parties are signed by all Board members.

#### **2.2. COMMITTEES**

##### **A) AUDIT COMMITTEE:**

The company had already formed an Audit Committee since 2002 and its establishment and operation are governed by the provisions of article 37 of L.3693 / 2008 as set for the formation of Audit Committees by the members of the Board of Directors, the provisions of L. 4449 / 2017 and the relevant circular of the Capital Market Commission No. 1302 /28-4-2017.

The Audit Committee has the following tasks:

- a) Supervising the financial reporting procedure
- b) Supervising the effectiveness of the Internal Audit and the risk management systems, as well as supervising the efficiency of the Internal Audit department of the company
- c) Monitoring the audit procedure on financial and consolidated financial statements.
- d) Reviewing and monitoring all issues related to the independence and objectiveness of the external Audit audit firm, in particular when other services are also provided from the audit firm to the company.

The audit committee's mission and the matters of discussion are in connection with ensuring the effectiveness and efficiency of the company's operations, the audit and reliability of financial information presented to investors and to the company's shareholders, the company's compliance with the legal and statutory framework, the safeguarding of the company's assets as well as the identification and confrontation of the most significant risks.

The Audit Committee during the financial year 2017 (01/01 / 2017-31 / 12/2017) convened on the following dates:

##### **Dates of Meetings:**

- 20/2/2017
- 28/3/2017
- 27/6/2017
- 8/9/2017
- 23/10/2017
- 24/10/2017



The major issues discussed at the Audit Committee meeting are presented below:

- Presentation of Internal Audit Plan 2017.
- Overview of Group Procedures.
- Presentation and discussion of new Law 4449/2017 on mandatory audits for public companies, the obligations of external auditors, responsibilities of the Audit Committee and the new framework governing Auditors and the Company being audited.
- Presentation and discussion of Quarterly Internal Audit Reports.
- Presentation, discussion and approval of Annual and Interim Financial Statements.
- Review of the final draft of Internal Company Procedures.
- Procedures on the loan refinancing of the fire victim loans.
- CRO Reports.
- Discussion on the Company's increase of the share capital due to the conversion of bonds into shares and amendment of article 5 of the Articles of Association.

The Audit committee's members were present at all the meetings except for that dated 23/10, in which Mr Lambrinopoulos was not present. The Audit Committee has called Company managers where deemed necessary. The Audit Committee met and discussed with E&Y within its scope of responsibility and in accordance with the provisions of Law 4449/2017.

The members of the Audit Committee are Mr. Konstantinos Lambrinopoulos, Mr. Petros Fronistas, and Ms. Lito Ioannidou.

Ms. Lito Ioannidou is the president of the Committee.

#### **B) Corporate Governance Committee:**

The objective of the Corporate Governance Committee is to monitor the code of corporate governance adopted by the Company, to monitor the implementation of internal company policies as regards procedures, keeping up on trends in terms of corporate governance systems and best practices as well as with respect to prevailing domestic law and recommendations to the Board for the amendment, improvement or adoption of new best practice behaviour.

Pursuant to the decision dated 29 March 2016, the Board of Directors elected Ms. Lito Ioannidou, Ms. Christina Sakellaridis and Mr. Petros Fronistas. The Committee did not hold meetings in 2017, awaiting the completion of the update of the company's entire Internal Policies together with the completion of the review of internal procedures and its results.

#### **C) Strategic Planning and Investments Committee:**

Furthermore, given that the Internal Policies of the Company provides for the possibility of establishing other Committees, the Board of Directors at its meeting on June 3,2016 decided to establish a Strategic Planning and Investment committee.

The members of the Committee are the following:

- Ms. A. Pouskouri, President
- Ms. Ch. Sakellaridi, Member
- Mr. K. Lambrinopoulos, Member
- Mr. M. Komondouros, Member
- Mr. A. Chachlakis, Member
- Mr. E. Elissaios, Member



The Committee's duties includes the compilation of proposals to the Board of Directors on strategic issues. In the year 2017, the President and the other members of the Committee received in the context of Board meetings of the BOD information on the progress of the Group's strategic planning.

Finally, there is the Group Executive Committee composed of executive directors and General Managers that manage operational issues.

### **3. General Assembly of the Shareholders**

#### **3.1 Manner of operation of the General Assembly and its basic Authorities**

**3.1.1** The General Assembly is the supreme body of the Company and has the right to decide on any company matter and all legal decisions are forced on all shareholders even those who may be absent, or which may disagree.

More specifically the General Assembly is exclusively responsible to decide upon:

- a) The amendments of the articles of association which include increases or decreases of the capital share, apart from the cases which are mentioned in article six (6) paragraph of the Articles of Association and other cases that are enforced by law.
- b) The election of the members of the Board of Directors, with the exemption of paragraph 1 of article 17 of the Articles of Association and the appointment of the Auditors,
- c) The approval of the annual financial statements of the Company,
- d) The distribution of annual profits,
- e) The issuance of loans with debentures as these are referred to in articles 3a, 3b, and 3c of C.L. 2190/1920.
- f) The merger, extension of the duration or dissolution of the Company,
- g) The appointment of liquidators,
- h) The appointment of members of the first BoD, as stated in paragraph 4 of article 16 of the Articles of Association.

**3.1.2** The General Assembly convenes obligatorily at the Company's offices or at the region of another municipality which is located within the province in which the head office is located or in the region where the office of the exchange market is located, at least once in each financial year and within 6 months at most from the end of the year (Ordinary Shareholders Meeting).

**3.1.3** The General Assembly is always convened by the BoD in an extraordinary meeting whenever it considers it necessary

**3.1.4** The Shareholder Meeting ordinary or extraordinary, with the exception of the repeating Meetings and those that simulate it, must convene twenty (20) days at least before its date including the non-working days. The date of publication of the invitation and the day of the General Assembly are not calculated.

**3.1.5** The invitation to the Shareholder Meeting includes at least the location, the date and the time of the meeting in addition to the matters in the agenda in a clear manner.

**3.1.6** The right to extension in any general assembly, ordinary or extraordinary, in person or via a proxy who is a shareholder of the company or is a third party but has been appointed from the shareholder as a proxy with any sort of document even through a simple letter is possessed by each shareholder having at least one share.

**3.1.7** The Shareholder Meeting has a quorum and duly convokes in the matters of the agenda when in the said shareholders who represent one fifth (1/5) at least of the paid share capital are represented. If such quorum is not achieved the General Assembly converges again in twenty (20) days from the date of the meeting which was cancelled



invited for that purpose ten (10) at least days earlier. The said repetitive meeting duly convokes for the matters of the initial agenda no matter what percentage of the share capital is represented.

A new invitation is not required if in the first invitation the date and location of the repetitive meeting is stated in the provisional by law meetings, for the event of non-achievement of a quorum.

**3.1.8** Exceptionally, when it concerns decisions regarding the alteration of the Company's nationality, the alteration of the purpose or object of the Company's business, the alteration of the Company's shares to registered, the increase of the obligations of shareholders, the increase of share capital, which is not based on the provisions of the Articles of Association in accordance with article 13 (paragraph 1 and 2) of C.L 2190/1920 or as required by the articles of the law or through the capitalisation of reserves, the decrease of share capital, the alteration of the mode of distribution of profits, the merging, dispersion, alteration, revival of the company, extension of the company's term of operation or dissolution of the company service or renewal of the authority to the Board of Directors for capital increase in accordance with article 13 of paragraph 1 of C.L 2190/1920. The General Assembly has a quorum and duly convokes when shareholders representing two thirds (2/3) of the paid share capital are represented. If such a quorum is not achieved, the General Assembly is invited and is gathered according to the provisions of paragraph 2 of article 35 of the Articles of Association and forms a quorum and meets upon the matters of the initial agenda when at least ½ of the paid-up share capital is represented. If such a quorum is still not achieved, the General Assembly is invited and is gathered and meets upon the matters of the initial agenda when at least 1/5 of the paid-up share capital is represented. A new invitation is not required if in the first invitation the date and location of the repetitive meeting is stated in the provisional by law meetings, for the event of non-achievement of a quorum.

**3.1.9** The President of the BoD or when he is hindered his lawful replacer presides temporarily in the General Assembly and defines as secretary one of the Shareholders or their proxies who are present, until the list of shareholders is certified by the General Assembly, who are entitled to participate in the said and elects the ordinary presiding office. The Presiding Office is composed of the President and the Secretary who also executes duties of vote – teller. The election is performed with a silent vote except if the General assembly decides through a majority the election of the President with an open voting procedure.

**3.1.10** The discussions and the decisions of the General Assembly are restricted to the matters of the agenda. The agenda is drawn by the BoD and includes the proposals of the BoD towards the Assembly. Discussions other than the matters in the agenda are not permitted with the exception of extraordinary cases such as the modification of the issues of the Board of Directors to the General Assembly or for matters intended for another General Assembly.

### **3.2 Shareholders Rights and manner of exercising these**

Each share carries all the rights and obligations set out in law and in the Articles of Association of the Company. Ownership of a share automatically entails acceptance by the owner of the Articles of Association and of the legal decisions taken by the competent bodies of the Company.

Each common share entitles the owner to one vote.

Shareholders' liability is limited to the nominal value of the shares they hold.

#### **3.2.1. Shareholders' rights irrespective of the percentage shareholding**

##### **a. Right to attend and vote at the Shareholders' General Meeting**

Any person appearing in the capacity of shareholder in the Dematerialized Securities System files managed by "Hellenic Stock Exchanges SA", where company's securities are being held, is entitled to participate at the General Meeting.



Shareholding capacity is evidenced by presenting a relevant written certificate issued by the aforementioned entity, or by direct online connection of our company with said entity's files. Shareholding capacity must be effective at the beginning of the fifth (5th) day (Date of Record) prior to the date of the General Meeting, and the relevant certificate regarding the shareholding capacity must be received by Company no later than the third (3rd) day prior to the date of the General Meeting.

With regard to the 1st Reiterative Extraordinary General Meeting, the shareholding capacity must be effective at the beginning of the fourth (4th) day prior to the date scheduled for the 1st Reiterative Extraordinary General Meeting (1st Reiterative Extraordinary General Meeting date of record), and the relevant written or electronic certificate regarding shareholding capacity must be received by company no later than the third (3rd) day prior to the date of the 1st Reiterative Extraordinary General Meeting.

The same provisions are applicable in the event of a 2nd Reiterative Extraordinary General Meeting.

Any shareholder failing to comply with the provisions of article 28a of codified law 2190/1920 may participate at the General Meeting only upon its permission. Exercise of these rights does not require blockage of the beneficiary's shares or compliance with any other procedure restricting the ability to sell and transfer them during the period between the Date of Record and the date of General Meeting.

A shareholder may attend the General Meeting and vote either in person or by proxy. Each shareholder may appoint up to three (3) proxies. Legal entities may participate at the General Meeting by appointing up to three (3) individuals as proxies. However, if a shareholder holds shares in a company, which appear in several securities accounts, said restriction will not prevent said shareholder from appointing different proxies in respect of the shares in each securities account in relation with the General Meeting. A proxy acting on behalf of several shareholders may vote differently for each shareholder.

A shareholder proxy must disclose to the company, before the General Meeting begins, any specific event which may be useful to the shareholders in assessing the risk of the proxy serving interests other than those of the shareholder. In the sense of this paragraph, a conflict of interest may especially arise when a proxy: a) is a shareholder controlling the company or is another legal entity or an entity controlled by that shareholder; b) is a member of the board of directors or of the administration of the company or shareholder controlling the company in general, or another legal entity or an entity controlled by a shareholder who controls the company; c) is an employee or auditor of the company or shareholder controlling the company, or of another legal entity or entity controlled by a shareholder who controls the company; d) is spouse or first degree relative to one of the individuals referred to under (a) through (c) above.

The appointment and revocation of a shareholder proxy is made in writing and notified to the Company under the same form, at least three (3) days prior to the date scheduled for the General Meeting.

The company will make available at its website ([www.nireus.com](http://www.nireus.com)) for the purpose of the General Assembly a form which may be used for the appointment of proxy which can also be obtained from the Company's offices (tel 210-6698224, Investors Relations Department). The said form must be submitted, duly completed and signed by the shareholder, to the Company's Shareholders Service at 1st km Koropiou-Varis Avenue, Koropi Attikis 19400 or by fax to the number (+30) 210-6627404 at least three (3) days prior to the date of the General Meeting. Beneficiaries are responsible for confirming successful remittance and receipt of proxy documentation by the company, by calling the following numbers: 210-6698224.

The participation of the shareholders to the General Meeting by electronic means is not yet available.



**b. Preference rights :** In case of a share capital increase, when that increase is not realized by contribution in kind, or by the issue of convertible bonds, preference rights are granted to Shareholders of the Company at the date of issue, proportionate to their holding in the existing share capital.

According to the provisions of article 13 cl.10 of L.2190/1920, preference rights can be limited or cancelled, by decision of the General Meeting, taken according to the provisions of articles 29 cl.3 and 31 cl.2 of the L.2190/1920 (quorum of 2/3 of the issued share capital, majority of 2/3 of the present or represented voting rights)

**c. Right to collect dividends:** According to the company's Articles of Association the minimum dividend which must be distributed each year by the Company is equal to the minimum annual dividend specified by law (Article 45 of Codified Law 2190/1920) which according to Article 3 of Development Law 148/1967 is at least 35% of the Company's net profits, after all necessary withholdings are made in order to establish the statutory reserve.

Dividends are paid within 2 months from the date of the Ordinary General Assembly of Shareholders which have approved the Company's annual financial statements. The place and method of payment is announced in notices published in the press, the ATHEX Daily Official List and website and the Company website. Dividends which remain unclaimed for a period of five years from the date on which they become payable may not be claimed and are forfeited to the State.

**d. Rights in product of liquidation:** On completion of the liquidation, the liquidators return the contributions of the Shareholders in accordance with the Articles of Association and distribute to them the balance from the liquidation of the Company's assets in proportion to their share in the paid-up capital of the Company.

**e. Right to request information:** Following a request of any shareholder, which is submitted to the Company at least five (5) full days prior to the Annual General Assembly, the Board of Directors is obligated to provide at the General Assembly the specifically requested information regarding the affairs of the Company, to the extent that these are relevant for the proper evaluation of the issues on the agenda.

f. **Right** to request the recording of an accurate summary of its opinion in the minutes of a shareholders general meeting.

g. **Right** to receive copies of the annual financial statements and reports from the Board of Directors and auditors ten (10) days prior to the Annual General Assembly.

h. **Right** to object the list of the attending and voting shareholders, which is prepared 24 hours before the shareholders meeting, until the opening of the meeting.

i. **Right** to claim loss indemnity from the company for damages incurred due to a shareholders' meeting decision which was not taken according to the law or the company's articles of association or which was made by abuse of power from the majority shareholders or which was taken by a general meeting illegally convoked or formed or due to the fact that the requested information on the items of the agenda were not provided ( this right must be exercised within three (3) months from the date of the submission of the general meeting minutes to the competent authority)

j. **Right** to claims against the members of the company's Board of Directors in relation to the management of the corporate affairs, if the damage incurred was due to fraud.



### 3.2.2. SHAREHOLDERS RIGHTS REPRESENTING AT LEAST 2/100 OF THE SHARE CAPITAL

Right to request by a civil lawsuit the annulment of a shareholders' meeting decision. A decision may be annulled if taken without giving the required information requested by the shareholders who are also requesting the annulment or by abuse of right by the majority under the conditions of article 281 of the Civil Code.

### 3.2.3. SHAREHOLDERS RIGHTS REPRESENTING AT LEAST 1/20 OF THE SHARE CAPITAL

**a.** Right to request from the President of the meeting to postpone (only once) the taking of a decision by the general meeting for all or some subjects of the agenda. The meeting continues within 30 days the latest.

**b.** Right to request from the company's Board of Directors the convocation of an extraordinary General Shareholders meeting within 30 days.

**c.** Right to request from the Board of Directors to include in the agenda of the General Meeting which has already been convoked any additional subjects including justification and decision drafting, if the relevant request is communicated to the Board of Directors at least fifteen (15) days before the meeting. The revised agenda is published thirteen (13) days before the meeting, including justification or decision draft.

**d.** Right to request, until the 7th day before the Shareholders Meeting, to be provided with the drafts of the decisions on the items of the agenda at least six (6) days before the Meeting.

**e.** Right to request the announcement to the Annual General Meeting the amounts which during the last two years were paid to each member of the Board of Directors or the managers of the company, as well as any benefit to these persons for any reason or any contract between them and the company.

**f.** Right to request that the decision on any subject of the agenda of the general meeting is taken by roll-call vote.

**g.** Right to oppose to the granting of permission by the general meeting for the granting of guarantee of other security in favour of the persons which are subject to article 23a 2190/1920 as in force, under the conditions which are stated in the same article.

**h.** Right to file a petition to the Court of first instance of the district where the company has its registered seat requesting the company's audit. The court orders the audit if it finds probable that certain acts violate the provisions of the law or the company's articles of association or the general meeting's decisions.

**i.** Right to object to given specific authorization from the general meeting following the finalisation of contracts between the Company and persons which are subject to the constraints of Article 23a of Law 2190/1920 as in force, which exceed the limits of the Company's current transactions with third parties.

### 3.2.4. SHAREHOLDERS RIGHTS REPRESENTING AT LEAST 1/10 OF THE SHARE CAPITAL

**a.** Right to request for a mandatory filing of claims against the members of the Board of Directors arising from the management of the company's affairs, within six months from the request. The request of the minority shall be taken into account only if it is verified that the applicants had become shareholders at least three (3) months before such request was submitted.



**b.** Right to oppose to the approval by special decision of the Ordinary General Meeting on the granting of any remuneration or compensation to a Director (apart from the remuneration on profits or fees in accordance with a specific relationship of employment or mandate).

### 3.2.5. SHAREHOLDERS RIGHTS REPRESENTING AT LEAST 1/5 OF THE SHARE CAPITAL

**a.** Right to request from the Board of Directors the provision of information to the General Meeting about the course of the company matters and the financial position of the company.

**b.** Right to oppose to the company's waiver of its claim for damages against members of the Board of Directors or to the settlement two years after such claim was established, in the frame of the General Meeting convoked to decide upon granting of consent on the above matters.

**c.** Right to petition the Court of First instance requesting the audit of the company, if from the overall track record it is credible to believe that the management is not exercised according to the rules of good and prudent management.

### 3.2.6. SHAREHOLDERS RIGHTS REPRESENTING AT LEAST 1/3 OF THE SHARE CAPITAL

Right to oppose to the approval by special decision of the Shareholders General Meeting of a contract between the company and the members of the Board of Directors, the persons who exercise control over the company, their spouses and relatives by blood or by marriage up to the third degree, as well as the legal entities which are controlled by the above persons. The above approval is not necessary in case of acts that do not exceed the limits of current transactions of the company with third parties.

## **4. Internal Audit Operations and Risk Management**

### **4.1 Main characteristics of the Internal Audit Operations**

**4.1.1.** The Internal Audit of the company is conducted by the internal audit department according to the audit procedures as included in the internal Corporate Code of Conduct.

It is noted that the audit on the base of which the relevant report is compiled, is performed in accordance with law 3016/2002, as is currently in force and especially in accordance with the articles 7 and 8 of the present law, as well as Decision 5/204/2000 of the Hellenic Market Committee, as is valid following the alteration by the Decision of the BoD of the Hellenic Market Committee no 3/348/19.7.2005.

**4.1.2** During the performance of the audit, the Internal Audit department, takes into account all necessary books, files, bank accounts and portfolios of the company and requests for the complete and continuous cooperation of management so that all the necessary information and data be obtained for the purpose of reaching conclusions that do not entail substantial inaccuracies. The audit does not include any evaluation of appropriate accounting principles that have been adopted as well as estimations made by management as these are a matter of the statutory auditor of the Company.

**4.1.3** The audit scope includes the evaluation of the broader internal audit procedures. In any period under audit several audit scopes are selected, while the organization and operation of the BoD is continuously audited as well as the operation of two basic departments, that of the Shareholders and Investor Relations as well as the department of Corporate Announcements that function in accordance to law 3016/2002.



#### **4.2 Risk management concerning the preparation of the Company's and Group's financial statements (Standalone and Consolidated)**

The Group has installed and maintains an infrastructure of information systems which secure the accurate reflection of financial data. More specifically, the parent company and the companies which are located in Greece operate via a Central ERP system in which entries are recorded in the subsystems of sales, production, tracking and other accounting management processes, on a daily basis.

In addition a **Payroll Monitoring System and Human Resource Management system** operates for the proper presentation of the payroll costs.

**Sales Management system** which aims at the detailed analysis per item, document, sale customer, country etc for the preparation of the weekly sales report which includes historical, budgeted, and actual data and analysis of the deviations at both the level of the parent company as well as on a Group basis.

The **production management system** which manages all fattening production units with a daily recording and audit of all production processes.

**Budgeted and actual monitoring management system** for each company and for the consolidated data. The organisational structure in addition to the business model of each company has been coded for each of its operations. The entries of financial production and other data are made on a cost center and business unit basis. They are audited and analysed and are presented both on a weekly and monthly basis.

Furthermore, **there are security checks during the preparation of financial statements and financial reporting.**

The basic areas in which the above checks operate are the following:

##### **Organisation – Allocation of Responsibilities**

- The assignment of responsibilities and authority to senior management as well as to middle and lower level management ensures the enhancement of the performance of the System of Internal Audit, with a parallel safeguarding of the necessary segregation of duties.
- The appropriate staffing of the finance department with employees that have the necessary technical knowledge and experience for the responsibilities to which they are assigned.

##### **Accounting review procedures and preparation of financial statements**

- The existence of common policies and methodologies of the accounting departments as these have been announced to the subsidiaries of the Group, which have terms, accounting principles used by the Company and its subsidiaries, guidance for the preparation of financial statements, financial reporting consolidation etc.
- Automatic audits and checks which are carried out through the various information systems while special approval is required for one-off non-recurring extraordinary transactions.

##### **Safeguarding of assets**

- The existence of specific checks for fixed assets, inventories, cash and cash equivalents –cheques and other assets of the company, such as for instance the physical security of cash or stock and the stocktaking and the comparison of the counted quantity and those of the accounting books.



- Existence of an approved list of levels of authorities presenting the assigned authorities granted to various company managers for performing specific transactions or duties (for example payments, receipts, legal transactions etc).

## **5. Additional information**

### **5.1 Article 10, par. 1 of the Guidance 2004/25/EK of the European Parliament and Committee of April 21st 2004, relevant to the public offerings for the titles of companies that are negotiated in organized markets:**

“The EU countries ensure that the companies which are referred to in article 1 of paragraph 1 publish detailed information with respect to the following: **a)** structure of their capital including titles which are not listed in an organised market of an EU country and in special cases , an indication of the different categories of shares with the rights and the obligations which are associated with each category of shares and the percentage of the total share capital which they represent **b)** all restrictions in the transfer of titles, such as the restrictions in the ownership of titles or the obligation to obtain approval from the company or from other owners of titles, with the reservation of article 46 of the Guidance 2001/34/EK.

**c)** the significant direct or indirect participations (including indirect investments via pyramid structure) as defined by articles 85 of the Guidance 2001/34/EK

**d)** the owners of any type of title which grants special audit rights and description of the said rights

**e)** the audit mechanism which may possibly be provided for in a system in which employees participate, under the condition that the audit rights are not exercised directly through the employees.

**f)** any type of restrictions in voting rights, such as the restrictions in the voting rights to owners of a specific percentage or number of votes, the due dates of exercising the voting rights or systems to which along with the cooperation of the company, the financial rights which result from the titles and are separated from the titles.

**g)** agreements between shareholders which are known to the company and may possibly result in restrictions in the transfer of titles and/or voting rights as defined by the Guidance 2001/34/EK

**h)** regulations concerning the appointment and replacement of board of directors members in addition to the amendment of the Articles of Association

**i)** each significant agreement to which the company participates and which begins to be valid, is amended or expires in the event of a change in the audit of the company following public acquisition proposal and the results of such an agreement except if, due to its nature, its disclosure would create serious damage to the company. This exemption is not valid when the company is explicitly obliged to disclose similar information based on other legal requirements.

**j)** Each agreement which the company has contracted with the members of the board of directors or with its personnel, for which a provision exists for indemnity in the event of resignation or redundancy without a justifiable reason or their employment has terminated as a result of the public acquisition proposal”.

### **5.2 In relation to this information the company declares the following:**

**(a)** The structure of the share capital, including the shares not listed for trading in an organized market in Greece or another member-state, reporting for each category of shares the rights and obligations related to this category and the percentage of the total share capital that the shares of this category present.

The share capital of the Company amounts to € 88.205.043,60 composed into 294.016.812 shares of par value Euro 0,30 each and is fully paid up. The entire company’s shares are ordinary, registered, with voting rights, listed for trading on the Athens Exchange and have all the rights and the obligations prescribed by the Law.



**(b)** Restrictions in the transfer of the company’s shares such as restrictions in holding of shares or the obligation in obtaining prior approval from the company or other shareholders or by a Public or Administrative Authority with the reserve of the article 46 of the Guidance 2001/34/EK.

*The transfer of the company’s shares is made as enacted by Law and do not exist out of its Articles of Association restrictions in their transfer.*

**(c)** The company does not have direct or indirect participations (including indirect investments pyramid structure) as defined by articles 85 of the Guidance 2001/34/EK.

Furthermore, the significant direct or indirect participation in the share capital and voting rights of the Company, based on the last disclosure, as defined by articles 9 to 11 of L. 3556/2007 are as follows:

<b>Surname</b>	<b>Number of Shares</b>	<b>% Percentage</b>	<b>Type of participation</b>
Piraeus Bank	94.766.854	32,23%	Direct and indirect
Alpha Bank	60.207.070	20,48%	Direct
Eurobank	45.577.428	15,50%	Direct
National Bank of Greece	18.017.816	6,13%	Direct
Linnaeus Capital Partners BV	16.160.734	5,50%	Linnaeus Capital Partners BV (voting rights are owed by Ms. Zolotova as the sole controlling party of Linnaeus Capital Partners BV)

**(d)** Holders of any type of share granting special control rights and description of relevant rights.

*Shares of the company, which grant special control rights to their shareholders do not exist.*

**(e)** Restrictions in voting rights such as restrictions in voting rights to holders of certain percentage of the share capital or to holders of certain number of voting rights, and the time limits for the exercise of voting rights.

*The Articles of Association do not provide for any restrictions in voting rights*

**(f)** Shareholders Agreements, which are known to the company and entail restrictions in transfer of shares or restrictions in exercise of voting rights.

*The company is not aware of the existence of shareholders agreements, which entail restrictions in the transfer of its shares or in the exercise of the voting rights arising from its shares.*

**(g)** Regulations with respect to the appointment and replacement of members of the Board of Directors and amendment of the Articles of Association.



*The rules provided by the company's Articles of Association for appointment and replacement of members of its Board of Directors and amendment of its articles, do not differ to that provided by the provisions of c. L. 2190/1920.*

**(h)** Ability of the Board of Directors or certain members of the Board of Directors, to the issue new shares or repurchase treasury shares.

A. The Board of Directors of the Company is allowed to proceed with the issuance of new shares, following stipulated authorization on the basis of the General Assembly's decision in the following cases:

*1) In accordance with article 13 paragraph 9 of c.L2190/1920, as in force, and in execution of the decision taken at the Company's Shareholders General Meeting held on 05-06-2006, which was listed in the Register of Companies on 20-06-2006, protocol number K2-9377, the three-year Stock Option Plan granted to the Members of the Board of Directors and to the Company's Management was approved. Specifically, following the exercise of rights have been vested from the participants in the program, a decision is taken by the Board of Directors as regards the increase of the Company's share capital by an amount which corresponds to the rights that have been exercised and the issuance of the respective new shares, in execution of the assumed liabilities based on the Plan. Subsequent to this, the Board of Directors proceeds with the decision released, based on article 11 of cL.2190/1920 in respect of the certification of the paid-up share capital.*

*It is noted that due to the current economic decision of the capital market, the exercise of the above rights in the third year has not been made possible and following a five year period the right of exercise is now inactive. Therefore, a resolution of the General Meeting was obtained as regards the final annulment of the right due to the inactivation of the of the stock option plan which the company had decided upon in 2006.*

*2) In accordance with article 3a of c.L 2190/1920, as in force, and in execution of the decision of the A' Reiteration Extraordinary Shareholders Meeting of the Company, which was listed in the Companies Register of the Ministry of Development on 9-5-2007 with protocol number K2-6896, the issuance of the convertible bond loan into common with voting right shares with preference rights to old shareholders of an amount of 19.995.575,10 Euro was approved. Specifically, following the exercise of the right of conversion of debentures to shares, a Board of Directors decision is taken to increase the Company's share capital by an amount which corresponds to the conversion of debentures depending upon the conversion requests, and the conversion ratio, and the corresponding issuance of the company's new shares, in execution of the terms of the program of the convertible bond loan as these are in force. Subsequent to the above, the Board of Directors proceeds with the issuance of the decision, based on article 11 of c.L 2190/1920 in respect of the certified paid-up share capital.*

*3) In accordance with Article 3a of L.2190 / 1920, as in force, and in execution of the 04.05.2015 decision of the Repeat Annual General Meeting of shareholders, registered in the General Commercial Register on 26.5. 2015 number no. 57022 and approved the issuance of a bond convertible into ordinary registered voting shares with preemptive right of the existing shareholders amounting to € 29.466.293. Specifically, each time practicing bonds conversion rights to shares following the Board of Directors to increase the share capital by the amount corresponding to the conversion of bonds into shares according to the respective conversion applications and the current conversion ratio and corresponding issue of new shares of the company, pursuant to the terms of the Program of the above bond issue, as applicable. Then the Board shall issue a decision in accordance with Article 11 of L.2190 / 1920, certifying payment of the share capital.*

**(i)** Significant agreements of the company that are in force, amend or expire in case of a change in the company's control following public motion and the results of the agreement, except if, due to its nature, the publication of the agreement would cause serious loss in the company. The exemption of publication of the agreement is not effective when the obligation for publication arises from other provisions.



*In the event of a change in the company's control following public proposal, there are no agreements, which are in force, are amended or expire.*

(j) Agreements for indemnity compensation to members of the Board of Directors or personnel, in case of retirement or dismissal without basic reason or end of term or engagement due to public announcement.

*There are no special agreements for indemnity compensation to the members of the Board of Directors or to personnel, specifically in case of retirement or dismissal without basic cause or termination of their service or their engagement due to public proposal.*

The present Statement of Corporate Governance entails an integral and special part of the Company's annual Board of Directors Report.



## ATTACHMENT I

<b>Name</b>	<b>Company which participates</b>	<b>Position in the Company</b>
<b>Aristeidis Belles Chairman</b>	EUROMARE INSURANCE AGENCY S.A	President of the BOD and CEO
	PROTEUS EQUIPMENT S.A	President of the BOD up until 24/10/2017
	KEGO AGRI S.A	President of the BOD up until 24/10/2017
	SAFE ENERGY A.E. EXPLOITATION OF MILD FORMS OF ENERGY	President of the BOD and CEO
	TEMPLE TRADING	Shareholder
	SUNNYLAND S.A. UTILISATION OF PROPERTY	President and CEO
	ENTERPRISE CLUB	Member of the BOD
	GENERAL COUNCIL SEV	Member of the BOD
	GREEK ALGERIAN COUNCIL SEV	President
	VL VIPRO LTD (UK)	Shareholder & Manager
PREDOMAR S.L .	President of the BOD	
<b>Nikolaos Chaviaras Vice President</b>	PROTEUS EQUIPMENT S.A	Vice President
	NIREUS INTERNATIONAL LTD	Member of the BOD
	MIRAMAR PROJECTS CO LTD	Member of the BOD (until liquidation)
	KEY PARKING S.A.	Administrator
	WHITEFLEX LIMITED	President
CHAVIARAS N. & Co	Administrator	
<b>Antonios Chachlakis CEO</b>	PREDOMAR SL	Vice President & CEO Vice-President and CEO up until 24/10/2017 and President and CEO since 25/10/2017
	KEGO AGRI S.A	CEO up until 24/10/2017 and President and CEO since 25/10/2017
	PROTEUS EQUIPMENT S.A	President
	EVOIKI SA DEVELOPMENT AQUACULTURE DEVELOPMENT SA AQUACULTURE	President
	ECHINADON NISON AND AITVLOAKARNANIAS	President
	FEDERATION OF GREEK MARICULTURE (FGM)	President
	GREEK ORGANISATION OF AQUACULTURE PRODUCERS (ELOPY)	General Secretary
	SPRINT ADVERTISING SA	President and CEO of the BOD
	Hellenic Management Association (HMA)	President of the BOD
	ALBA Business School	Member of the BOD



<b>BOD</b>	ENTERPRISE CLUB	A' Vice-President
	BEING ESSENTIAL SA	Executive Director
<b>Lito Ioannidou , Member of BOD</b>	LAVIPHARM SA LITO IOANNIDOU LTD, CONSULTING COMPANY	Member of BOD and President of the Audit Committee  Administrator
<b>Markos Komondouros , Member of BOD</b>	MAKE METADRASI	Deputy Member of the BOD
<b>Petros Fronistas Member of BOD</b>	THRAKIS PLASTICS SA PRONOMIOUCHOS SA AND GENERAL WAREHOUSE OF GREECE	Member of the BOD  Member of the BOD
<b>Christina Sakellaridi, Member of BOD</b>	KEGO AGRI SA CH.G.SAKELLARIDI CONSULTANTS PANELLINOS SYNDESMOS OF EXPORTS CPB ASSET MANAGEMENT A.E.D.A.K ATHENS CHAMBER OF COMMERCE AND INDUSTRY (ACCI) CHAMBER OF GREEK CHINESE FINANCIAL COOPERATION	Member of the BOD Owner President President up until 4/5/2017 and Vice-President since 5/5/2017  Member of the BOD President up until 4/5/2017 and Vice-President from 5/5/2017
<b>Anna Pouskouri Member of BOD</b>	HELLAS CAPITAL LEASING SA TERRA SACRA GMBH, BERLIN AMKE limited liability Friends and Patrons of the Stavros Niarchos Foundation Cultural Center, Munich MAKE "FRIENDS AND SUPPORTERS OF THE CULTURAL CENTER OF THE STAVROS NIARCHOS" ASSOCIATION"	Member of the BOD Co-administrator  Founding Member and Administrator  Founder



**Athens, 27 March 2018**

**THE CHAIRMAN OF THE BOD**

**THE MEMBERS**

**THE CHAIRMAN**

**ARISTEIDIS ST. BELLES**

An exact copy of the Minutes of the Meetings of the Board of Directors



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*THIS REPORT HAS BEEN TRANSLATED FROM THE ORIGINAL VERSION IN GREEK*

## ***INDEPENDENT CERTIFIED AUDITOR'S REPORT***

To the Shareholders of “NIREUS AQUACULTURE S.A.”

### **Report on the Audit of the Separate and Consolidated Financial Statements**

#### **Opinion**

We have audited the accompanying separate and consolidated financial statements of Nireus Aquaculture S.A. (the Company), which comprise the separate and consolidated statement of financial position as of December 31, 2017, the separate and consolidated income statement, comprehensive income, the statement of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements present fairly in all material respects the financial position of Nireus Aquaculture S.A., and its subsidiaries (the Group) as at 31 December 2017 and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as endorsed by the European Union.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs), as incorporated in Greek Law. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Separate and Consolidated Financial Statements” section of our report. We remained independent of the Company and Group throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), as incorporated in Greek Law, together with the ethical requirements that are relevant to the audit of the consolidated financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters and the related risks of material misstatement, were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s Responsibilities for the Audit of the Separate and Consolidated Financial Statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate and consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate and consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<b>Valuation at fair value of biological assets (Group and Company)</b>	
<p>Biological assets are measured at fair value in accordance with IAS 41. The total value of the biological assets of the Company and the Group amounting to € 187 million and € 197 million respectively as at December 31<sup>st</sup>, 2017. The estimation of the fair value of the biological assets is a complex process which requires judgment by the management of the Company and the Group.</p> <p>The process of the determination of the fair value of the biological assets performed by the management of the Company and the Group included significant assumptions, the most significant of which were the volume and quantity of biomass, the size distribution of biomass, production costs of fish, market prices of fish in the principal market less costs to sell and the discount rate.</p> <p>Taking into consideration the significance of the biological assets in both consolidated and separate statement of financial position as well as the level of subjectivity in respect of the assumptions and judgments underlying the fair value measurement of the biological assets performed by the management of the Company and the Group, we consider the valuation of biological assets at fair value as a key audit matter.</p> <p>The Company's and the Group's disclosures regarding its accounting policy, as well as assumptions and estimates used in its measurement of fair value of biological assets are in notes 5,3.4 and 26 of the separate and consolidated financial statements.</p>	<p>Our work included, but was not limited to, the following procedures:</p> <ul style="list-style-type: none"> <li>- We evaluated (i) the accounting policy used by the Company and the Group for the measurement of fair value of biological assets (ii) as well as the methodology used by the Company and the Group compared to the available external data of the industry</li> <li>- We assessed the assumptions of the management of the Company and the Group regarding the discount rate, and the budgeted selling prices of the biological assets during the period of harvest. Moreover, we compared the size contribution of biomass during the estimated period of harvest with the respective historical data of harvest.</li> <li>- We compared the estimated future market prices for the period that the biomass is expected to be harvested with the business plan of the Company and the Group. Moreover, we assessed the budgeted expenses for fish production including the scheduling of harvesting.</li> <li>- We evaluated with the assistance of our external specialists the assumptions and methodology used by the management of the Company and the Group for the estimated growth rate of biomass, the volume and the quantity of biomass as well as the mortality rate of the biological assets.</li> <li>- We evaluated the valuation model used by the Company and the Group. We performed sensitivity analysis against the most significant inputs used by the management for the measurement of fair value of biological assets.</li> <li>- We also assessed the adequacy of the disclosures which are included in the notes to the separate and consolidated financial statements.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<b>Assessing impairment of intangible assets and goodwill (Group and Company)</b>	
<p>The intangible assets of the Company and the Group include aquaculture licenses amounting to €11,4 million and €13,7 million respectively. Moreover, in the financial statements as at December 31<sup>st</sup>, 2017 of the Company and the Group is included goodwill amounting to €30 million and €30,3 million respectively. Both the goodwill and the intangible assets of the Company and the Group is assessed on an annual basis to identify indicators for impairment. The Management of the Company and the Group uses forecasting future cash flows based on their most recent approved budgets</p> <p>The assessments of the impairment that the Company and the Group performed, were included significant judgment and estimations mainly of which were the growth rate of sales, prices of fish population and the discount rate. The management of the Company and the Group performed significant judgment for the allocation of the goodwill and the intangible assets to the appropriate cash generating units as well as for the assessment of the future outcome and perspective of each cash generating unit. Changes in the assumptions may lead to change in the value of the intangible assets and goodwill.</p> <p>Given the materiality of the intangible assets and the goodwill in the separate and consolidated statement of financial position as well as the level of subjectivity in respect of the assumptions and judgments underlying the impairment analysis performed by the management of the Company and the Group, we consider the assessment of the impairment of intangible assets and goodwill as a key audit matter.</p> <p>The Company's and the Group's disclosures regarding its accounting policy, and assumptions and estimates used in its assessment for impairment of its intangible assets and goodwill are in notes 3.2, 3.8, 21 and 24 of the separate and consolidated financial statements.</p>	<p>Our work included, but was not limited to, the following procedures:</p> <ul style="list-style-type: none"> <li>- We evaluated with the assistance of our internal specialists: (i) the methodology and the assumptions (projected economic growth, inflation, discount rate, budgeted selling prices of fish) which were used by the management of the Company and the Group to determine the recoverable amount of goodwill and intangible assets and (ii) the level at which the recoverable amount was determined (asset or cash generating unit)</li> <li>- We evaluated the impairment model which was used by the Company and the Group. We reviewed the calculation of the discount rate. Moreover, we re-performed sensitivity analysis against the most significant inputs used by the management for the impairment.</li> <li>- We compared the budgeted future cash flow prepared by the management of the Company and the Group in previous years with the actual data of these years.</li> <li>- We also assessed the adequacy of the disclosures which are included in the notes to the separate and consolidated financial statements.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<b>Recoverability of trade receivables (Group and Company)</b>	
<p>Included in the gross balance of trade receivables in note 28 of the separate and consolidated financial statements as at 31 December 2017 is an amount of €16,5 million relating to the Company's operations and €18 million relating to the Group's operations against which a provision for impairment amounting to €12,9 million and €13,9 million is recorded respectively.</p> <p>Management assesses the recoverability of the trade receivables of the Company and the Group and estimates allowance for doubtful accounts to reflect receivables at their recoverable amount.</p> <p>Management evaluates the estimated allowance based on a specific review of customer accounts taking into consideration its experience with collection trends in the aquaculture industry, third party information relating to the creditworthiness of its customers and the current economic conditions.</p> <p>The assessment of the impairment of trade receivables requires significant management judgment in assessing the trade debtors' ability to pay, which in turn impacts the recoverability of the Company's and Group's receivables. Therefore, we consider the assessment of the impairment of trade receivables as a key audit matter.</p> <p>The disclosures of the Company and the Group regarding their accounting policy as well as the assumptions and estimations used for the evaluation of the recoverability of trade receivables are included in notes 5, and 28 of separate and consolidated financial statements.</p>	<p>Our work included, but was not limited to, the following procedures :</p> <ul style="list-style-type: none"> <li>- We obtained an understanding of the Company's and Group's process to monitor trade receivables, and of the factors considered in estimating the provision for impairment. We evaluated whether the process is in line with the relevant accounting standards.</li> <li>- We obtained third party confirmation for a representative sample of trade receivables and performed procedures subsequent to balance sheet date for receipts against the closing balance.</li> <li>- We evaluated management's assessment for the recoverability of trade receivables and the key assumptions of the Company and the Group used for recording the provision for impairment of trade receivables.</li> <li>- We obtained and reviewed legal letters to corroborate management's assumptions on the recoverability of receivables.</li> <li>- We assessed the correctness of the ageing analysis and the estimation of the Company and the Group for the provision recorded.</li> <li>- We also assessed the adequacy of the disclosures which are included in the notes to the separate and consolidated financial statements.</li> </ul>



## **Other Information**

Management is responsible for the other information in the Financial Statements. The other information, included in the Annual Report, comprises of the Board of Directors Report, for which reference is also made in section “Report on Other Legal and Regulatory Requirements”, the Statements of the Members of the Board of Directors, and other complementary information, but does not include the separate and consolidated financial statements and our auditor’s report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Management and Those Charged with Governance for the Separate and Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company’s and Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor’s Responsibilities for the Audit of the Separate and Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as incorporated in Greek Law, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, as incorporated in Greek Law, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and its subsidiaries. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters.



## **Report on Other Legal and Regulatory Requirements**

### **1. Board of Directors' Report**

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

- a) The Board of Directors' Report includes a Corporate Governance Statement that contains the information required by article 43bb of Codified Law 2190/1920.
- b) In our opinion the Board of Directors' Report has been prepared in accordance with the legal requirements of articles 43a and 107A, and paragraph 1 (c and d) of article 43bb of the Codified Law 2190/1920 and the content of the Board of Directors' report is consistent with the accompanying financial statements for the year ended 31 December 2017.
- c) Based on the knowledge and understanding concerning Nireus Aquaculture S.A and its environment, gained during our audit, we have not identified information included in the Board of Directors' report that contains a material misstatement.

### **2. Additional Report to the Audit Committee**

Our opinion on the separate and consolidated financial statements is consistent with our Additional Report to the Audit Committee of the Group, in accordance with Article 11 of the EU Regulation 537/2014.

### **3. Provision of Non-audit Services**

We have not provided any prohibited non-audit services per Article 5 of the EU Regulation 537/2014.

Non-audit services provided by us to the Company and its subsidiaries during the year ended December 31, 2017, are disclosed in note 12 of the separate and consolidated financial statements.

### **4. Appointment of the Auditor**

We were firstly appointed as auditors of the Company by the General Assembly on June 18, 2010. Our appointment has been renewed annually by virtue of decisions of the annual general meetings of the shareholders for a continuous period of 8 years.

Athens, 28 March 2018

THE CERTIFIED AUDITOR ACCOUNTANT

PANAGIOTIS PAPAZOGLOU  
S.O.E.L. R.N. 16631

ERNST & YOUNG (HELLAS)  
CERTIFIED AUDITORS ACCOUNTANTS S.A.

CHIMARRAS 8B MAROUSSI,  
151 25, GREECE  
COMPANY S.O.E.L. R.N. 107

## Statements of Profit or Loss

(Amounts in Euro)

		<b>GROUP</b>	
		<b>31/12/2017</b>	<b>31/12/2016</b> <b>(* Restated)</b>
	<b>Note</b>		
<b>Fair value of biological assets at the beginning of the period</b>		<b>180.624.862</b>	<b>179.598.825</b>
Purchases during the period		(2.098.978)	(1.136.253)
Sales during the period		179.976.683	168.395.042
<b>Fair value of biological assets at 31/12/2016</b>		<b>197.082.545</b>	<b>180.624.862</b>
<b>Gains resulting from changes in fair value of biological assets at the end of the period</b>	<b>26</b>	<b>194.335.388</b>	<b>168.284.826</b>
Sales of non-biological goods-merchandise and other inventories	<b>10</b>	26.706.325	27.391.186
Raw Material Consumption	<b>27</b>	(100.796.605)	(97.765.663)
Salaries & personnel expenses	<b>11</b>	(29.440.405)	(28.953.759)
Third party fees and benefits	<b>12</b>	(21.413.513)	(21.679.958)
Finance expenses	<b>13</b>	(9.994.581)	(9.767.286)
Finance income	<b>13</b>	105.536	112.596
Impairment of goodwill and investments in subsidiaries	<b>20</b>	-	(57.633)
Gain on measurement from refinancing of financial liabilities	<b>34</b>	-	750.664
Losses from measurement of financial assets at fair value	<b>18,19</b>	23.213	(128.024)
Depreciation	<b>18,21,35</b>	(5.944.107)	(5.493.892)
Other expenses	<b>14</b>	(31.475.669)	(26.486.015)
Other income	<b>15</b>	1.206.500	1.652.127
<b>Profit before taxes</b>		<b>23.312.082</b>	<b>7.859.169</b>
Income tax	<b>16</b>	(300.017)	(265.298)
Deferred income tax	<b>16,23</b>	349.375	3.327.883
<b>Net profit for the year</b>		<b>23.361.440</b>	<b>10.921.754</b>
<b>Attributable to:</b>			
<b>Equity holders of the Parent company</b>		23.361.440	10.921.754
<b>Total</b>		<b>23.361.440</b>	<b>10.921.754</b>
<b>Earnings after taxes per share – basic in €</b>	<b>17</b>	<b><u>0,0800</u></b>	<b><u>0,0385</u></b>
<b>Earnings after taxes per share – diluted in €</b>	<b>17</b>	<b><u>0,0610</u></b>	<b><u>0,0337</u></b>

\* Due to a change in the presentation of a subsidiary company's sales figure from a gross to a net basis with an off-set of an equivalent amount of raw material consumption and third party expenses (Note 3.24)

**The attached notes form an integral part of these financial statement**

## Statements of Profit or Loss

	Note	COMPANY	
		31/12/2017	31/12/2016
<b>Fair value of biological assets at the beginning of the period</b>		<b>172.405.271</b>	<b>170.808.519</b>
Purchases during the period		(1.709.915)	(1.136.253)
Sales during the period		168.438.759	157.240.985
<b>Fair value of biological assets at 31/12/2016</b>		<b>187.704.805</b>	<b>172.405.271</b>
<b>Gains resulting from changes in fair value of biological assets at the end of the period</b>	<b>26</b>	<b>182.028.378</b>	<b>157.701.484</b>
Sales of non-biological goods-merchandise and other inventories	<b>10</b>	16.834.163	17.802.949
Raw material consumption	<b>27</b>	(88.147.925)	(86.142.925)
Salaries & personnel expenses	<b>11</b>	(27.238.815)	(26.832.742)
Third party fees and benefits	<b>12</b>	(17.209.378)	(17.071.839)
Finance expenses	<b>13</b>	(9.776.446)	(9.548.284)
Finance income	<b>13</b>	52.316	325.743
Gain on measurement from refinancing of financial liabilities	<b>34</b>	-	750.664
Gains/(Losses) from measurement of financial assets at fair value	<b>18,19</b>	23.213	(128.024)
Impairment of investments in subsidiaries	<b>22</b>		(1.100.000)
Depreciation	<b>18,21,35</b>	(5.878.637)	(5.423.188)
Other expenses	<b>14</b>	(29.969.234)	(25.197.193)
Other income	<b>15</b>	1.044.525	1.372.931
<b>Profit for the year before taxes</b>		<b>21.762.159</b>	<b>6.509.576</b>
Income tax		(14.686)	-
Deferred income tax	<b>16,23</b>	926.760	3.471.644
<b>Net profit for the year</b>		<b>22.674.233</b>	<b>9.981.220</b>

The attached notes form an integral part of these financial statements



## Statements of Other Comprehensive Income

(Amounts in Euro)

	<b>GROUP</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>
<b>Net profit after taxes for the year</b>	<b>23.361.440</b>	<b>10.921.754</b>
<b>Other comprehensive income</b>		
<b>Items which can be recycled through the income statement (I)</b>		
<b>Items which cannot be recycled through the income statement (II)</b>		
Movement in the revaluation reserve of property plant & equipment	-	(169.004)
Less: Deferred Tax (Note 16)	-	43.904
	-	(125.100)
Remeasured actuarial gains/(losses) on defined benefit plans (Note 11)	(183.264)	(81.132)
Less: Deferred Tax (Note 16, 23)	53.147	23.528
	(130.116)	(57.604)
	(130.116)	(182.704)
<b>Other comprehensive losses (I+II)</b>	<b>(130.116)</b>	<b>(182.704)</b>
<b>Total Comprehensive Income after taxes</b>	<b>23.231.324</b>	<b>10.739.050</b>

**The attached notes form an integral part of these financial statement**

## Statements of Other Comprehensive Income

	<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>
<b>Net profit after taxes for the year</b>	<b>22.674.233</b>	<b>9.981.220</b>
<b>Items which can be recycled through the income statement (I)</b>	-	-
<b>Items which cannot be recycled through the income statement (II)</b>		
Remeasured actuarial gains/(losses) on defined benefit plans (Note 11)	(171.419)	(78.966)
Less: Deferred Tax (Note 16,23)	49.712	22.900
	<u>(121.707)</u>	<u>(56.066)</u>
<b>Other comprehensive losses (I+II)</b>	<b>(121.707)</b>	<b>(56.066)</b>
<b>Total Comprehensive Income after tax</b>	<b><u>22.552.526</u></b>	<b><u>9.925.154</u></b>

**The attached notes form an integral part of these financial statements**

**Statements of Financial Position**

(Amounts in Euro)

	Note	GROUP		COMPANY	
		31/12/2017	31/12/2016 (*Retated)	31/12/2017	31/12/2016 (*Restated)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	18	76.369.628	72.839.021	75.027.079	71.499.376
Investment property	19	3.761.659	3.948.906	3.761.659	3.948.906
Goodwill	20	30.298.997	30.298.997	29.968.825	29.968.825
Intangible assets	21	15.380.188	15.078.691	13.175.188	12.873.622
Investments in subsidiaries	22	-	-	13.732.214	13.732.214
Deferred income tax assets	23	598.462	527.875	-	-
Available-for-sale financial assets	24	125.455	125.455	112.340	112.340
Other long-term receivables	25	426.419	427.048	403.717	402.387
Biological assets	26	77.921.794	65.870.495	72.989.701	63.760.470
		<b>204.882.602</b>	<b>189.116.488</b>	<b>209.170.723</b>	<b>196.298.140</b>
<b>Current assets</b>					
Biological assets	26	119.160.751	114.754.367	114.715.104	108.644.801
Inventories	27	10.892.920	10.459.431	8.352.995	7.941.754
Trade and other receivables	28	38.726.244	37.165.355	31.705.420	33.289.804
Other receivables	29	8.459.110	9.147.369	10.305.501	8.976.473
Other current assets	30	430.657	740.160	416.717	724.335
Restricted cash	31	8.979.661	4.236.567	8.979.661	4.236.567
Cash and cash equivalents	32	11.032.517	8.754.791	10.087.488	6.993.008
		<b>197.681.860</b>	<b>185.258.040</b>	<b>184.562.886</b>	<b>170.806.742</b>
<b>Total Assets</b>		<b>402.564.462</b>	<b>374.374.528</b>	<b>393.733.609</b>	<b>367.104.882</b>
<b>EQUITY &amp; LIABILITIES</b>					
<b>Equity</b>					
Issued Share capital	33	88.205.044	87.449.210	88.205.044	87.449.210
Less: Treasury shares	33	(47.271)	(47.271)	(47.271)	(47.271)
Share premium	33	36.787.122	36.769.486	36.787.122	36.769.486
Fair value reserves	33	37.095.892	37.098.494	36.753.548	36.755.808
Other capital reserves	33	74.191.460	75.281.788	73.892.197	75.517.776
Retained earnings		(80.105.316)	(104.429.570)	(78.246.832)	(102.427.196)
<b>Equity attributable to equity holders of the Parent Company</b>		<b>156.126.931</b>	<b>132.122.137</b>	<b>157.343.808</b>	<b>134.017.813</b>
<b>Non-controlling interests</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>156.126.931</b>	<b>132.122.137</b>	<b>157.343.808</b>	<b>134.017.813</b>
<b>Non-current liabilities</b>					
Long-term interest bearing loans borrowings	34	131.686.559	149.504.830	131.584.678	149.323.781
Deferred income tax liabilities	23	8.305.132	8.637.067	6.633.053	7.609.525
Net Employee defined Benefit obligations	11	3.063.831	2.771.065	2.917.648	2.662.257
Government grants	35	5.891.320	6.628.938	5.647.134	6.314.723
Other non-current liabilities	36	1.112.271	1.468.850	1.112.271	1.468.850
Provisions	37	4.353.766	989.796	4.160.955	855.711
<b>Total non-current liabilities</b>		<b>154.412.879</b>	<b>170.000.546</b>	<b>152.055.739</b>	<b>168.234.847</b>
<b>Current liabilities</b>					
Trade & other payables	38	49.934.113	45.388.283	43.125.778	38.963.065
Short-term interest bearing loan borrowings	34	5.309.429	1.627.158	5.208.928	1.491.828
Current portion of long-term financial liabilities	34	29.240.440	16.572.919	29.161.273	16.495.669
Other current liabilities	39	7.540.670	8.663.485	6.838.083	7.901.660
<b>Total current liabilities</b>		<b>92.024.652</b>	<b>72.251.845</b>	<b>84.334.062</b>	<b>64.852.222</b>
<b>Total Liabilities</b>		<b>246.437.531</b>	<b>242.252.391</b>	<b>236.389.801</b>	<b>233.087.069</b>
<b>Total Equity and Liabilities</b>		<b>402.564.462</b>	<b>374.374.528</b>	<b>393.733.609</b>	<b>367.104.882</b>

(\*) Due to a reclassification from Trade &amp; other payables to long-term liabilities of the prior year (Note 36).

**The attached notes form an integral part of these financial statements**

## Statements of Changes in Equity of the Group

### Consolidated Statement of Changes in Equity

(Amounts in Euro)

	Issued Share Capital	Treasury Shares	Share Premium	Asset Revaluation Reserve	Other Reserves	Retained Earnings	Total
<b>Balance of equity as at 1 January 2016</b>	<b>77.709.146</b>	<b>(47.271)</b>	<b>36.840.284</b>	<b>37.244.726</b>	<b>84.814.135</b>	<b>(115.372.456)</b>	<b>121.188.564</b>
<i>Movement in equity for the year</i>							
Profit after taxes	-	-	-	-	-	10.921.754	10.921.754
Other comprehensive income	-	-	-	(146.232)	(57.604)	21.132	(182.704)
<b>Total comprehensive income after taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(146.232)</b>	<b>(57.604)</b>	<b>10.942.886</b>	<b>10.739.050</b>
Increase in share capital from the merger by absorption of subsidiary company (Note 33)	9.474.743	-	(79.642)	-	(9.474.743)	-	(79.642)
Increase in share capital from the conversion of the convertible bond loan	265.321	-	8.844	-	-	-	274.165
<b>Total</b>	<b>9.740.064</b>	<b>-</b>	<b>(70.798)</b>	<b>(146.232)</b>	<b>(9.532.347)</b>	<b>10.942.886</b>	<b>10.933.573</b>
<b>Balance of equity as at 31 December 2016</b>	<b>87.449.210</b>	<b>(47.271)</b>	<b>36.769.486</b>	<b>37.098.494</b>	<b>75.281.788</b>	<b>(104.429.570)</b>	<b>132.122.137</b>
<i>Movement in equity for the year 01/01-31/12/2017</i>							
Profit after taxes	-	-	-	-	-	23.361.440	23.361.440
Other comprehensive income	-	-	-	(2.602)	(1.090.328)	962.814	(130.116)
<b>Total comprehensive income after taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2.602)</b>	<b>(1.090.328)</b>	<b>24.324.254</b>	<b>23.231.324</b>
Increases in share capital resulting from the convertible bond loan (Note 33)	755.834	-	17.636	-	-	-	773.470
<b>Total</b>	<b>755.834</b>	<b>-</b>	<b>17.636</b>	<b>(2.602)</b>	<b>(1.090.328)</b>	<b>24.324.254</b>	<b>24.004.794</b>
<b>Balance of equity as at 31 December 2017</b>	<b>88.205.044</b>	<b>(47.271)</b>	<b>36.787.122</b>	<b>37.095.892</b>	<b>74.191.460</b>	<b>(80.105.316)</b>	<b>156.126.931</b>

**The attached notes form an integral part of these financial statements**

## Statement of Changes in Equity of the Parent Company

(Amounts in Euro)

	Share Capital	Treasury Shares	Share Premium	Asset Revaluation Reserve	Other Reserves	Retained Earnings	Total
<b>Balance of equity as at 1 January 2016</b>	<b>77.709.146</b>	<b>(47.271)</b>	<b>36.840.284</b>	<b>36.776.940</b>	<b>85.048.585</b>	<b>(112.429.548)</b>	<b>123.898.136</b>
<i>Movement in Net equity for the year</i>							
Profit after taxes	-	-	-	-	-	9.981.220	<b>9.981.220</b>
Other comprehensive income	-	-	-	(21.132)	(56.066)	21.132	<b>(56.066)</b>
<b>Total comprehensive income after taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21.132)</b>	<b>(56.066)</b>	<b>10.002.352</b>	<b>9.925.154</b>
Increase in share capital from the merger by absorption of subsidiary company (Note 33)	9.474.743	-	(79.642)	-	(9.474.743)	-	<b>(79.642)</b>
Increase in share capital from the conversion of the convertible bond loan	265.321	-	8.844	-	-	-	<b>274.165</b>
<b>Total recognised Income/(Expense) for the period</b>	<b>9.740.064</b>	<b>-</b>	<b>(70.798)</b>	<b>(21.132)</b>	<b>(9.530.809)</b>	<b>10.002.352</b>	<b>10.119.677</b>
<b>Balance of equity as at 31 December 2016</b>	<b>87.449.210</b>	<b>(47.271)</b>	<b>36.769.486</b>	<b>36.755.808</b>	<b>75.517.776</b>	<b>(102.427.196)</b>	<b>134.017.813</b>
<i>Movement in Net equity for the year 01/01-31/12/2017</i>							
Profit after taxes	-	-	-	-	-	22.674.233	<b>22.674.233</b>
Other comprehensive income	-	-	-	(2.260)	(1.625.579)	1.506.131	<b>(121.708)</b>
<b>Total comprehensive income after taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2.260)</b>	<b>(1.625.579)</b>	<b>24.180.365</b>	<b>22.552.526</b>
Increase in share capital from the merger by absorption of subsidiary company (Note 33)	755.834	-	17.636	-	-	-	<b>773.470</b>
<b>Total</b>	<b>755.834</b>	<b>-</b>	<b>17.636</b>	<b>(2.260)</b>	<b>(1.625.579)</b>	<b>24.180.365</b>	<b>23.325.996</b>
<b>Balance of equity as at 31 December 2017</b>	<b>88.205.044</b>	<b>(47.271)</b>	<b>36.787.122</b>	<b>36.753.548</b>	<b>73.892.197</b>	<b>(78.246.832)</b>	<b>157.343.808</b>

The attached notes form an integral part of these financial statements

## Statements of Cash Flow

(Amounts in Euro)

	Note	GROUP		COMPANY	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016
<b>Cash flows from operating activities</b>					
Profit before tax from continuing operations		23.312.082	7.859.169	21.762.159	6.509.576
Plus/less adjustments for:					
Depreciation charge of property plant and equipment	18,21	6.681.725	6.286.513	6.546.225	6.145.778
Provisions		2.555.603	(1.885.800)	2.618.472	(1.723.475)
Amortisation of Government Grants	35	(737.618)	(792.621)	(667.588)	(722.590)
Provisions for retirement benefit obligations		242.985	162.717	207.857	154.031
Dividends		-	-	-	(230.633)
Finance income	13	(105.536)	(112.596)	(52.316)	(95.110)
Gain on measurement from refinancing of financial liabilities	34	-	(750.664)	-	(750.664)
Change in the fair value of biological assets	26	(12.088.468)	4.866.583	(11.534.894)	4.366.036
Other non-cash items		(215.492)	140.470	(194.599)	1.148.700
Gains/(loss) from sale of property, plant and equipment-investments		708	(128.664)	809	(126.457)
Finance costs	13	9.994.581	9.715.327	9.776.447	9.498.323
<b>Plus/less adjustments of working capital to net cash or related to operating activities:</b>					
Decrease of inventories		(4.802.700)	(6.863.480)	(4.175.880)	(6.419.032)
Increase of receivables		(721.790)	(4.529.894)	507.675	(4.018.246)
(Decrease)/increase of payable accounts (except Banks)		3.401.960	(1.470.524)	2.953.606	(4.981.153)
Less:					-
Interest expense and similar charges paid		(7.172.219)	(7.394.621)	(7.096.157)	(7.177.616)
Income tax paid		(276.544)	(332.276)	-	-
<b>Cash flows from operating activities (a)</b>		<b>20.069.277</b>	<b>4.769.639</b>	<b>20.651.816</b>	<b>1.577.468</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of subsidiaries		-	14.000	-	14.000
Purchases of property, plant and equipment (PPE) and of intangible assets	18,21	(10.305.755)	(6.587.727)	(10.167.372)	(6.642.820)
Proceeds from disposition of PPE and intangible assets		1.594	199.781	1.494	186.541
Proceeds from Government grants		-	1.457.510	-	1.457.510
Interest received		105.536	112.594	52.316	95.110
Dividends received		-	-	-	-
<b>Cash flows/(used in) investing activities (b)</b>		<b>(10.198.625)</b>	<b>(4.803.842)</b>	<b>(10.113.562)</b>	<b>(4.889.659)</b>
<b>Cash flows from financing activities</b>					
Proceeds from share capital increase / Conversion of bonds		781.028	274.166	781.028	274.166
Expenses related to the issue of shares		(7.559)	(79.642)	(7.559)	(79.642)
Proceeds from the refinancing of bank loans		-	20.888.465	-	20.888.465
Proceeds from other issued/raised short-term loans		8.164.448	11.832.017	8.164.448	11.832.000
Repayments due to the refinancing of loans		-	(21.080.688)	-	(21.080.688)
Repayments of other short-term loans		(11.753.890)	(14.570.462)	(11.638.597)	(11.519.505)
Restricted cash		(4.743.094)	2.747.662	(4.743.094)	2.747.662
Dividends paid		(33.859)	-	-	-
<b>Cash flows from/(used in) financing activities (c)</b>		<b>(7.592.926)</b>	<b>11.518</b>	<b>(7.443.774)</b>	<b>3.062.458</b>
<b>Net increase in cash and cash equivalents for the period Total of (a) + (b) + (c)</b>					
		<b>2.277.726</b>	<b>(22.686)</b>	<b>3.094.480</b>	<b>(249.733)</b>
<b>Cash and cash equivalents at beginning of the year</b>					
		<b>8.754.791</b>	<b>8.777.477</b>	<b>6.993.008</b>	<b>7.242.741</b>
<b>Cash and cash equivalents at end of the year</b>					
		<b>11.032.517</b>	<b>8.754.791</b>	<b>10.087.488</b>	<b>6.993.008</b>

**The attached notes form an integral part of these financial statements**



# 1. Notes to the Annual Consolidated Financial Statements

## 1.1 General Information

The company “NIREUS AQUACULTURE SA” (hereinafter the “Company”) is a company (societe anonyme) and a parent company of the group “NIREUS AQUACULTURE” (hereinafter the “Group”). The structure of the Group and the subsidiary companies are presented in Note 7 of the financial statements. The registered office of the company is situated at Koropi-Attica, Dimokritou Street, Portsi Place. The company’s web site is [www.nireus.com](http://www.nireus.com). The company was established in 1988 in Chios and in 1995 was listed on the Athens Stock Exchange.

In accordance with decision 8/754 /14.4.2016, article 1 (c) of the Hellenic Capital Market Commission, the approved annual financial statements for the period 01/01/2016-31/12/2016 of the non-listed companies PROTEUS SA and KEGO AGRI SA are posted on the companies’ websites [www.proteussa.com](http://www.proteussa.com) and [www.kegoagri.gr](http://www.kegoagri.gr) respectively.

## 1.2 Nature of operations

The Company and the subsidiary companies of the Group are involved in a range of activities in the aquaculture sector. In particular, the main activities of the Group includes the production of juveniles, and fish as well as the trading and distribution of various products in domestic and international markets, the production of equipment such as nets, cages etc. for fish farming units, the production and trade of fish feed, the production and trade of processed fish, and production and sale of stock & aviculture products.

# 2. Basis of preparation of the financial statements

## 2.1 Basis of preparation

The consolidated and separate financial statements as at 31 December 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) as these have been issued by the International Accounting Standards Board (IASB) and have been adopted by the European Union until December 31 2017.

The Annual Financial Statements have been prepared on a going concern basis and in accordance with the historical cost method apart from certain specific financial assets and liabilities which are stated at fair value and as presented in Note 44 of the annual financial statements. The consolidated financial statements are stated in Euro.

The Consolidated Financial Statements are presented in Euros.

The consolidated financial statements present comparable financial information in relation to the previous year.

The preparation of the annual of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Company and the Group. These policies have been consistently applied to all years presented and which are analysed in Note 3. Areas which involve a higher degree of judgment or complexity from management, or areas where assumptions and estimates are significant to the separate and consolidated financial statements are stated in Note 5.

The Financial Statements as at 31 December 2017, (prior year 31 December 2016 data included), have been approved by the company’s Board of Directors on March 27, 2018. According to the provisions of the Capital Market



Commission, amendments to the financial statements are not permitted following their approval. Authorized changes are made only by the Shareholders during the Ordinary Annual Shareholders Meeting.

## 2.2 Going Concern

### Current Economic Developments in Greece

Despite the economic recovery in 2017, there are still concerns about the course of the Greek economy in the years to come following the completion of the rescue plan.

The Management of the Group examined the conditions created in the Greek economy and considering the fact that sales of approximately 79% occur outside Greece, it does not expect to have a significant impact on the Group's activity and results.

The management of the Group examined the conditions raised by these developments in the Greek economy and considering factors such as that the Group's foreign export sales approximate 79%, it assessed that no significant impact is expected to result on the business activity and results of the Group.

## 2.3 Basis of Consolidation

The attached Group financial statements comprise the financial statements of the Parent Company in addition to the consolidated financial statements of the Group and its subsidiaries on which the Parent Company has the ability to exercise control on 31 December 2017.

Control is achieved when the Group is exposed, or has rights, to variate returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variate returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than the majority of the voting rights or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.



All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss in control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. All investments are initially recognized at cost and thereafter adjusted for accumulated impairment losses.

### **3. Summary of Significant accounting policies**

The main accounting policies applied in the preparation of the consolidated financial statements and the separate financial statements of the parent are set out below.

#### **3.1 Segment Information**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. In accordance with IFRS 8, the Group uses the management approach to segment information. Information is based on that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. The segments are the following: Aquaculture, Fishfeed and Aviculture-stockbreeding.

#### **3.2 Business Combinations and Goodwill**

Business combinations are accounted for using the acquisition method. The cost of acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition costs incurred are expensed and included in the profit or loss statement. When the Group acquires a business, it assesses the financial assets and liabilities assumed for the appropriate classification and assessment of their fair values in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The financial statements of the subsidiary companies are prepared for the same accounting period as this of the parent company and where deemed necessary adjustments are made in order that the accounting policies be consistent with those of the Company and the Group.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39 it is measured in accordance with the appropriate standard.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the



Group re-assesses whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit and loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

### **3.3 Investment in Associates**

Associates are entities over which the Group has significant influence but which does not exercise control over their financial and business strategies. Significant influence is substantiated when the Group has a right to participate in the financial and strategic decision making, without it having the right to enact these. Investments in associates on which significant influence is exercised are accounted for using the equity method.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate until significant influence ceases to exist. Furthermore, the cost of the investment is adjusted with any potential impairment loss. When the losses attributed to the Group exceed the carrying amount of the investment, the carrying amount is reduced to zero without any further recognition of losses, except if the Group has established liabilities or has made payments in relation to the associate. The proportion of goodwill which relates to each associate company is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the proportion of the Group's investment in the results of the associate company. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In the event that there is a change which is directly recognized in the associate company's equity, the Group recognizes the proportion of its investment in these changes and reflects these in Equity. Unrealised gains and losses arising from transactions between the Group and its associate companies are eliminated to the extent of the Group's share in the associates. The Financial Statements of an associate are prepared for the same accounting period as those of the parent company and appropriate changes are made in order to ensure consistency with those of the Group and Company when considered necessary.

### **3.4 Biological Assets and Agricultural Activity**

Agricultural activity refers to an entity's management of the biological transformation of biological assets for sale, into agricultural produce, or into additional biological assets.

Biological assets are defined as animals and fish which are under growth and are classified as such until the point in time of harvest of the entity's biological assets, given that they are intended for sale, process or consumption. Management's right to biological assets can arise from ownership or from another type of legal action.

With the definition "Agricultural Activity" we refer to a diverse range of activities, which have certain common features such as:



- ✓ Capability of change, as for example, living organisms (animals and fish) that are capable of biological transformation.
- ✓ Management of change, creating, reinforcing or at least stabilizing conditions necessary for the development of the living organism.
- ✓ Measurement of change, that is the difference brought about by biological transformation so much in quality (maturity, fat cover) as also in quantity (weight, progeny, etc.) of the entity's biological assets.

The Group and Company should recognise a biological asset or agricultural produce when and only when:

- 1) They control the asset as a result of past events.
- 2) It is probable that future economic benefits associated with the asset will flow into the Group and the Company.
- 3) The cost of the asset can be measured reliably.
- 4) A biological asset is measured upon initial recognition and at each balance sheet date at its fair value less costs to sell except from the case where the fair value cannot be measured reliably.

The Group and company, following initial recognition of the biological assets measures these at each subsequent balance sheet date at fair value less costs to sell. In such a case where the biological asset cannot be measured accurately it is remeasured at its cost less any accumulated depreciation and any accumulated impairment losses.

A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset is included in profit or loss for the period in which it arises. Gain may also arise on initial recognition of biological assets, as for example, at the birth of a living organism.

Biological assets are categorized into subcategories depending on the stage of maturity in order that the users of financial statements be informed about the timing of future cash flows that are expected to inflow to the Group and the Company from the biological resources.

Biological assets consist of mature, immature fish, juveniles and broodstock that are measured in accordance with IAS 41 and IFRS 13 as follows:

**Juveniles:**

Juveniles are counted in pieces, which arise from expected quantity net of statistically arisen mortality. This quantity is physically verified with the quantity of sold juveniles plus the quantity consumed for the production of fresh fish of the Company.

Juveniles are measured at fair value which results from the estimated selling prices less any estimated transportation costs.

**Mature and immature fish:**

The total biomass results from the following:

- (a) Measuring the biomass depending on the consumed food and the prevailing temperature and the type of the fish
- (b) The average weight per fish is calculated based on sampling testing per cage. The average weight multiplied by the number of fish, determines the total fish biomass provided that each fish cage contains a specific category and fish size.



(c) The Company fully measures and compares any differences arising from the actual data of cages which are harvested with the data of the above estimation for any necessary amendments.

**Mature fish:**

The mature fish are measured at fair value. Due to the fact that there is no active market for fish from the Mediterranean aquaculture (and even more so for live fish) in its present location and condition, the obligation of the valuation of these fish in accordance with IAS 41 and IFRS 13 leads to the use of an estimated fair value of the fish on the basis of a hypothetical market and on the basis of Hierarchy of Level 2 fair value, considering the present location and condition of the biological assets.

The estimated fair value of the fish population at each reporting date is based on various factors, such as considerations for the hypothetical main market, the representative participants in this market, what the highest and best use of these assets are at the reporting date, the expected period / date of harvesting, and the prevailing observable and representative market prices for the final product (harvested fish).

**Immature fish:**

Regarding immature fish, biomass is measured, based on methodology which is defined by Level 3 of the fair value hierarchy, at fair value less costs to sell based on future cash flow calculations and based on the rate of maturation of each lot, minus part of the estimated gross profits expected to be realised during the specified harvesting period.

**Broodstock:**

Broodstock is measured at cost less any impairment losses.

Critical accounting estimates and judgments that affect the valuation of biological assets are referred to note 5.F.

**3.5 Foreign currency translation**

The financial statements of the Group and the Company are presented in Euros, which is the parent Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date at which the financial statements are prepared all monetary receivables and liabilities in foreign currency are translated into Euro in accordance with the prevailing exchange rate at the balance sheet date and foreign exchange differences are recorded in the income statement of the year.

Non-monetary items denominated in foreign currency which are carried at historical cost are translated in accordance with the exchange rate at the date of acquisition. Non-monetary items which are measured at the fair value's foreign currency are translated by using the exchange rate at the date of designation of the fair value. Gains and losses resulting from the translation of the non-monetary items are recognized in the same manner as gains and losses from the change in the fair value of these items.

During the consolidation assets and liabilities of foreign entities (foreign subsidiaries) are translated to the Euro currency by using the exchange rate which prevails at the reporting date of the financial statements and the results of the year are translated using the rate which prevails at the date of transaction. The exchange differences which result from the conversion for consolidation purposes are recorded in the foreign currency translation reserve, as a separate item in the Statement of Comprehensive Income and are transferred in the Income Statement during the sale of the foreign operation.



### 3.6 Property, plant and equipment

All owner occupied property plant and equipment, apart from land, , construction in progress, buildings, machinery and technical installations as well as floating means, are presented in the financial statements at cost less the accumulated depreciation and accumulated impairment losses, if any.

Cost includes all directly attributable expenditure incurred for the acquisition of the asset, in addition to the replacement cost of parts of the fixed assets in addition to the borrowing cost provided that the capitalization criteria are met.

Self-constructed property plant and equipment comprise an addition to the cost of the assets at values which include direct personnel costs, those which contribute to the construction (corresponding social contribution expenses), raw material costs and other general expenses.

Subsequent costs and borrowing costs are included in the asset’s carrying amount or recognized as a separate asset provided that the capitalization criteria are met.

All repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Land and Buildings in addition to machinery, technical installations and floating means are measured at fair value reduced by accumulated depreciation and accumulated impairment loss, if any. Measurement of fair value occurs at frequent intervals so as to ensure that the fair value of an adjusted asset does not significantly differ from its fair value.

A revaluation surplus which results from the revaluation of land, buildings, technical installations and floating means is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit or impairment loss of the same asset (as referred to in Note 3.9) previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based in the asset’s original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated using the straight-line method over its estimated useful lives, as follows:

<b>Buildings</b>	<b>Average 50 years</b>
<b>Other Installations and equipment</b>	<b>Average 10 years</b>
<b>Mechanical equipment and technical installations</b>	<b>7 - 12 years</b>
<b>Other transportation means</b>	<b>8 - 25 years</b>
<b>Floating means</b>	<b>8 - 10 years</b>
<b>Furniture and othe equipment</b>	<b>5 - 10 years</b>

An asset which is used for the purpose of self-use is derecognized during it sale or when no future economic benefits are incurred from its use of sale. Gains and losses on disposals are assessed by comparing the proceeds against the carrying amount and are recorded in the income statement during the derecognition of the asset.



The assets' residual values and useful lives are reexamined, and adjusted if appropriate, for future benefits at the end of each balance sheet date.

### **3.7 Investment Properties**

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including its corresponding tax effects. Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the period of derecognition.

Transfers to, or from, investment property should be made when, and only when, there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's cost for subsequent accounting should be its fair value at the date of change in use. For a transfer from investment property to owner-occupied property, the deemed cost for the subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group and Company account for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

### **3.8 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets mainly include licenses, computer software, and other programs. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Intangible assets include goodwill, concessions and industrial property rights such as exploitation in fish farming, which relates to aquaculture licenses. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of the reporting period.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment at least on an annual basis, either individually or at the cash-generating unit level. The assessment expense is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Aquaculture licenses are not amortised due to indefinite useful life, although licenses and software, computer licenses and other programs are amortised using the straight-line method over their estimated useful lives, from 1 to 5 years.



Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

### **Development Costs**

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to reliably measure the expenditure during the development

Following initial recognition of the development expenditure of the asset, the cost model is applied requiring the asset to be carried at cost less accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use, while the asset is tested for impairment on an annual basis during its development stage.

### **3.9 Impairment of non-financial assets**

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Property, plant and equipment (Note 18)
- Intangible assets (Note 21)
- Goodwill and intangibles assets with indefinite lives (Notes 20, 21)

The Group and Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group and Company estimates the asset's recoverable amount. The recoverable amount of the asset is the greater between the fair value of the asset or the Cash-Generating Unit, less the required selling costs and the value in use and is individually assessed for each asset, except if the asset does not create cash flows which are to a large extent independent from other assets or group of assets. If the carrying amount of an asset or Cash generating unit exceeds the revalued recoverable amount, then the asset is considered impaired and is thus decreased until its recoverable amount. For the valuation of its value in use, the valued future cash flows are discounted at present value with the use of a pre-tax interest rate which reflects the current market value for the time-value of money and for the risks which are associated with these assets. For the assessment of the fair value less the selling expenses, the most recent market transactions are taken into consideration if these exist. If such corresponding transactions cannot be identified in the market, then an appropriate revaluation method is used.

The Group's and Company's assessment of impairment losses is based on detailed budgets and projected calculations which are prepared separately for each Cash generating unit of the Group to which each asset has been allocated. The budgets and projected calculations generally cover a period of 5 years although for extended periods, a long-term growth rate is calculated which is applied to future cash flows following the fifth year.

Impairment losses are recognized in current year's results apart from the revalued assets where the previous valuation results have been recognized in Other Comprehensive Income until the amount of the previous revaluation (Note 22)



### **3.10 Financial Instruments (receivables/ liabilities)**

#### **i) Financial Assets**

##### **Initial Recognition and Measurement**

During initial recognition, financial assets are classified into the following categories:

- Loans and receivables
- Financial assets at fair value through profit or loss
- Available-for-sale financial assets
- Held-to-maturity investments

The classification of the financial assets is determined according to management's intent and is based on the characteristics and the purpose for which it has been acquired. All financial assets are recognized initially at fair value which is the value at which it has been acquired, in addition to, in cases where investments are not valued at fair value through profit or loss, all directly attributable transaction costs.

The financial assets of the Group and the Company include cash and short-term deposits, trade and other receivables, available for sale financial assets and derivative financial instruments.

Measurement of financial assets after initial recognition depends on the category to which they belong:

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included under finance income in the income statement. The losses arising from impairment are recognized in the income statement under other financial costs.

Receivables and loans are included in current assets, with the exception of items with a maturity date in excess of 12 months following the reporting date. The above are classified as non-current assets in the balance sheet date and are presented as "Trade and other receivables" and "Other Receivables", constituting the largest part of the Group's financial assets.

##### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments which have not been designated as hedging instruments. Following initial recognition, financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance costs in the statement of profit or loss.

The Group and Company evaluate its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When, in the rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification



to loans and receivables, available for sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, these instruments cannot be reclassified after initial recognition.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit and loss.

### **Available-for-sale financial assets**

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to liquidity needs or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value when this can be reliably measured, with unrealized gains or losses being recognized in other comprehensive income and credited in the available for sale reserve until the investment is derecognized at which time the cumulative gain or loss is recognized in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from available-for-sale reserve to the statement of profit or loss in finance costs. Interest earned whilst holding available for sale financial investments is reported as interest income using the EIR method.

### **Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities. The Financial assets are classified as held-to-maturity investments provided that the Group's Management has the positive intent and ability to hold until maturity. Following initial recognition, the held-to-maturity financial investments are measured at amortised cost using the effective interest method, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance income in the statement of profit or loss. The losses arising from impairment are recognized in the income statement in finance costs.

The Group did not have any held-to-maturity investments during the years ended 31 December 2017 and 2016.

### **Derecognition**

A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired
- The Group or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement: and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.
- According to IFRIC 19 "Extinguishing financial liabilities with equity instruments", equity instruments which are issued by the entity to the creditor for the partial or total repayment of financial liability are "considered paid" in accordance with paragraph 41 of IAS 39. In this respect the equity instruments are valued at fair value. The difference between the carrying amount of the financial liability (or part) extinguished and the fair value of the "paid-consideration" is recognized in the results.



### **Impairment of financial assets**

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions (Note 5)
- Financial assets (Note 24)
- Trade Receivables (Notes 28,29,30)

The Group assesses at each reporting date whether there is an objective indication that a financial asset or a group of financial assets has been impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

More specifically, the Group and the Company carries out an impairment test for certain receivables on an individual basis (for example for each customer separately) in cases where collection of the receivable has been characterized as overdue as at the balance sheet date or in cases where objective evidence indicates the need for impairment. All other receivables are categorized and tested for impairment on an aggregate basis. The categories have as a common characteristic the geographical distribution, the operational segment of the counterparties and if any, other common characteristics of credit risk which characterizes them.

Indication of impairment may include events such as when debtors or a group of debtors are experiencing significant financial difficulties, default or delinquency in interest or principal payments, the probability of bankruptcy or financial restructuring, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in the structure of payments or financial conditions that associate with defaults.

### **Financial assets carried at amortised cost**

For financial assets carried at amortised cost, the Group or Company initially assesses whether an objective indication of impairment exists for financial assets that are solely significant, on an individual basis, or on an aggregate basis for financial assets that are not individually significant. If the Group assesses that no objective indication exists for impairment on an individual basis, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated cash flows is discounted at the financial assets original effective interest rate.

The carrying amount of the asset is either reduced directly in equity or through a provision account. The amount of the loss is recognized in the statement of profit or loss. In the event whereby in subsequent periods, the impairment loss is reduced and the reduction objectively relates to an event which occurs following the recognition of the impairment loss, the impairment loss which had been previously recognized is reversed either directly or through a provision account. The reversal does not result in a carrying amount of the asset which exceeds the amount which the amortised cost of the asset would have had if the impairment had not been recognized during the date of the reversal. The amount of the reversal is recognized in the income statement.

### **Available-for-sale financial assets**

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.



In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below cost. “Significant” is evaluated against the original cost of the investment below and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement - is removed from other comprehensive income and recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognized directly in other comprehensive income.

The determination of what is ‘significant’ or ‘prolonged’ requires judgement. In making this judgment, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

## **ii) Financial Liabilities**

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group and the Company determine the classification of its financial liabilities at initial recognition.

### **Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The financial liabilities of the Group and the Company include trade and other payables, other long-term and short-term liabilities, short-term and long-term loans and derivative financial instruments.

Subsequent measurement of financial liabilities depends on the classification as follows:

#### **Loans and trade payables**

Bank borrowings provide financing to the Group and to the Company. The distinction between short-term and long-term is based according to prevailing contracts, in addition to the repayment of these in the following twelve months or later.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the income statement.



The convertible bond loan is composed of two parts: a financial liability (a contracted liability to deliver cash or another financial asset) and an equity component (a purchase right granted to the holder which provides the capability, for a fixed period of time, to convert the instrument into common shares). The financial benefit of such an instrument is substantially the same as the simultaneous issuance of such a title, with a lien of a premature settlement and a right to purchase common shares or with the issuance of a debt title having a splitted purchase right of shares. As a result, the company presents both the liability and the equity portion (net of taxes) separately identified in the Balance Sheet.

Trade payables, are initially recognized at cost and are subsequently remeasured at amortised cost less settlement payments.

### **Financial liabilities at fair value through profit and loss**

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separate embedded derivatives are also classified as held for trading unless they are designated as hedging instruments. Gains or losses on liabilities held for trading are recognized in the income statement.

### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognized in the income statement.

#### **i) Off-setting of financial statements**

Financial assets and financial liabilities are off-set and the net amount is presented in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### **3.11 Derivative financial instruments and Hedge Accounting**

Derivative financial assets such as futures and forwards, swaps and option contracts are used for financial risk management from the Group's business activities and the financing of these activities.

All derivatives are initially recognized at fair value on the date of settlement and are subsequently re-measured at their fair value. Derivatives are reported as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value is determined from the price prevailing in active markets or through the use of measurement techniques in cases where there is no active market for these instruments. Gains or losses from changes during the year, in the fair value of derivatives that are not recognised as hedging instruments, are recognised in the statement of profit or loss, apart from the effective portion of the hedged derivatives which have been characterized as a cash flow hedge which is recognized in other comprehensive income.



### **3.12 Inventories**

Inventories include raw materials, consumables and goods purchased.

The cost of inventories includes all purchase costs, conversion and other costs realised in order for the inventories to reach their present state and position and financial costs are not included. The cost is determined in accordance with the weighted average.

The purchase costs of inventories comprises the purchase price, import duties and other taxes (other than those which subsequently can be recovered by the entity from the tax authorities), and transport, handling and other directly attributable costs. Trade discounts, rebates and other similar items are deducted in determining the purchase cost.

The costs of conversion of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. Fixed production overheads comprise indirect costs of production that remain relatively constant irrespective of the volume of production, such as depreciation and maintenance of factory buildings and equipment, and the cost of factory management and administration. Variable production overheads are those indirect costs of production that vary directly, or nearly directly, with the volume of production, such as indirect materials and indirect labour. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. Normal capacity is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance. The actual level of production may be used if it approximates normal capacity.

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses incurred until its completion and which ever costs are associated with the sale.

### **3.13 Share capital**

Share capital is determined according to the nominal value of shares issued. Ordinary shares are classified as equity. Expenses incurred in connection with the issuance of shares are presented in equity as a deduction, net of tax, from the proceeds.

No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of the Group's and Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium. Voting rights related to the treasury shares are nullified for the Group and no dividends are allocated to them.

### **3.14 Current and deferred income tax**

Taxes charged to the period's results consist of current and deferred taxes, i.e. taxes and tax relieves related to the financial benefits which incur during the period but have been charged or are going to be charged by the tax authorities in different periods. The income tax is recognized in the income statement of the period, except for taxes relating to transactions which have been directly classified in equity (outside the income statement), in which case the respective tax is similarly charged to equity (outside the income statement).

Current income taxes include short-term liabilities or receivables attributable to the tax authorities which relate to taxes payable on the period's taxable income in addition to any taxes relating to prior years which could not be previously



assessed. Current taxes are calculated according to the effective tax rates and tax laws prevailing as at the Balance Sheets dates in the territories in which the Group operates and in which taxable income arises. All changes in short-term tax assets or liabilities are recognized as tax expenses in the current year's income statement. Taxes which have resulted from transactions recorded in the Statement of Equity are also presented under Equity instead of being recorded in the current year's profit and loss statement.

The Group does not establish any provisions for any potential tax case but only when conditions exist which tax charge impositions are possible. The related provision is measured in accordance with the possibility by which it may occur.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences except where the deferred tax liability arises from:

- the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss.
- in respect of taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward or unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be used against the deductible temporary differences, and the carry forward of unused tax losses, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are calculated according to the tax rates which are expected to be applied in the period during which the asset will be recognized or the liability will be settled, taking into account the tax rates (and tax regulations) that are in effect or have been enacted during the date of preparation of the Balance Sheet.

In the event of the inability to determine the time of reversal of the temporary differences the tax rate applicable in the year following the balance sheet date is used.

Current year's deferred tax calculation for the company and its subsidiaries in Greece is based on the current tax rate of 29% (2016: 29%) while the current tax rate for the subsidiary in Spain the corresponding deferred tax calculation has been based on 25% (2016: 25%).



### 3.15 Pensions and other post-employment benefits

**Short-term benefits:** Short-term benefits to employees in money or in kind are recognized as an expense when they are accrued. Any outstanding amounts are classified as a liability, while in case the amount already paid exceeds the amount of the benefits, the Group and company recognize the excessive amount as an asset (prepaid expense) only to the extent that the prepayment will lead to a reduction of future or in return payments.

**Benefits on retirement:** The benefits on retirement include a lump sum pension indemnity or other benefits (social security or medical coverage) paid to employees upon retirement in exchange for their service. Therefore, they include both defined contribution plans and defined benefit plans. The accrued cost of the defined contribution plans is recorded as an expense in the period to which it refers.

**Defined contribution plan:** According to the defined contribution plan, the Group's or company's obligation (legal or constructive) is limited to the amount agreed to for contribution to the entity (e.g. social security entity), which manages the contributions and grants the benefits. Therefore, the amount of benefits received by the employee is defined by the amount contributed by the company and the employee and the paid investments of these contributions.

The accrued cost in a defined contribution plan is recognized as an expense in the period in which it relates to.

**Defined benefit plan:** The staff termination indemnity provision recorded in the balance sheet for the defined benefit plan is the current value of the liability for the defined benefit in addition to changes occurring from any other actuarial profit or loss and the past service cost. The discount rate is considered as the yield, at the balance sheet date, of high quality European corporate bonds which have a maturity which approaches the time period of the Group's and Company's liability.

The liability for this plan is determined using the projected unit credit method from an independent valuer and is composed of the present value of accrued services during the year, the interest on future liabilities, the prior service cost and the actuarial gains or losses.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets, are recognized immediately in the statement of financial position with a corresponding debit or credit to the actuarial differences reserve through other comprehensive income in the period in which they occur. Re-measurements are not classified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes restructuring-related costs

**Share-based payment transactions:** Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.



The share based stock options which have been granted to specific high level executives have been recorded in the results of the previous years with a corresponding increase in the reserve in equity. Up until the reporting date of the financial statements no stock option rights have been exercised and therefore the established reserve has not yet been converted to shares.

### **3.16 Government grants**

The Group and the Company recognize government grants, which satisfy the following criteria: a) There is reasonable assurance that the Group and company will comply with all attached conditions and b) the grants will be received. Grants which are associated with expenses are recognized at fair value and are recognized on a systematic basis in income, based on the matching principle of the grants with the respective cost, which will be granted. Government grants which relate to assets are included in the long-term liabilities as deferred income and are recognized as income on a systematic basis, offset against current year's depreciation, over the useful lives of the asset.

### **3.17 Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised when the Group and Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Examples of present obligations which arise from a present legal or constructive obligation as a result of past events include warranties on products, litigations or onerous contracts. Restructuring provisions are recognised only when a detailed formal plan has been developed and implemented or Management has at least announced the main features of the plan to those that are likely to be affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at an expected cost which is required to determine the present obligation, using the most reliable evidence that is available as at balance sheet date, including the risks and uncertainties specific to the present obligation. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures, expected that will be required, to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate does not reflect risks for which future cash flow estimates have been adjusted. Where the discounting method is used, the carrying amount of a provision increases in each period to reflect the flow of time. This increase is recognized as a borrowing cost in the statement of profit or loss. Where there are a number of similar obligations, the probability that an outflow will be required for settlement is assessed by considering the class of obligations in its entirety.

The expense relating to a provision may be presented in the statement of profit or loss, net of the amount recognized for a reimbursement. A provision is used only for an expense for which the provision was originally recognized. Provisions are examined at each balance sheet date and the provision is reversed if an outflow of sources required to settle the obligation ceases to be probable.

Probable inflows of economic benefits for the Group which do not yet meet the criteria of an asset are considered contingent assets. Contingent assets and contingent liabilities are not recognized in the Balance Sheet. Contingent liabilities which are recognized under the scope of a business combination are measured at fair value. Subsequent to this they are remeasured at the higher of the amount of the provision which would have been recognized based on the basic recognition principles as described above and at the amount which was initially recognized, less any accumulated amortization which was recognized based on the principles of revenue recognition.



### 3.18 Revenue and Expense Recognition

**(a) Revenue:** Revenue comprises the fair value of the produced fish and other biological assets, sales of goods and services, net of value added tax rebates and discounts. Inter-company revenue within the Group is fully eliminated.

Revenue is recognized as follows:

- **Sales of biological assets:** Are recognized after their harvest, provided that the products are delivered to the customer who has accepted the products and collectibility of the related receivables is reasonably assured in addition to that significant risks and rewards associated with ownership are transferred to the buyer.
- **Sales of non-biological assets:** Revenue from sale of goods is recognized when the significant risks and rewards associated with ownership are transferred to the buyer, given that the goods are accepted by the buyer and the economic benefits from the transaction can be measured reliably and an inflow to entity is highly probable. Sales are presented net of returns and allowances, trade discounts and volume rebates.
- **Sales of services:** Sales of services are recognized in the accounting period in which the services are rendered, by reference to the completion of the specific transaction assessed on the basis of the actual service provided as a proportion to the total services which are to be provided.
- **Interest income:** Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired (new carrying) value is recognized using the original effective interest.
- **Dividend income:** Dividend income is recognized when the right to receive payment is established.

**(b) Expenses:** Expenses are recognized in the income statement on an accrual basis. Payments realized for operating leases are transferred to the income statement as expenses, during the time of use of the leased asset. Interest expenses are recognized on an accrual basis.

**(c) Gains/Losses attributed to changes in Fair Value of Biological Assets:** Are recognized during the year and result from changes both in price, quantity and development of the Biological assets.

### 3.19 Leases

Liabilities from finance leases are measured at initial value net of the amount of principal repayments.

**Group or Company as a lessee:** Finance leases on assets where substantially all risks and rewards of ownership are transferred to the Group or Company are capitalized at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in profit or loss. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease agreements where the lessor transfers the right of use of the asset for an agreed period of time, without transferring the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

**Group or Company as a lessor:** When assets are leased out under a finance lease, the present value of the minimum lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return.



### **3.20 Cash Dividend and non-cash distribution to equity holders of the parent**

The Group and Company recognizes a liability to make a cash and non-cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Company. A distribution is authorized when it is approved by its shareholders. A corresponding amount is recognized directly in Equity.

Non-cash distributions are measured at fair value of the assets to be distributed with fair value remeasurement recognized directly in equity.

Dividends to shareholders are included in the item “Other Current Liabilities” in the period in which the General Meeting of Shareholders approves the dividends.

### **3.21 Related parties**

Transactions and intercompany balances between the related parties and the Group and Company are disclosed according to IAS 24 “Related Party Disclosures”. These transactions relate to transactions between management, the principal shareholders and the subsidiaries of the Group with the parent company and other subsidiaries that comprise the Group.

### **3.22 Cash and short-term deposits**

Cash and short-term deposits in the statement of financial position comprise include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months, such as products of the financial market and bank deposits as well as overdraft bank accounts. The Group and Company have restricted cash deposits as at December 31, 2017 which are presented in Note 31 of the annual financial statements.

### **3.23 Events after the reporting period**

The presented amounts in the financial statements are adjusted to reflect events arising after the balance sheet date for which conditions existed prior to the balance sheet date.

Events which occurred after the balance sheet date and for which no indications existed as at the balance sheet date but occurred subsequent to this date, are disclosed in the notes to the financial statements.

### **3.24 Comparative figures**

Comparative figures are restated in the event of a change in accounting policy or prior period error.

During the current year the figures of the prior year were restated and specifically sales, raw material consumption and third party expenses were off-set by a total amount of € 2.025.963 due to that the subsidiary company Kego Agri proceeded with a change in one-off non- recurring sales on a net basis instead of on a gross basis. The above off-set did not result in any change in the results of the prior year.

### **3.25 Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets. All other borrowing costs are expensed in the period in which they are incurred. Other borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds are charged to the period in which they are realised.



### 3.26 Non-current assets held for sale or for distribution to equity holders of the parent

Non-current assets are classified as held for sale if the carrying amount will be recovered principally through sale or for distribution to equity holders of the parent if their carrying amounts will be recovered principally through sale or distribution rather than through continuing use.

Immediately prior to being classified as held for sale the carrying amount of the item is measured in accordance with the applicable standard.

After classification of an asset as held for sale, it is measured at the lower of the carrying amount and fair value less costs to sell or to distribute. Costs to distribute are the incremental costs directly attributed to the distribution, excluding the finance costs and income tax expense.

The criteria for held for distribution classification is regarded as met only when the sale or distribution is highly probable and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the distribution will be withdrawn. Management must be committed to the distribution within one year from the date of the classification.

An impairment loss is recognized in profit or loss for any initial and subsequent write-down of the asset and disposal group to fair value less selling costs. A gain for any subsequent increase in fair value less selling costs is recognized in profit or loss to the extent that it is not in excess of the cumulative impairment loss previously recognized either in accordance with IFRS 5 or in accordance with IAS 36. Non-current assets (or disposal groups) that are classified as held for sale are not depreciated.

Assets and liabilities as held for sale or distribution are presented separately as a current item in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

### 3.27 Current versus non-current classification

The Group and Company present assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period



All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group and Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 3.28 Fair value measurement

The Group measures financial instruments, such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value related disclosures for financial instruments and non –financial assets that are measured at fair value where fair value is disclosed are summarized in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions (Notes 18,19,26,29,31,32,34,44)
- Quantitative disclosures of fair value measurement hierarchy (Note 44)
- Investment in unquoted equity shares (Note 24)
- Property, plant and equipment under revaluation model (Note 18)
- Investment properties (Note 19)
- Financial instruments (including those at amortised cost) (Notes 28,29,30,31,32)
- Biological assets current and non-current (Note 26)
- Short-term borrowing (Note 34)
- Short-term portion of the long-term borrowings (Note 34)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principle market, in the most advantageous market for the asset or the liability

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participant would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in it highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.



All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

- **Level 1-** Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2-** Valuation techniques for which the lowest input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3-** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring and non-recurring measurements, such assets held for distribution for discontinued operations.

External valuers are involved in the valuation of significant assets of the Group and Company, such as property plant & equipment and property investment, as well as for the provision of net employee defined benefit plans. Involvement of external valuers is decided upon annually by the Group after discussion with and approval by the Company's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the basic inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## **4. Changes in Accounting Policies and Application of New and Revised Standards and Interpretations**

### **4.1 New and revised standards and interpretations**

The accounting policies adopted are consistent with those of the previous financial year, except for the changes resulting from the adoption of new standards and interpretations effective as of from January 1 2017.

#### **New Standards and interpretations**

The new standards and amendments which are applied for the first time in 2017 (annual accounting periods which begin from 1 January 2017 and after) and which though do not have a material effect on the financial statements of the Group and the Company or are not applicable for the Group and the Company or which have not yet been endorsed by the EU are analyzed as follows:



- **IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)**

The amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted.

The objective of the Amendments is to clarify the requirements of deferred tax assets for unrealized losses in order to address diversity in practice in the application of IAS 12 Income Taxes. The specific issues where diversity in practice existed relate to the existence of a deductible temporary difference upon a decrease in fair value, to recovering an asset for more than its carrying amount, to probable future taxable profit and to combined versus separate assessment.

- **IAS 7: Disclosure Initiative (Amendments)**

The amendments are effective for annual periods beginning on or after 1 January 2017, with earlier application permitted. The objective of the Amendments is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Amendments specify that one way to fulfil the disclosure requirement is by providing a tabular reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes. The Company and Group has provided additional disclosures on its financial variations as presented in Note 34 “Interest Bearing Loans and Borrowings”.

- The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. The following annual improvement has not yet been endorsed by the EU.

***IFRS 12 Disclosure of Interests in Other Entities:*** The amendments clarify that the disclosure requirements in IFRS 12, other than those of summarized financial information for subsidiaries, joint ventures and associates, apply to an entity’s interest in a subsidiary, a joint venture or an associate that is classified as held for sale, as held for distribution, or as discontinued operations in accordance with IFRS 5.

#### **4.2 Standards which have been issued but which are not applicable in the current financial period and which the Group and Company has not earlier adopted.**

- **IFRS 9 Financial Instruments: Classification and Measurement**

The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. According to the new impairment model on expected credit losses, the Group will be applying the simplified approach and based on future indicators as regards the recoverability of customer balances no material effect from the application of the new standard on lifetime expected credit losses is expected to result. It is estimated that the effect will not be significant. Furthermore, the Group has no such debt instruments that will require a change in the business models of its financial assets and liabilities and a therefore a different method of calculation is not foreseen.



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

The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The Group and Company are in the process of finalising the impact of this standard on the financial position or performance of the Group. Based on the Group's nature of its products, its transaction prices, and recognition of revenue in connection to its performance obligations, the Group expects that the impact on its consolidated financial statements from the new standard will be immaterial

- **IFRS 15: Revenue from Contracts with Customers (Clarifications)**

The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 Revenue from Contracts with Customers, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. The Group and Company are in the process of assessing the impact of this clarification on the financial position or performance of the Group.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments 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. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be effective from annual periods commencing on or after 1 January 2016. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The Group and Company are in the process of assessing the impact of this amendment on their financial position or performance.

- **IFRS 16: Leases**

The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The Group and Company are in the process of assessing the impact of this standard on their financial position or performance.



- **IFRS 17: Insurance Contracts**

The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. The standard has not been yet endorsed by the EU. The Group and Company are in the process of assessing the impact of this amendment on their financial position or performance.

- **IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. 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 obligations and for modifications 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 and Company are in the process of assessing the impact of this amendment on their financial position or performance.

- **IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2018. The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the new insurance contracts standard that the Board is developing to replace IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach, which would permit entities that issue contracts within the scope of IFRS 4 to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets. The Group and Company are in the process of assessing the impact of this amendment on their financial position or performance.

- **IAS 40: Transfers to Investment Property (Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The Group and Company are in the process of assessing the impact of this amendment on their financial position or performance.

- **IFRS 9: Prepayment features with negative compensation (Amendment)**

The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value



through other comprehensive income. These Amendments have not yet been endorsed by the EU. The Group and Company are in the process of assessing the impact of this amendment on their financial position or performance.

- **IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)**

The Amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the ‘net investment’ in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28. These Amendments have not yet been endorsed by the EU. The Group and Company are in the process of assessing the impact of this amendment on their financial position or performance.

- **IFRIC INTERPETATION 22: Foreign Currency Transactions and Advance Consideration**

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation has not yet been endorsed by the EU. The Group and Company are in the process of assessing the impact of this amendment on their financial position or performance.

The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2018 for IFRS 1 First-time Adoption of International Financial Reporting Standards and for IAS 28 Investments in Associates and Joint Ventures. Earlier application is permitted for IAS 28 Investments in Associates and Joint Ventures. These annual improvements have not yet been endorsed by the EU. The Group and Company are in the process of assessing the impact of this amendment on the financial position or performance of the Group.

- ***IFRS 1 First-time Adoption of International Financial Reporting Standards:*** This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, applicable for first time adopters.

- ***IAS 28 Investments in Associates and Joint Ventures:*** The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

- **IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments**

The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments



separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. This Interpretation has not yet been endorsed by the EU. The Group and Company are in the process of assessing the impact of this amendment on the financial position or performance of the Group.

The IASB has issued the **Annual Improvements to IFRSs 2015 – 2017 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. These annual improvements have not yet been endorsed by the EU. The Group and Company are in the process of assessing the impact of this amendment on the financial position or performance of the Group.

- **IFRS 3 Business Combinations and IFRS 11 Joint Arrangements:** The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- **IAS 12 Income Taxes:** The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
- **IAS 23 Borrowing Costs:** The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

## 5. Critical accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.



The basic judgments and estimates made by the Group and Company which have the most significant impact on the financial statements, mainly relate to:

#### **A. Recovery of Receivables**

Management examines the recoverability of the carrying amounts of accounts receivable on an annual basis, given external information (data base of customers credit ratings, legal advisors) in order to assess the recoverability of the carrying value of accounts receivable.

Bad debt accounts are presented according to estimations as regards the amounts which are expected to be recovered following analysis as well as in accordance with the experience of the Group regarding the probability of customer default. At the time at which a specific account is subject to a greater risk as compared to the normal credit risk (for example, low customer credibility, dispute in respect of the existence or the amount of the receivable etc) the Group and the Company establish a provision for bad debts in view of covering the loss which may be estimated and which stems from these receivables. The established provision is remeasured with a corresponding charge to the results of each year and any write-offs are accounted for through the provision.

Further information is provided in Notes 28 and 37.

#### **B. Impairment testing on goodwill and intangibles assets with an indefinite useful life**

The Company and the Group examine and reassess the fair value and useful life of intangible assets when there are indications of a change in value.

The Group and the Company assess whether there is impairment of goodwill and intangible assets with an indefinite useful life at least once a year and examine the events or conditions that render the possibility of impairment, such as a significant adverse change in the business environment or a decision to sell or dispose a unit or segment. For the purpose of impairment testing, the value in use of each cash generating unit (CGU) to which an amount of goodwill and intangible assets with indefinite useful life has been allocated, must be assessed.

The application of the valuation methodology of the value in use, takes into consideration the actual operating results, future business plans and financial projections of the Group and the Company in order to estimate the future cash flows of the CGU and selection of the appropriate discount rate, based on which the present value of future cash flows is determined. The Group and the Company annually consider whether the aforementioned assets have been impaired, in accordance with the accounting policy stated in paragraph 3.9.

Further information is provided in Notes 20 and 21.

#### **C. Fair Value, Useful life and Impairment of Tangible and Intangible assets**

The Company and the Group examine and estimate the fair value and useful life of tangible and intangible assets when there are indications of changes in value. Additionally, tangible and intangible assets are examined for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. With respect to the examination and assessment of the fair value and any potential impairment the company cooperates with independent valuers.



Further information is provided in Notes 18,19.

#### **D. Impairment of investments in subsidiaries and associates**

The management of the Company examines the existence of any indication of impairment of the Company's investments in the share capital of other companies through the impairment test of cash generating units to which these investments are allocated. In the event that indications of impairment exist, the Company proceeds in the calculation of the value in use of the cash generating unit based on the discount cash flow method.

The recoverable amount is sensitive to parameters such as the discount interest rate which is used in the above method as well as in the projected cash inflows and in the incremental rate which is used for extrapolation purposes and approximate calculations.

Further information is provided in Note 22.

#### **E. Current income taxes and deferred tax assets**

The Group and Company are subject to income taxes from numerous tax regulatory authorities. The provision for income taxes includes the current tax and the provision for possible additional taxes which may incur as a result of the audit from the tax authorities in addition to that significant judgments are required in determining the provision for income taxes. The actual income taxes may differ from the estimated amounts due to future changes in the tax regulations, significant changes in the regulations of the countries in which the Group operates or unanticipated effects from the final assessment of the tax liability of each year from the tax authorities. In the event, whereby the final additional taxes which result following the tax audits are different from the initial estimations, these differences will affect the income taxes and the deferred taxes of the year in which the tax differences were assessed.

Deferred tax assets are recognized on all unused tax losses to the extent that sufficient profits will be available to offset these tax losses.

The Group and Company recognize deferred tax assets for transferred tax losses when sufficient taxable profits have resulted for two continuous years.

Further information is provided in Notes 16,23.

#### **F. Fair value of biological assets**

The accounting policies and methods applied for the valuation of biological assets are explained in Note 3.4 .

As referred to in Note 3.4, the valuation of biological assets is subject to significant estimates and judgments, the most important of which are described below.

##### **Assumptions estimates and judgments in determining the fair value of live fish**

The estimated fair value of biomass is always based on assumptions, estimates and judgments involving a degree of uncertainty, even if the company has gained considerable experience in the assessment of these factors.



These estimates apply to the following key factors: the volume of biomass, size distribution of biological assets and market prices.

### **Biomass volume**

The determination of the volume of biomass is itself an estimate based on the number of juveniles placed in the sea/cages, the expected growth from the time of stocking, the accuracy of the Company's biological model, the estimated mortality based on statistical models and observed mortality etc. The uncertainty in relation to the volume of the biomass is usually low, although it is higher in cases where there may be an occurrence which has resulted in massive mortality, especially in the beginning of the cycle, or if the fishes state of health restricts the treatment of the fish.

The Company monitors any deviations between the estimated volume of biomass and the actual data from harvesting in case any differences arise, in order that the valuation models be altered (if required).

### **Size distribution of biomass**

Size distribution of fish in each cage: The fish in the sea, grow at different rates, where even under good conditions, the average weight of fish can result in a significant difference in the quality and weight of the fish. The size distribution of biomass affects the price at which the biological assets will be valued given that each size category is separately sold in the market.

Distribution of fish between mature and immature: The Company distributes the fish population between mature or immature, depending on whether the fish population in a cage meets the Company's internal criteria for harvesting and sale. As far as juveniles is concerned, and given that an active market exists at which sales are made, this category is classified as mature biological stocks.

As regards fish fattening, the mature fish category, includes the fish population that exists in the cages and which satisfy the criteria of the company's size on harvesting and sale, while the remaining fish fattening is classified as immature fish. Management periodically evaluates its assessment of the criteria for mature and immature classification, depending on the dynamics of the market (demand, prices per weight class, etc.) regarding the sizes from which the harvesting of each cage will be made.

### **Fair value**

The assumption of fair value estimation is very significant for the valuation of biological assets and even small changes in market prices will significantly affect the valuation. The methodology used for determining the market value is presented in Note 3.4 whereby various parameters which require estimates and judgments are presented.

The valuation depends on inter alia on the estimated fair value / prices of biological assets, which, as there is no organized market for live fish, is calculated based on various parameters taken into account, such as the prevailing market values of the harvested species, the development of the contracts of future delivery (if any), the estimated market prices during the harvesting period if it can be estimated reliably, any adjustments to be made for potential differences between the assets are valued and the prevailing prices in the market of harvested species and which primarily concern the condition and location of the species under assessment.

Further assessments are carried out in connection with prices which are of the highest and best use during the period of these assessment of the assets, who the participants in the hypothetical representative market are and what is the most appropriate type of valuation each time within the hierarchy of valuation of IFRS 13. For immature fish, additional



estimates are made as regards future costs to be incurred until these the assets become mature as well as estimates on the discount rates of future cash flows.

The Group and the Company used as a source of the fair value prices the recent transactions on which specific adjustments were made taking into account , as described above , various factors such as the prevailing market values of harvested species , changes in contracts for future delivery (when such is the case ) , the estimated market prices during the harvesting period if these could be estimated reliably, any adjustments for potential differences between the assets which are valued and the prevailing prices in the market for harvested species which mainly concern the condition and location of species under assessment. With the adoption of IFRS 13 which provided explanations in relation to the measurement of fair value and which introduced the requirement of maximizing the use of observable data to any method of measurement, the Group and the Company proceeded with the reassessment of the method used in calculating the fair value of mature fish population limiting the unobservable data and focusing measurement on actual prices of recent transactions that occur during each reporting date.

As referred to in Note 3.4, the Company reviewed all estimates and judgments in connection with the adoption of new IFRS 13 which are made during the valuation of biological assets. As a result of the above the following changes in estimates are hereby presented:

1.Level of separation between mature and immature:

As the intention and plan of the Company is to harvest cages with an average weight of over 340 gr. per unit, management considered as the appropriate segregation point between mature and immature fish the weight level.

2. Valuation methodology immature fish:

The Company examines the best practices that are internationally accepted for the valuation of immature fish, and alters the valuation model of immature fish population when deemed necessary.

Estimates and judgments are reviewed by Management at each reporting period in order that the Company complies, where applicable , with the general conditions and dynamics prevailing in the market in which the Company operates and which may be changed in the future depending on changes in circumstances and market dynamics .

Further information on the fair value of biological assets is provided in Note 26.

The valuation of biological assets of mature fish has been based on the average price of the first week of the principal market prevailing during the month of January for the Company.

## **6. Objectives and risk management policies**

### **6.1 Market risk**

#### **Foreign exchange risk**

The Group and Company operate internationally. The exposure to foreign exchange risk is zero because the transactions are realized in Euro. Foreign exchange risk arises from future commercial transactions, as well as from net investments in foreign operations.



The financial assets and the respective liabilities in foreign currency, translated into Euro at the fixing rate, are analyzed as follows:

Amounts in Euro	2017							2016						
	USD	GBP	NOK	DKK	CAD	TRL	CHF	USD	GBP	NOK	DKK	CAD	TRL	CHF
<b>Notional amounts</b>														
Financial assets	1.028.050	170.291			385.664		3.796	964.134	592.723	-	-	348.398	0	17.590
Financial liabilities	21.474	184	19.965	0	0	0	-	33.609	8.982	87.313	0	0	0	378
<b>Total current exposure</b>	<b>1.006.575</b>	<b>170.107</b>	<b>(19.965)</b>	<b>0</b>	<b>385.664</b>	<b>0</b>	<b>3.796</b>	<b>930.525</b>	<b>583.741</b>	<b>(87.313)</b>	<b>0</b>	<b>348.398</b>	<b>0</b>	<b>17.211</b>
Financial assets	-	-	-	-	-	-	-	-	-	-	-	-	0	-
Financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	0	-
<b>Total non-current exposure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The table below presents the sensitivity of the after-tax profit for the year as well as of equity in relation to financial assets and financial liabilities and the Euro exchange rate against the above currencies.

We assume that a change occurs on 31 December 2017 in the exchange rate Euro/Foreign Currency. This percentage is based on a typical variance of the foreign currency, as this arises from the monthly observation of the Euro against any foreign currency, for a period of 12 months.

In the event where the Euro changes in relation to the Foreign Currency by the following percentages then the impact on the after-tax profit for the year and on equity is as follows:

Amounts in Euro	2017													
	USD	GBP	NOK	DKK	CAD	TRY	CHF	USD	GBP	NOK	DKK	CAD	TRY	CHF
Post-tax profit for the year	5,19%	-5,19%	1,95%	-1,95%	29,27%	-29,27%	0,32%	-0,32%	4,02%	-4,02%	27,32%	-27,32%	4,04%	-4,04%
Equity	52.253	(52.253)	3.316	(3.316)	(5.844)	5.844	-	-	15.515	(15.515)	-	-	153	(153)

  

Amounts in Euro	2016													
	USD	GBP	NOK	DKK	CAD	TRY	CHF	USD	GBP	NOK	DKK	CAD	TRY	CHF
Post-tax profit for the year	2,44%	-2,44%	4,74%	-4,74%	20,08%	-20,08%	0,97%	-0,97%	3,23%	-3,23%	16,08%	-16,08%	1,06%	-1,06%
Equity	22.704	(22.704)	27.657	(27.657)	(17.536)	17.536	-	-	11.239	(11.239)	-	-	182	(182)

The Group's and Company's exposure to foreign exchange risk varies over the year in proportion to the volume of transactions in foreign currency. However, the above analysis is deemed representative of the Group's and Company's exposure to foreign exchange risk.

### Interest rate risk

The Group's and Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group and Company have significant interest-bearing assets. Group and Company policy, estimating the present economic junctures and in general the fluctuation of the Euro interest rates, is to maintain part of borrowings in products with floating interest rates EURIBOR and SPREAD. At the end of the accounting period, the total borrowings related to loans with floating interest rates.

The table below presents the sensitivity of the post-tax profit for the year as well as of equity at a reasonable change in the interest rate of +1% or -1% (2016: +/-1%). Changes in interest rates are deemed to fluctuate on a reasonable basis in relation to current market conditions.

Amounts in Euro	GROUP				COMPANY			
	2017		2016		2017		2016	
	1,00%	-1,00%	1,00%	-1,00%	1,00%	-1,00%	1,00%	-1,00%
Post-tax profit for the year	1.677.795	-1.677.795	1.688.934	-1.688.934	1.674.524	-1.674.524	1.665.272	-1.665.272
Equity	1.677.795	-1.677.795	1.688.934	-1.688.934	1.674.524	-1.674.524	1.665.272	-1.665.272

## Price risk

The Group and Company have exposed to equity securities price risk due to investments held either for trading or which are classified as available-for-sale financial assets. Changes in the value of assets are significant so as to result in a significant fluctuation which can result in risk to the Group due to non-maturity dates.

The Group is exposed to changes in the value of its biological assets. The Group assesses price risk fluctuations of biological assets regularly and examines the need for actions in order to anticipate the financial risk. A volatility in the price by +/- 5 % would change the valuation positively/(negatively) by an amount of € 8,8 mil/€ (8,8 mil and a change in the discount factor by +/- 1% would change the valuation (negatively)/positively by a minimum of € (0,3 million)/€ 0,3 million.

The financial analysis department operates towards meeting this purpose, by collecting information in view of offering the product, from the domestic and international production, in addition to changes in demand from the existing Traditional International market and the new markets introduced in Eastern Europe and America. This information is evaluated and the parameters regarding the level of inventories and the product's expected prices for the following two (2) years are set.

## 6.2 Credit risk

The Group and Company's exposure to credit risk is limited to financial assets, which at the Balance Sheet date are analyzed as follows:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<i>Categories of financial assets</i>				
Restricted Cash	8.979.661	4.236.567	8.979.661	4.236.567
Cash and cash equivalents	11.032.517	8.754.791	10.087.488	6.993.008
Trade and other receivables	38.726.244	37.165.355	31.705.420	33.289.804
Other receivables	8.459.110	9.147.369	10.305.501	8.976.473
<b>Total</b>	<b>67.197.532</b>	<b>59.304.082</b>	<b>61.078.070</b>	<b>53.495.852</b>

The Group and Company's management considers all of the above financial assets, which have not been impaired in prior period financial statements, of a high credit rating.

For trade and other receivables, the Group and Company are not exposed to significant credit risks. The wholesale of fresh fish and -livestock are mainly made to customers, who are insured for the payment of their debt. Moreover, the sale of juveniles is realized in its totality with the term that retention of ownership of the product up until its settlement. Therefore, due to that the time required for the completion of the production cycle of fresh fish is greater than the credit time granted for the sale, the receivable is fully secured.

## 6.3 Liquidity risk

The Group and Company manages its liquidity needs by carefully monitoring its debts, long-term financial liabilities as well as of the payments that are made on a daily basis. The liquidity needs are monitored on a daily and weekly basis as well as on a rolling period of 180 days. The Long-term liquidity needs for the next 6 months and the following year are monthly assessed.

The Group and Company maintains cash for covering liquidity needs for a period of 30 days. The funds for the long-term liquidity requirements are additionally maintained by an adequate amount of committed credit facilities including the ability to sell long-term financial assets.

The maturity of the financial liabilities at 31 December 2017 for the Group is analyzed as follows:

## GROUP

*Amounts in Euro*

	<b>2017</b>			
	<b>Short-term</b>		<b>Long-term</b>	
	<b>within 6 months</b>	<b>between 6 to 12 months</b>	<b>between 1 to 5 years</b>	<b>over 5 years</b>
Long-term borrowings (*)	15.065.052	17.058.137	111.263.283	77.910.294
Short-term borrowings (*)	5.433.055	-	-	-
Other Long-term liabilities	-	-	1.112.271	-
Trade payables	49.934.113	-	-	-
Other short-term liabilities	7.540.670	-	-	-
<b>Total</b>	<b>77.972.890</b>	<b>17.058.137</b>	<b>112.375.554</b>	<b>77.910.294</b>

*(\*) Interest expenses of the reporting period are included*

## COMPANY

*Amounts in Euro*

	<b>2017</b>			
	<b>Short-term</b>		<b>Long-term</b>	
	<b>within 6 months</b>	<b>between 6 to 12 months</b>	<b>between 1 to 5 years</b>	<b>over 5 years</b>
Long-term borrowings (*)	15.023.689	17.016.774	111.159.877	77.910.294
Short-term borrowings (*)	5.329.077	-	-	-
Other Long-term liabilities	-	-	1.112.271	-
Trade payables	43.125.778	-	-	-
Other short-term liabilities	6.838.083	-	-	-
<b>Total</b>	<b>70.316.627</b>	<b>17.016.774</b>	<b>112.272.148</b>	<b>77.910.294</b>

*(\*) Interest expenses of the reporting period are included*

The maturity of the financial liabilities at 31 December 2016 for the Group is analyzed as follows:

## GROUP

*Amounts in Euro*

	<b>2016</b>			
	<b>Short-term</b>		<b>Long-term</b>	
	<b>within 6 months</b>	<b>between 6 to 12 months</b>	<b>between 1 to 5 years</b>	<b>over 5 years</b>
Long-term borrowings (*)	11.741.015	10.451.722	113.795.673	87.635.961
Short-term borrowings (*)	2.000.984	-	-	-
Other Long-term liabilities	-	-	1.468.850	-
Trade payables	45.388.283	-	-	-
Other short-term liabilities	8.663.485	-	-	-
<b>Total</b>	<b>67.793.767</b>	<b>10.451.722</b>	<b>115.264.523</b>	<b>87.635.961</b>

(\*) *Interest expenses of the reporting period are included*

## COMPANY

*Amounts in Euro*

	<b>2016</b>			
	<b>Short-term</b>		<b>Long-term</b>	
	<b>within 6 months</b>	<b>between 6 to 12 months</b>	<b>between 1 to 5 years</b>	<b>over 5 years</b>
Long-term borrowings (*)	11.699.652	10.410.360	113.609.541	87.635.961
Short-term borrowings (*)	1.861.313	-	-	-
Other Long-term liabilities	-	-	1.468.850	-
Trade payables	38.963.065	-	-	-
Other short-term liabilities	7.901.660	-	-	-
<b>Total</b>	<b>60.425.690</b>	<b>10.410.360</b>	<b>115.078.391</b>	<b>87.635.961</b>

(\*) *Interest expenses of the reporting period are included*

The maturities of long-term borrowings during the year decreased compared to the previous year as a result of the reclassification of loans with maturities as presented in Note 34.

The above contractual maturity dates reflect the gross cash flows (interest is recognized only on the loan borrowings), which may differ from the carrying values of the liabilities as at the balance sheet date.

## 7. Structure of the Group “NIREUS AQUACULATURE S.A”

The company has the following participations which are consolidated either through the full consolidation or through the net equity method as follows:

<b>COMPANY</b>	<b>PARTICIPATION PERCENTAGE</b>
PROTEUS EQUIPMENT S.A	100%
NIREUS INTERNATIONAL LTD	100%
PREDOMAR S.L.	100%
KEGO AGRI S.A	100%
NIREUS GMBH	100%



The companies participating in the financial statements are set out in the following table:

COMPANY	COUNTRY OF INCORPORATION	PARTICIPATION PERCENTAGE	METHOD OF CONSOLIDATION
PROTEUS EQUIPMENT S.A	GREECE	100%	Full consolidation
NIREUS INTERNATIONAL LTD	CYPRUS	100%	Full consolidation
PREDOMAR S.L.	SPAIN	100,00% indirect	Full consolidation
KEGO AGRI S.A	GREECE	100%	Full consolidation
NIREUS GMBH	GERMANY	100%	Full consolidation

It should be noted that during the year, liquidation procedures as regards the subsidiary company MIRAMAR PROJECTS CO LTD-UK were completed on 25.07.2017 (Note 22).

## 8. Calculation of EBITDA and Operational EBITDA

**EBITDA** is defined as earnings before taxes plus or minus financial and investment results, plus total depreciation and amortization expense. Investment results include gains or (losses) on revaluation of fixed assets, grants, impairment of goodwill and intangible assets and gains or (losses) of subsidiaries held for sale. Furthermore, EBITDA excludes one-off and non-recurring charges which are not included in the normal operations of the company such as provisions for indemnity due to legal court cases, in addition to other one-off non-recurring items. These adjustments are required in order that the said financial indicator be comparative and historically consistent, in compliance and in accordance with the ESMA guidelines and the alternative performance measures (APM's)

**Operational EBITDA** is defined as EBITDA (calculated in accordance with the above) with biological assets being valued at cost and prior, that is, to the effect of biological assets at fair value. For the calculation of the valuation of biological assets at cost, the company applies the annual rolling weighted average method of cost per unit of measurement.

A detailed calculation of EBITDA and Operational EBITDA is presented below:

	Note	GROUP	
		31/12/2017	31/12/2016
<b>Profit before taxes</b>		<b>23.312.082</b>	<b>7.859.169</b>
Less:			
Finance expenses	<b>13</b>	(9.994.581)	(9.767.286)
Finance income	<b>13</b>	105.536	112.596
Gain on measurement from refinancing of financial liabilities	<b>34</b>	-	750.664
Losses from measurement of financial assets at fair value	<b>18,19</b>	23.213	(128.024)
Depreciation	<b>18,21,35</b>	(5.944.107)	(5.493.892)
Impairment of goodwill and investments in subsidiaries		-	(57.633)
Extraordinary and non-recurring expenses		(3.078.368)	-
<b>Profit before taxes, financing and investing results and depreciation (EBITDA)</b>		<b>42.200.389</b>	<b>22.442.744</b>
Effect from the change in biological assets at fair value	<b>26</b>	12.088.468	(4.866.583)
<b>Profit before taxes, financing and investing results and depreciation - (Operational EBITDA)</b>		<b>30.111.921</b>	<b>27.309.327</b>



	Note	COMPANY	
		31/12/2017	31/12/2016
<b>Results for the period before taxes</b>		<b>21.762.159</b>	<b>6.509.576</b>
Less:			
Finance expenses	13	(9.776.446)	(9.548.284)
Finance income	13	52.316	325.743
Gain on measurement from refinancing of financial liabilities	34	-	750.664
Losses from measurement of financial assets at fair value	18,19	23.213	(128.024)
Depreciation	18,21,35	(5.878.637)	(5.423.188)
Impairment of investments in subsidiaries	22	-	(1.100.000)
Extraordinary and non-recurring expenses		(3.010.663)	-
<b>Profit before taxes, financing and investing results and depreciation - (EBITDA)</b>		<b>40.352.376</b>	<b>21.632.665</b>
Effect from the change in biological assets at fair value	26	11.534.894	(4.366.036)
<b>Profit before taxes, financing and investing results and depreciation - (Operational EBITDA)</b>		<b>28.817.482</b>	<b>25.998.701</b>

## ONE-OFF AND NON-RECURRING EXPENSES

One-off and non-recurring expenses of the Group and Company of an amount of € 3.078.368 and € 3.010.66 respectively are presented in the table below:

	GROUP	COMPANY
	31/12/2017	31/12/2017
Provisions for indemnities due to prior year litigations	(1.528.368)	(1.528.368)
Recognition of employees' right to vacation days of the prior year	(1.550.000)	(1.447.189)
Other one-off loss items	-	(35.106)
<b>Total one-off and non-recurring expenses</b>	<b>(3.078.368)</b>	<b>(3.010.663)</b>

## 9. Segment Information

### Information per segment

The Group's operating segments have been designated based on monthly internal information which is provided to an Executive Committee ("CODM") which has been assigned by Management and which monitors the allocation of resources and the performance of the segments' operations as well as determining their business activities.

We consider that it be mentioned that the operating segments have similar products and production, similar policies (sales –distribution) and similar financial characteristics that have been accumulated in one segment.

The operating segments which have been determined based on the financial decision making and the location of monitoring are as followed:

- Aquaculture
- Fish feed
- Aviculture-Stockbreeding

The segment of Aquaculture includes the sales of whole and processed fish in addition to the sales of juveniles.

The remaining segments mainly include sales of equipment for Aquaculture companies.

The profit before tax per segment does not include the segment's financial results and the general administrative expenses are presented under the column eliminations/adjustments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following amounts are presented in Euro.

**31/12/2017**

<i>Amounts in Thds of €</i>	<b>Aquaculture</b>	<b>Fishfeed</b>	<b>Aviculture-Stockbreeding</b>	<b>Other remaining segments</b>	<b>Eliminations/Adjustments</b>	<b>Consolidation</b>
Sales revenue per segment	188.402	6.710	9.192	5.565	(3.186)	206.683
Net operating costs	(151.553)	(5.711)	(9.315)	(2.521)	(14.271)	(183.371)
Profit before taxes	36.849	999	(124)	3.044	(17.457)	23.312
Depreciation expense	4.818	802	34	290	-	5.944

**31/12/2016**

<i>Amounts in Thds of €</i>	<b>Aquaculture</b>	<b>Fishfeed</b>	<b>Aviculture-Stockbreeding</b>	<b>Other remaining segments</b>	<b>Eliminations/Adjustments</b>	<b>Consolidation</b>
Sales revenue per segment	178.349	7.108	7.944	4.876	(2.491)	195.786
Net operating costs	(157.658)	(5.823)	(7.670)	(2.580)	(14.196)	(187.927)
Profit before taxes	20.691	1.285	274	2.296	(16.687)	7.859
Depreciation expense	4.352	774	-	146	222	5.494

Assets per segment include those which the executive committee monitors and which can be distinguished into separate operating segments. Liabilities are monitored on a Group basis.

**31/12/2017**

<i>Amounts in Thds of €</i>	<b>Aquaculture</b>	<b>Fishfeed</b>	<b>Aviculture-Stockbreeding</b>	<b>Other remaining segments</b>	<b>Eliminations/Adjustments</b>	<b>Consolidation</b>
Assets per segment	288.427	19.254	2.743	6.531	85.609	402.564
Capital expenditure	9.329	237	104	141	494	10.306

**31/12/2016**

<i>Amounts in Thds of €</i>	<b>Aquaculture</b>	<b>Fishfeed</b>	<b>Aviculture-Stockbreeding</b>	<b>Other remaining segments</b>	<b>Eliminations/Adjustments</b>	<b>Consolidation</b>
Assets per segment	267.634	19.186	2.823	6.975	77.757	374.374
Capital expenditure	5.878	100	14	193	68	6.252

**GEOGRAPHICAL INFORMATION**

Information in relation to the destination location of revenue is presented below.

<i>Amounts in Euro</i>	<b>GROUP</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>
Greece	43.475.827	39.684.900
Euro-zone	141.430.066	134.930.142
Other countries	21.777.115	21.171.186
	<b>206.683.008</b>	<b>195.786.228</b>

An analysis of the revenue and non-current assets based on the geographical area of customers in which they are located is presented below:

**Revenue per Country of subsidiary**

<i>Amounts in Euro</i>	<b>GROUP</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>
Greece	193.271.745	181.837.962
Spain	13.411.263	13.948.266
	<b>206.683.008</b>	<b>195.786.228</b>

**Non-current Assets**

Non-current assets include property, plant and equipment and intangible assets in addition to investment property.

<i>Amounts in Euro</i>	<b>GROUP</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>
Greece	92.691.059	88.933.128
Spain	2.820.416	2.933.490
	<b>95.511.475</b>	<b>91.866.618</b>

There is no customer which exceeds 10% of the Group's and Company's revenue.

## 10. Sale of non-biological assets-goods and other material

Sale of non-biological assets and other material are analysed as follows:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Sale of merchandise	16.658.761	17.090.108	7.807.097	8.936.767
Sale of finished and semi-finished goods	8.541.991	8.849.178	7.799.428	7.863.159
Sales of other inventories and scrap material	1.243.519	1.103.061	927.954	559.550
Sale of services	262.054	348.839	299.684	443.473
<b>Total sales of merchandise and other materials</b>	<b>26.706.325</b>	<b>27.391.186</b>	<b>16.834.163</b>	<b>17.802.949</b>

## 11. Salaries and personnel expenses

### (a) Retirement benefit obligations

The Group and Company assess the retirement benefit obligation as the present value of the legal obligation which has been assumed for the lump sum indemnity payment to personnel who terminate employment as a result of retirement. The relative obligation was estimated based on actuarial calculations.

The respective obligation of the Group and the Company is as follows:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
<b>Balance liability at beginning of the year</b>	2.771.065	2.608.348	2.662.257	2.508.226
Current service cost (Note11b)	228.315	308.061	205.030	298.243
Interest cost (Note 13)	49.782	51.959	47.534	49.961
Benefits paid	(168.594)	(278.435)	(168.592)	(273.139)
Remeasured actuarial (gains)/losses on obligation and effect from change in IAS 19	183.263	81.132	171.419	78.966
<b>Total liability at end of the year</b>	<b>3.063.831</b>	<b>2.771.065</b>	<b>2.917.648</b>	<b>2.662.257</b>

The main actuarial assumptions used were as follows:

	<b>31/12/2017</b>	<b>31/12/2016</b>
Discount rate	1,70%	1,80%
Future salary increases	1,80%	1,80%
Inflation rate	2,00%	2,00%

The amendment to IAS 19 clarifies that the depth of the market of high quality corporate bonds is evaluated based on the currency in which the obligation is expressed and not according to the country in which the obligation exists.

The assessment of the present value of the defined benefit liability and as applicable of the service cost, was made in accordance with the Projected Unit Credit Method (IAS 19, par.67).

When there is no in-depth market for high quality corporate bonds in the same currency, government bond rates should be used instead.

For this reason the basis on which the discount rate was determined was the decreasing trend which the yield of the European bonds iBoxx AA Corporate Overall 10+ EUR indices present and which as assessed as at 31.12.2017 at an average yield of 1,36% (2016: 1,23%) which is consistent with the principles of IAS 19, for it is based on bonds with respect to the currency and estimated duration in relation to employee benefits, and which is suitable for long-term forecasts.

Within this context, a discount rate of 1,7% was assumed during the year, as opposed to 1,8% during the prior year, so that it converges with the long term iBoxx AA Corporate Overall 10+ EUR indices.

The use of an increased technical interest rate of 0,5% would result in the actuarial liability being smaller than 7% while the opposite percentage rate, meaning the use of a smaller interest rate of 0,5% would result in a higher actuarial liability by 7%.

The corresponding sensitivity checks with respect to the anticipated increase in salaries, that is the use of the 0,5% higher than the anticipated increase in salaries would result in the actuarial liability being increased by 7% while the exact opposite percentage, that is the use of a decreased by 0,5% rate would result in the actuarial liability being less than 7%.

The use of an increased technical interest rate of 0,5% would result in the service cost being less than 9% while the opposite percentage rate, namely the use of a smaller interest rate of 0,5% would result in a higher service cost by 10%.

The corresponding sensitivity checks with respect to the anticipated increase in salaries, that is the use of the 0,5% higher than the anticipated increase in salaries would result in the service cost being increased by 10% while the exact opposite percentage, that is the use of a decreased by 0,5% rate would result in the service cost being less than 9%.

Other comprehensive income (OCI)	COMPANY	COMPANY	GROUP	GROUP
	2017	2016	2017	2016
Actuarial gains/(losses) due to financial assumptions	(40.195)	(74.562)	(42.338)	(77.807)
Actuarial gains/(losses) due to experience	(131.224)	(4.404)	(140.926)	(3.325)
<b>Amount recorded in OCI</b>	<b>(171.419)</b>	<b>(78.966)</b>	<b>(183.264)</b>	<b>(81.132)</b>

The following payments are expected contributions to the defined benefit plan in future years:

YEARS	DEFINED BENEFIT OBLIGATION	
	GROUP	COMPANY
	31/12/2017	31/12/2017
0 to 1	153.192	145.882
2 to 5	91.915	87.529
6 to 10	61.277	58.353
11 and above	2.757.448	2.625.883
<b>Total</b>	<b>3.063.831</b>	<b>2.917.648</b>



DEFINED BENEFIT OBLIGATION		
YEARS	GROUP	COMPANY
	31/12/2016	31/12/2016
0 to 1	145.882	58.355
2 to 5	87.529	240.887
6 to 10	58.353	345.777
11 and above	2.625.883	2.017.239
<b>Total</b>	<b>2.917.648</b>	<b>2.662.257</b>

### (β) Employee benefit expense

The expenses recognised for benefits to employees are analysed as follows:

<i>Amounts in Euro</i>	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Wages and Employee Salaries	(23.447.289)	(23.453.243)	(21.733.942)	(21.773.656)
Social contributions	(5.764.801)	(5.192.455)	(5.299.843)	(4.760.843)
Provision for staff termination indemnity (Note 11a)	(228.315)	(308.061)	(205.030)	(298.243)
<b>Total</b>	<b>(29.440.405)</b>	<b>(28.953.759)</b>	<b>(27.238.815)</b>	<b>(26.832.742)</b>

### Number of employed personnel

The number of employed personnel as at December 31, 2017 amounted to 1.079 for the Company, and 1.146 for the Group while as at December 31, 2016 the corresponding number totalled 1.067 for the Company, and 1.124 for the Group.

## 12. Third party fees and benefits

The analysis of third party fees and benefits follows:

<i>Amounts in Euro</i>	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Third party fees and expenses	(12.004.593)	(11.228.582)	(8.279.854)	(7.332.779)
Third party benefits	(9.408.920)	(10.451.376)	(8.929.524)	(9.739.060)
<b>Total third party fees and benefits</b>	<b>(21.413.513)</b>	<b>(21.679.958)</b>	<b>(17.209.378)</b>	<b>(17.071.839)</b>

During the year a change in the presentation of prior year's comparative subsidiary company's sales figure from a gross to a net basis with an off-set of an equivalent amount of raw material consumption and third party expenses.

For the year ended December 31, 2017, third party fees and benefits include statutory auditors' fees of € 11.750 for non-audit services (excluding statutory auditing services and issuance of tax audit reports).

### 13. Finance income and costs

Analysis of finance income and expenses is as follows:

#### Finance Income

*Amounts in Euro*

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Dividend income	-	-	-	230.633
Interest income	105.536	112.596	52.316	95.110
<b>Total finance income</b>	<b>105.536</b>	<b>112.596</b>	<b>52.316</b>	<b>325.743</b>

#### Finance Expenses

*Amounts in Euro*

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Interest expense from bank borrowings at amortised cost	(9.944.799)	(9.715.328)	(9.728.912)	(9.498.323)
Interest expense from defined benefit plans (Note 11a)	(49.782)	(51.958)	(47.534)	(49.961)
<b>Total finance expenses</b>	<b>(9.994.581)</b>	<b>(9.767.286)</b>	<b>(9.776.446)</b>	<b>(9.548.284)</b>

During the current year, net financial expenses of a total amount of € 1.768.863,44 (2016: € 1.988.820) have been recognised in relation to the discounting of loan and interest instalments regarding the gain on the valuation of loan borrowings for both the company's and merged company's SEAFARM IONIAN S.A financial borrowings which is included in the above figure "interest expense from bank borrowings at amortised cost". Further information is presented in Note 34 "Interest Bearing and Loan Borrowing".



## 14. Other expenses

The analysis of other expenses is the following:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Donations and subsidies	(18.883)	(25.707)	(18.883)	(25.207)
Special export expenses	(138.455)	(140.972)	(136.046)	(138.223)
Printed material and stationery	(79.766)	(76.570)	(72.743)	(69.450)
Publication expenses	(3.439)	(13.498)	(739)	(2.889)
Exhibition expenses	(110.387)	(38.531)	(110.387)	(38.531)
Transportation expenses	(18.656.909)	(17.748.160)	(17.794.506)	(16.887.661)
Sales promotion and advertising expenses	(207.440)	(183.703)	(179.764)	(161.001)
Travelling expenses	(387.157)	(378.455)	(285.136)	(281.084)
Losses from disposal of assets	(809)	(55.683)	(809)	(19.383)
Losses from destruction of obsolete inventories	(315.769)	(182.346)	(49.306)	(125.549)
Other extraordinary expnses	(609.177)	(556.571)	(595.791)	(515.065)
Provisions for indemnities due to prior year litigations (Note 37)	(1.528.368)	-	(1.528.368)	-
Provision for bad debts & other receivables (Notes 28,29)	(114.026)	(374.941)	(53.354)	(379.204)
Recognition of employees' entitlement to vacation days and other personnel expenses (Note 37)	(2.350.398)	-	(2.247.587)	-
Exchange differences	(358.672)	(290.063)	(352.863)	(288.032)
Subscriptions – Contributions	(96.647)	(95.632)	(88.292)	(81.631)
Consumable materials	(4.549.528)	(4.422.081)	(4.595.212)	(4.362.965)
Taxes-duties	(1.026.994)	(928.410)	(961.262)	(874.979)
Fines and surcharges	(74.504)	(168.362)	(73.978)	(162.924)
Cleaning expenses	(261.941)	(188.952)	(255.541)	(186.782)
Security expenses	(175.211)	(175.440)	(175.211)	(175.351)
Various expenses	(411.189)	(441.938)	(393.456)	(421.282)
<b>Total expenses</b>	<b>(31.475.669)</b>	<b>(26.486.015)</b>	<b>(29.969.234)</b>	<b>(25.197.193)</b>

## 15. Other income

Analysis of other operating income is as follows:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Sales subsidies and other sales revenue	443.751	381.853	443.751	381.853
Income from other operations	140.371	107.334	120.050	65.953
Income from operating leases	600	925	59.727	40.600
Gain on disposal of assets	100	148.046	-	145.839
Other unutilised provision of bad debts (Note 28,29)	-	244.985	-	79.762
Other income from write-offs of ceditors' balances (Notes 38, 39)	315.986	-	225.735	-
Credit notes for prior year purchases	57.365	76.538	57.365	56.188
Income from insurance credit notes	5.525	79.150	5.525	79.150
Exchange differences	101.132	152.829	95.839	146.772
Other income	141.670	460.468	36.533	376.815
<b>Total Income</b>	<b>1.206.500</b>	<b>1.652.127</b>	<b>1.044.525</b>	<b>1.372.931</b>

Other income mainly relates to third party revenue.

## 16. Income tax expense

The income tax expense of the Group and the Company is as follows:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Current tax	(300.017)	(265.298)	(14.686)	-
Deferred tax	349.375	3.327.883	926.760	3.471.644
<b>Income tax expense</b>	<b>49.358</b>	<b>3.062.585</b>	<b>912.074</b>	<b>3.471.644</b>
Deferred tax - recognised in other comprehensive income (Equity holders of the parent company)	53.147	23.528	49.712	22.900
<b>Income tax-other comprehensive income</b>	<b>53.147</b>	<b>23.528</b>	<b>49.712</b>	<b>22.900</b>

The reconciliation between Income tax and deferred tax as compared to the estimated charge is presented below:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Current tax	(300.017)	(265.298)	(14.686)	-
Deferred tax	349.375	3.327.883	926.760	3.471.644
<b>Total</b>	<b>49.358</b>	<b>3.062.585</b>	<b>912.074</b>	<b>3.471.644</b>
<b>Profit before tax</b>	<b>23.312.082</b>	<b>7.859.169</b>	<b>21.762.159</b>	<b>6.509.576</b>
Tax rate	29%	29%	29%	29%
<b>Estimated tax charge</b>	<b>6.760.504</b>	<b>2.279.159</b>	<b>6.311.026</b>	<b>1.887.777</b>
Tax effect of non-taxed income/expense which are non tax deductible for tax purposes	(1.740.676)	(1.582.026)	(2.153.914)	(1.599.703)
Utilisation of prior year deferred tax asset on tax losses	3.759.718	-	3.759.718	-
Utilisation of tax losses unrecognised during the prior year	(1.279.888)	-	(1.279.888)	-
Effect of recognition of deferred tax assets on tax losses	(7.549.016)	(3.759.718)	(7.549.016)	(3.759.718)
<b>Actual Tax Charge</b>	<b>(49.358)</b>	<b>(3.062.585)</b>	<b>(912.074)</b>	<b>(3.471.644)</b>

According to the Group's policies, deferred tax assets are recognized following two (2) consecutive profitable years. As a result, the Group and Company have accumulated losses of approximately € 26 million for which the company has recognized a deferred tax asset of € 7.549.016 (2016: € 3.759.718), recognising in the results of the year a deferred tax gain of € 3.789.298 for prior year losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses will be off-set against the above-mentioned profits in accordance with paragraph 34 of IAS 12 (Note 23).

The parent company and the domestic subsidiary have been audited for tax purposes for the prior years, according to the provisions of par. 5 of article 82 of L. 2238/94 and the provisions of article 65A, of L. 4174/2013 for which "Tax compliance Reports" have been issued. Furthermore, for the year 2016, the tax audit of the parent company and its subsidiary KegoAgri SA were completed during the current year to which they had been subject to an audit by the Chartered and Certified Accountants based on the provisions of article 65A, of L. 4174/2013.

With respect to the financial year 2017, the Company as well as its domestic subsidiary KegoAgri SA are in the process of having the Tax Compliance Certificate issued, as provided by L.4174 / 2013. Upon completion of the tax audit the Group's management does not expect that any significant tax liabilities will result beyond those recognized and reported in the financial statements.

According to the same provisions and based on the tax audit of prior years, companies which may incur taxable profits following the net off of accumulated tax losses, have established a provision for contingent tax liabilities which may arise from the tax audit of the open tax years. The established provision for unaudited tax years is considered adequate.

**Information with respect to the unaudited tax years:**

The unaudited, by the tax authorities, financial years for the group companies are as follows:

<b>GROUP COMPANIES</b>	<b>UNAUDITED TAX YEARS</b>
NIREUS AQUACULTURE S.A (*)	-
PROTEUS EQUIPMENT S.A	2016
PREDOMAR S.L.	Since 2013
KEGO AGRI S.A	-
NIREUS INTERNATIONAL LTD	Since 2006
NIREUS GMBH	-

(\*) According to current legislation years 2009 and 2010 are considered time barred

Liquidation procedures on Miramar Projects UK were completed on 25.07.2017

It should be noted that the tax audit of the Italian branch for the year 2014 was completed during the current year where no additional taxes and surcharges were imposed.

Further information on deferred tax is presented in Note 23 “Deferred tax receivables/(liabilities)”

## 17. Earnings per share

Analysis of earnings per share of the Group and the Company is as follows:

*Basic Earnings per share*

<i>Amounts in Euro</i>	<b>GROUP</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>
Earnings attributable to equity holders of the Company	23.361.440	10.921.754
Weighted average number of ordinary shares	291.944.354	283.839.126
<b>Earnings per share (€ per share)</b>	<b>0,0800</b>	<b>0,0385</b>

Earnings per share is calculated as losses attributable to equity holders of the parent Company divided by the weighted average number of ordinary shares in issue during the year.

*Diluted Earnings per share*

<i>Amounts in Euro</i>	<b>GROUP</b>	<b>GROUP</b>
	<b>31/12/2017</b>	<b>31/12/2016</b>
Earnings attributable to equity holders of the Company	25.226.432	12.868.595
Weighted average number of ordinary shares	413.462.354	382.038.578
<b>Diluted earnings per share (€ per share)</b>	<b>0,0610</b>	<b>0,0337</b>

Diluted earnings per share, profit or losses per share which are attributed to the equity holders, in addition to, the weighted average of shares which are outstanding are adjusted so that all effects from the conversion of shares to common shares are taken into consideration.

## 18. Property Plant and Equipment

Land utilized for the purpose of either production or administration is stated at fair value. Similarly, buildings, machinery, technical installations and floating means are presented at fair value less accumulated depreciation reduced by any other impairment losses which are recognized as at the date of measurement (Note 5C)

The management of the Group and the Company taking into consideration the current conditions resulting from the developments in the Greek economy, as well as the economic environment assessed, given the nature, location and valuation method (the comparable method and the method of residual replacement cost) of the property, plant & equipment assessed that there were no significant changes in the fair values as at 31.12.2017.

Other property, plant and equipment are presented at acquisition cost less accumulated depreciation less and impairment costs.

Depreciation expense of tangible assets (except for land which is a non-depreciable asset) is calculated on a straight-line basis over the useful life of the asset.

Property, plant and equipment is analysed as follows:

<b>GROUP</b>	<b>Land</b>	<b>Buildings</b>	<b>Other Installations and equipment</b>	<b>Mechanical equipment and technical installations</b>	<b>Other Transportation means</b>	<b>Floating means</b>	<b>Furniture and other equipment</b>	<b>Assets under construction</b>	<b>Total</b>
<i>Amounts in Euro</i>									
<b>Cost</b>									
<b>Balance at 1 January 2016</b>	<b>7.723.350</b>	<b>36.684.920</b>	<b>50.834.054</b>	<b>13.741.813</b>	<b>5.384.687</b>	<b>4.284.869</b>	<b>8.134.740</b>	<b>888.387</b>	<b>127.676.820</b>
Additions	-	382.562	3.659.553	-	860.916	-	230.480	1.100.730	6.234.241
Disposals	-	(2.311)	(72.380)	(31.142)	(25.652)	-	(12.907)	(36.300)	(180.692)
Reclassifications	-	-	-	-	306	(306)	-	-	-
Reclassifications from work-in-progress	-	913.513	106.071	-	21.800	-	-	(1.729.893)	(688.509)
Revaluation	(118.826)	(12.554)	-	(37.624)	-	-	-	-	(169.004)
<b>Balance at 31 December 2016</b>	<b>7.604.524</b>	<b>37.966.130</b>	<b>54.527.298</b>	<b>13.673.047</b>	<b>6.242.057</b>	<b>4.284.563</b>	<b>8.352.313</b>	<b>222.924</b>	<b>132.872.856</b>
<b>Accumulated depreciation</b>									
<b>Balance at 1 January 2016</b>	-	(3.653.193)	(37.505.095)	(1.398.055)	(4.057.522)	(331.377)	(7.555.525)	-	(54.500.767)
Depreciation charge	-	(908.852)	(2.609.287)	(1.380.097)	(204.471)	(332.105)	(171.886)	-	(5.606.698)
Disposals	-	2.311	28.280	6.546	25.655	(18)	10.856	-	73.630
Reclassifications	-	-	-	-	(46)	46	-	-	-
<b>Balance at 31 December 2016</b>	-	(4.559.734)	(40.086.102)	(2.771.606)	(4.236.384)	(663.454)	(7.716.555)	-	(60.033.835)
<b>Net Book Value at 31 December 2016</b>	<b>7.604.524</b>	<b>33.406.396</b>	<b>14.441.196</b>	<b>10.901.441</b>	<b>2.005.673</b>	<b>3.621.109</b>	<b>635.758</b>	<b>222.924</b>	<b>72.839.021</b>
<b>Cost</b>									
<b>Balance at 1 January 2017</b>	<b>7.604.524</b>	<b>37.966.130</b>	<b>54.527.298</b>	<b>13.673.047</b>	<b>6.242.057</b>	<b>4.284.563</b>	<b>8.352.313</b>	<b>222.924</b>	<b>132.872.856</b>
Additions	-	611.499	5.159.703	89.408	577.503	-	462.263	3.199.129	10.099.505
Disposals	-	256	(75.377)	-	(95.064)	(1.990)	(13.035)	-	(185.210)
Reclassifications	210.460	-	(8.621)	8.621	-	-	-	-	210.460
Reclassifications from work-in-progress	-	42.419	308.737	-	586.901	-	1.926	(1.777.021)	(837.038)
<b>Balance at 31 December 2017</b>	<b>7.814.984</b>	<b>38.620.304</b>	<b>59.911.740</b>	<b>13.771.076</b>	<b>7.311.397</b>	<b>4.282.573</b>	<b>8.803.467</b>	<b>1.645.032</b>	<b>142.160.573</b>
<b>Accumulated depreciation</b>									
<b>Balance at 1 January 2017</b>	-	(4.559.734)	(40.086.102)	(2.771.606)	(4.236.384)	(663.454)	(7.716.555)	-	(60.033.835)
Depreciation charge	-	(922.855)	(2.752.931)	(1.354.255)	(293.942)	(331.682)	(284.269)	-	(5.939.934)
Disposals	-	-	74.223	11	95.056	501	13.033	-	182.824
Reclassifications	-	-	(96)	96	-	-	-	-	-
<b>Balance at 31 December 2017</b>	-	(5.482.589)	(42.764.906)	(4.125.754)	(4.435.270)	(994.635)	(7.987.791)	-	(65.790.945)
<b>Net Book Value at 31 December 2017</b>	<b>7.814.984</b>	<b>33.137.715</b>	<b>17.146.834</b>	<b>9.645.322</b>	<b>2.876.127</b>	<b>3.287.938</b>	<b>815.676</b>	<b>1.645.032</b>	<b>76.369.628</b>



COMPANY

	Land	Buildings	Other Installations and equipment	Mechanical equipment and technical installations	Other Transportation means	Floating means	Furniture and other equipment	Assets under construction	Total
<i>Amounts in Euro</i>									
<b>Cost</b>									
<b>Balance at 1 January 2016</b>	<b>7.499.286</b>	<b>34.488.544</b>	<b>52.231.963</b>	<b>13.377.305</b>	<b>5.251.525</b>	<b>4.284.869</b>	<b>7.992.570</b>	<b>245.060</b>	<b>125.371.122</b>
Additions	-	382.562	3.729.353	-	860.646	-	216.605	1.100.166	6.289.332
Disposals	-	(2.311)	(60.917)	(31.142)	(25.652)	-	(12.907)	-	(132.929)
Reclassifications	-	-	-	-	306	(306)	-	-	-
Reclassifications from work-in-progress	-	371.716	40.277	-	21.800	-	-	(1.122.302)	(688.509)
Revaluation of assets	-	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>7.499.286</b>	<b>35.240.511</b>	<b>55.940.676</b>	<b>13.346.163</b>	<b>6.108.625</b>	<b>4.284.563</b>	<b>8.196.268</b>	<b>222.924</b>	<b>130.839.016</b>
<b>Accumulated depreciation</b>									
<b>Balance at 1 January 2016</b>	-	<b>(3.322.297)</b>	<b>(37.602.821)</b>	<b>(1.351.535)</b>	<b>(3.922.587)</b>	<b>(331.378)</b>	<b>(7.416.182)</b>	-	<b>(53.946.800)</b>
Depreciation charge	-	(676.410)	(2.745.266)	(1.341.055)	(204.379)	(332.105)	(166.828)	-	(5.466.043)
Disposals	-	2.311	27.853	6.546	25.655	(18)	10.856	-	73.203
Reclassifications	-	-	-	-	(46)	46	-	-	-
<b>Balance at 31 December 2016</b>	-	<b>(3.996.396)</b>	<b>(40.320.234)</b>	<b>(2.686.044)</b>	<b>(4.101.357)</b>	<b>(663.455)</b>	<b>(7.572.154)</b>	-	<b>(59.339.640)</b>
<b>Net Book Value at 31 December 2016</b>	<b>7.499.286</b>	<b>31.244.115</b>	<b>15.620.442</b>	<b>10.660.119</b>	<b>2.007.268</b>	<b>3.621.108</b>	<b>624.114</b>	<b>222.924</b>	<b>71.499.376</b>
<b>Cost</b>									
<b>Balance at 1 January 2017</b>	<b>7.499.286</b>	<b>35.240.511</b>	<b>55.940.676</b>	<b>13.346.163</b>	<b>6.108.625</b>	<b>4.284.563</b>	<b>8.196.268</b>	<b>222.924</b>	<b>130.839.016</b>
Additions	-	503.373	5.257.234	-	555.502	-	445.884	3.199.129	9.961.122
Disposals	-	256	(74.961)	-	(95.064)	(1.990)	(12.485)	-	(184.244)
Reclassifications	210.460	-	(8.621)	8.621	-	-	-	-	210.460
Reclassifications from work-in-progress	-	42.419	308.737	-	586.901	-	1.926	(1.777.021)	(837.038)
<b>Balance at 31 December 2017</b>	<b>7.709.746</b>	<b>35.786.559</b>	<b>61.423.065</b>	<b>13.354.784</b>	<b>7.155.964</b>	<b>4.282.573</b>	<b>8.631.593</b>	<b>1.645.032</b>	<b>139.989.316</b>
<b>Accumulated depreciation</b>									
<b>Balance at 1 January 2017</b>	-	<b>(3.996.396)</b>	<b>(40.320.234)</b>	<b>(2.686.044)</b>	<b>(4.101.357)</b>	<b>(663.455)</b>	<b>(7.572.154)</b>	-	<b>(59.339.640)</b>
Depreciation charge	-	(690.044)	(2.896.352)	(1.317.834)	(294.107)	(331.682)	(274.484)	-	(5.804.503)
Disposals	-	-	73.864	-	95.058	501	12.483	-	181.906
Reclassifications	-	-	(96)	96	-	-	-	-	-
<b>Balance at 31 December 2017</b>	-	<b>(4.686.440)</b>	<b>(43.142.818)</b>	<b>(4.003.782)</b>	<b>(4.300.406)</b>	<b>(994.636)</b>	<b>(7.834.155)</b>	-	<b>(64.962.237)</b>
<b>Net Book Value at 31 December 2017</b>	<b>7.709.746</b>	<b>31.100.119</b>	<b>18.280.247</b>	<b>9.351.002</b>	<b>2.855.558</b>	<b>3.287.937</b>	<b>797.438</b>	<b>1.645.032</b>	<b>75.027.079</b>

In the Profit and loss statement, the figure “Depreciation” also includes amortization of grants on assets which has been offset against depreciation. With respect to the current year, amortization of grants amounts to € 667589 for the Company and € 737.618 for the Group. The corresponding prior year figure amounts to € 722.590 for the Company and € 792.621 for the Group (Note 35).

Other “Installations and equipment” mainly include fixed assets concerning fattening and hatchery units and more specifically cages, nets, anchorage, air compressor, generators, filters etc.

Mortgages and pledges against Group assets are analysed in Note 41, below.

## 19. Investment properties

The investment property of the Group and the Company is analysed as follows:

	GROUP			COMPANY		
	Land	Buildings	Total	Land	Buildings	Total
<i>Amounts in Euro</i>						
<b>Carrying value at 1 January 2016</b>	<b>1.543.406</b>	<b>2.533.524</b>	<b>4.076.930</b>	<b>1.543.406</b>	<b>2.533.524</b>	<b>4.076.930</b>
Reclassification	(6.848)	6.848	-	(6.848)	6.848	-
Gains/(losses) from fair value	5.099	(133.123)	<b>(128.024)</b>	5.099	(133.123)	<b>(128.024)</b>
<b>Carrying value at 31 December 2016</b>	<b>1.541.657</b>	<b>2.407.249</b>	<b>3.948.906</b>	<b>1.541.657</b>	<b>2.407.249</b>	<b>3.948.906</b>
Reclassification	(210.460)	-	<b>(210.460)</b>	(210.460)	-	<b>(210.460)</b>
Gains/(losses) from fair value	95.360	(72.147)	<b>23.213</b>	95.360	(72.147)	<b>23.213</b>
<b>Carrying value at 31 December 2017</b>	<b>1.426.557</b>	<b>2.335.102</b>	<b>3.761.659</b>	<b>1.426.556</b>	<b>2.335.102</b>	<b>3.761.659</b>

Investment property is measured on an annual basis, at year-end by the use of an independent qualified valuer.

As at 31 December 2017 the Group and Company revalued land and buildings based on a evaluation performed by an accredited independent valuer. The fair value has been based on market values whereby the current values were revalued in accordance with the location and physical condition of the respective assets.

The fair value of land was determined based on the most recent transactions observable in the market in accordance with the sales comparison Method. The fair value of buildings was determined based on the method of depreciable replacement cost. The above methods are in accordance with the International Valuation Standards Committee.

The fair value of the properties was determined by the use of the replacement cost method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property. As the date of revaluation 31 December 2017, the fair values are based on valuations performed by the external valuer.

It should be noted that the maximum price of buildings also includes installations of the surrounding area, while the non-representative prices of land have been excluded.

The following table provides the fair value measurement hierarchy of the Group's investment property.

<b>Assets measured at fair value</b>	<b>Date of Measurement</b>	<b>TOTAL</b>	<b>LEVEL 1</b>	<b>LEVEL 2</b>	<b>LEVEL 3</b>
Office	December 31 2017	426.488	-	-	v
Retail	December 31 2017	3.335.171	-	-	v
		<b>3.761.659</b>			

  

<b>Assets measured at fair value</b>	<b>Date of Measurement</b>	<b>TOTAL</b>	<b>LEVEL 1</b>	<b>LEVEL 2</b>	<b>LEVEL 3</b>
Office	December 31 2016	462.332	-	-	v
Retail	December 31 2016	3.486.574	-	-	v
		<b>3.948.906</b>			

Further information is presented in Notes 43 and 44.

Significant and individual increases (decreases) in the estimated price per square meter in isolation would result in a significantly higher/ (lower) fair value.

The effect from the revaluation of land and buildings at fair value was an increase in the equity position of the Company and Group by an amount of € 23.213 respectively (Company 2016: € (128.024) and Group 2016: € (128.024) respectively through profit and loss (before tax).

## 20. Goodwill

<b>GROUP</b>		<b>COMPANY</b>	
<i>Amounts in Euro</i>		<i>Amounts in Euro</i>	
Carrying value at 1 January 2016	30.356.630	Carrying value at 1 January 2016	29.968.825
Impairment losses	(57.633)	Impairment losses	-
<b>Carrying value at 31 December 2016</b>	<b>30.298.997</b>	<b>Carrying value at 31 December 2016</b>	<b>29.968.825</b>
<b>Impairment losses</b>	<b>-</b>	<b>Impairment losses</b>	<b>-</b>
<b>Carrying value at 31 December 2017</b>	<b>30.298.997</b>	<b>Carrying value at 31 December 2017</b>	<b>29.968.825</b>



The remaining amount of € € 29.968.825 relates to the carrying value of prior years' merged companies.

Goodwill acquired through business combinations and intangible assets with indefinite lives, i.e. fish-farm licenses, have been allocated to three cash-generating units (CGUs), which are also operating and reportable segments, for impairment testing as follows:

- Aquaculture unit
- Fish feed unit
- Aviculture-Stockbreeding unit

The carrying amount of goodwill and fish-farm licenses allocated to each of the cash-generating units is further analysed in Note 22:

	AQUACULTURE		FISHFEED		AVICULTURE - STOCKBREEDING		TOTAL	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<b>Goodwill</b>	26.590.022	26.590.022	3.708.975	3.708.975	-	57.633	30.298.997	30.356.630
<b>Aquaculture Licenses</b>	13.680.000	13.680.000	-	-	-	-	13.680.000	13.680.000

As at 31 December 2017, the market capitalisation of the Group was shown to be below the book value of its equity, that which can be considered as being an indication of a potential impairment of goodwill and impairment of the assets per operating segment.

The Group performed an annual impairment test on goodwill and intangible assets with an indefinite useful life as at 31 December 2017. During the examination of indications of impairment, the Group examines, among other factors, the relationship between the market capitalization and the carrying value.

The recoverable amount of the three operating segments has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been calculated in such a way so as to reflect the demand conditions of each operating segment. The pre-tax discount rate applied to cash flow projections is 7,9%. The cash flows which relate to the 5-year period change in accordance with estimates for operating profits, investments for equipment and working capital needs. Indicatively it is noted that for the 5-year period (2018-2022) the compound growth rate of (CAGR) for the aquaculture and fish feed segments is estimated at 2,3%, while for the Aviculture stock breeding segment, projections are set at 2,5%. Following the 5-year period, cash flows are extended with a growth rate of 3% for the aquaculture and fish feed segments and 2% for the aviculture and stockbreeding segment taking into consideration the long-term projections of the company for the three segments in addition to the course of long-term inflation. The above percentages are based on management's projections.

The impairment test resulted in that the recoverable amount of the aquaculture segment and of the fish feed segment exceeded their carrying value reflecting the positive prospects of the market in the future.

The calculation of value-in-use for the three units is most sensitive to the following assumptions:

- a) Profit margin
- b) Discount rates
- c) Market share during the budget period
- d) Growth rate used for the extension of cash flows after the budget period



- Margin of earnings before interest, taxes, depreciation and amortization – Margins of earnings before interest, taxes, depreciation and amortization are based on estimations during the budget period of five years and relate to expected prices, sale quantities, market share and cost of sale and operating costs. Estimations for those amounts use the existing data of the industry in which the three units operate.
- Discount rates – Discount rates reflect the current market assessment of the risks specific to each cash generating unit. The discount rate was estimated based on the average percentage of a weighted average cost of capital for the industry which takes into account the debt to equity ratio. The cost of capital arises from the expected yield of investments from the investors of the Group and the cost of debt is based on the debt that the Group should accommodate. This rate was further adjusted to reflect the market assessment of any risk specific to the cash generating unit for which future estimates.
- Market share during the budget period – These assumptions are important because, as well as using industry data for growth rates management assesses how the unit's position, relative to its competitors, might change over the budget period. Management expects stability in the market where the three units operate during the budgeted period.
- Growth rate to perpetuity – Rates are based on long-term prospective of the group for the three reporting segments.

#### **Profit before interest, taxes, depreciation and amortization (EBITDA)**

Profit before interest, tax and depreciation are based on historical data and estimates during the period for the next five years for the two cash generating units and more specifically for the CGU aquaculture and fish feed, such that future changes are incorporated in the Group's profitability, as expected by management.

#### **Discount rate**

The discount rates reflect the assessment of the current status of the risks related to each Cash Generating Unit ("CGU"). The discount rate was calculated as the average of the weighted average cost of capital in the industry. This percentage is further adjusted in order to reflect the assumptions of the market risk for each cash-generating unit for which the estimates of future cash flows has not been adjusted. The discount rate used for impairment testing is reduced due to recent improvements in the credit quality as well as due to prospects of the Greek public debt, and that of the EU as a whole. Moreover, this discount rate includes an additional percentage of risk-taking (company specific risk premium) as a result of the sensitivity analysis conducted on key operating parameters of the cash flows.

#### **Perpetuity growth**

The growth rate is based on the Group's long-term prospects for both units.

#### **Sensitivity analysis of changes in assumptions**

Management performed a sensitivity analysis in use for the three CGU's with respect to movements in the above parameters for the segments of Aquaculture and Fish feed, from which it was concluded that any reasonable change in the above parameters would not result in the carrying value exceeding the recoverable value for any of the above CGU's.



## 21. Intangible assets

The intangible assets of the Group and Company relate mainly to acquired aquaculture licenses and computer software licenses. Analysis of the carrying values of the above is presented in summary in the tables here below:

<b>GROUP</b>			
<i>Amounts in Euro</i>	<b>Computer and other software</b>	<b>Aquaculture Licences</b>	<b>Total</b>
<b>Cost</b>			
<b>Balance 1 January 2016</b>	<b>9.460.705</b>	<b>13.680.000</b>	<b>23.140.705</b>
Additions	17.887	-	17.887
Transfers from work under construction	688.509	-	688.509
<b>Balance 31 December 2016</b>	<b>10.167.101</b>	<b>13.680.000</b>	<b>23.847.101</b>
<b>Accumulated amortisation</b>			
<b>Balance 1 January 2016</b>	<b>(8.088.595)</b>	-	<b>(8.088.595)</b>
Amortisation charge	(679.815)	-	(679.815)
<b>Balance at 31 December 2016</b>	<b>(8.768.410)</b>	-	<b>(8.768.410)</b>
<b>Net book value at 31 December 2016</b>	<b>1.398.691</b>	<b>13.680.000</b>	<b>15.078.691</b>
<b>Cost</b>			
<b>Balance 1 January 2017</b>	<b>10.167.101</b>	<b>13.680.000</b>	<b>23.847.101</b>
Additions	206.250	-	206.250
Transfers from work under construction	837.038	-	837.038
<b>Balance 31 December 2017</b>	<b>11.210.389</b>	<b>13.680.000</b>	<b>24.890.389</b>
<b>Accumulated amortisation</b>			
<b>Balance 1 January 2017</b>	<b>(8.768.410)</b>	-	<b>(8.768.410)</b>
Amortisation charge	(741.791)	-	(741.791)
<b>Balance at 31 December 2017</b>	<b>(9.510.201)</b>	-	<b>(9.510.201)</b>
<b>Net book value at 31 December 2017</b>	<b>1.700.188</b>	<b>13.680.000</b>	<b>15.380.188</b>

**COMPANY**

<i>Amounts in Euro</i>	<b>Computer and other software</b>	<b>Aquaculture Licences</b>	<b>Total</b>
<b>Cost</b>			
<b>Balance 1 January 2016</b>	<b>9.453.630</b>	<b>11.475.000</b>	<b>20.928.630</b>
Additions	17.887	-	17.887
Transfers from work under construction	688.509	-	688.509
<b>Balance 31 December 2016</b>	<b>10.160.026</b>	<b>11.475.000</b>	<b>21.635.026</b>
<b>Accumulated amortisation</b>			
<b>Balance 1 January 2016</b>	<b>(8.081.669)</b>	-	<b>(8.081.669)</b>
Amortisation charge	(679.735)	-	(679.735)
<b>Balance at 31 December 2016</b>	<b>(8.761.404)</b>	-	<b>(8.761.404)</b>
<b>Net book value at 31 December 2016</b>	<b>1.398.622</b>	<b>11.475.000</b>	<b>12.873.622</b>
<b>Cost</b>			
<b>Balance 1 January 2017</b>	<b>10.160.026</b>	<b>11.475.000</b>	<b>21.635.026</b>
Additions	206.250	-	206.250
Transfers from work under construction	837.038	-	837.038
<b>Balance 31 December 2017</b>	<b>11.203.314</b>	<b>11.475.000</b>	<b>22.678.314</b>
<b>Accumulated amortisation</b>			
<b>Balance 1 January 2017</b>	<b>(8.761.404)</b>	-	<b>(8.761.404)</b>
Amortisation charge	(741.722)	-	(741.722)
<b>Balance at 31 December 2017</b>	<b>(9.503.126)</b>	-	<b>(9.503.126)</b>
<b>Net book value at 31 December 2017</b>	<b>1.700.188</b>	<b>11.475.000</b>	<b>13.175.188</b>



“Aquaculture licences” on a Group level relate to the value of the aquaculture licenses of the Company, the Group “SEAFARM IONIAN SA”, “KEGO AGRI SA”, and “PREDOMAR S.L”, which resulted from the acquisition of the corresponding subsidiaries. The Company’s aquaculture license value relates to the value of aquaculture licenses of the absorbed subsidiary companies KEGO S.A, RED ANCHOR SA and SEAFARM IONIAN SA. The aforementioned goodwill is not depreciated, but is assessed for impairment loss at each reporting period, in accordance with IAS 36.

The management of the Group and Company examines the current conditions which arise from the developments in the Greek economy and the broader context of the economic environment and assessed that no material changes have occurred in the fair values as at 31.12.2017.

## 22. Investments in subsidiaries

In the financial statements of the Company, investments in subsidiary companies have been measured at acquisition cost less any impairment losses.

<i>Amounts in Euro</i>	<b>COMPANY</b>
	<b><u>31/12/2017</u></b>
Opening Balance	<b>13.732.214</b>
<b>Closing Balance</b>	<b>13.732.214</b>

The company’s percentage participation in investments, which are not listed on the Athens Stock Exchange Market, is analysed as follows:

COMPANY NAME	31/12/2016			Share Capital Increase	31/12/2017		Country of incorporation	Percentage Shareholding 31.12.2017
	Cost 01.01.2016	Impairment of Investment	Amount as per Financial Position 31.12.2016		Impairment of Investment	Amount as per Financial Position		
PROTEUS SA	1.379.347	-	1.379.347		-	1.379.347	GREECE	100,00%
NIREUS GMBH	-	-	-	3.875.000	(3.875.000)	-	GERMANY	100,00%
NIREUS INTERNATIONAL LTD	6.400.033	-	6.400.033		-	6.400.033	CYPRUS	100,00%
KEGO AGRI S.A	7.052.834	(1.100.000)	5.952.834		-	5.952.834	GREECE	100,00%
<b>TOTAL</b>	<b>14.832.214</b>	<b>(1.100.000)</b>	<b>13.732.214</b>	<b>3.875.000</b>	<b>(3.875.000)</b>	<b>13.732.214</b>		

During the current year, the German subsidiary NIREUS GMBH increased its share capital via a cash injection from its parent company, by the amount of € 3.875.000 for the purpose of repaying its liabilities to its parent company, with a corresponding increase in the parent company’s investment in the above mentioned subsidiary. Following the increase, the company proceeded with an impairment in its subsidiary by an equivalent amount as that of the increase.

It should be noted that during the prior year, the Company had established a provision for bad debts in relation to its receivable from its German subsidiary NIREUS GMBH by the amount of € 3.839.894, reversing in the current year the provision for bad debts as presented in Note 29 “Other current financial assets”.

The above transaction did not result in any effect in the current year’s results of the Company and the Group.

Procedures on the liquidation of the subsidiary company MIRAMAR CO LTD-UK were completed as at 25.07.2017 (Note 7)



It should be noted that there are no restrictions between the Group and the above-mentioned subsidiaries as regards to their access to the assets and the liabilities of the Group, nor is there any restriction to the transfer of funds and dividends between the Group and companies.

### Investments impairment test

The Company identifies similar nature CGUs as those identified by the Group which effectively overlap individual investments in subsidiaries. For the purpose of the impairment test of investments the Company allocates its investments namely to Aquaculture unit and Fish-Feed unit where investments in subsidiaries have been allocated for impairment test purposes:

	AQUACULTURE		AVICULTURE AND STOCKBREEDING		TOTAL	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Investments in subsidiaries	7.779.379	7.779.379	5.952.835	5.952.835	13.732.214	13.732.214

With respect to the separate Financial Statements of the Company, an impairment test was performed as of 31 December 2016 on investments in subsidiaries where an indication of impairment resulted. The recoverable amount of the unit was determined according to the value in use which was calculated based on the projected cash flows from financial budgets of the company approved by senior management, covering a 5-year period. The projected cash flows have been calculated in order that these reflect the current demand. The pre-tax interest which was used for the discount of the projected cash flows amounts to 7,9%. The cash flows have been calculated according to the current state of the assets of the Company. Indicatively it is noted that for the 5-year period (2018-2022) the compound growth rate of (CAGR) for the aquaculture and fish feed segments is estimated at 2,3%, while for the Aviculture stock breeding segment projections are set at 2,5%. Following the 5-year period the cash flows are extended with a growth rate of 3% for the aquaculture and fish feed segments and 2% for the aviculture and stockbreeding segment taking into consideration the long-term projections of the company for the three segments in addition to the course of long-term inflation.

The impairment test indicates that the recoverable amount of the aquaculture segment exceeds its carrying value reflecting positive expectations which prevail in the market for the future.

For the purpose of impairment testing, the recoverable amount was determined as the value in use, calculated on the basis of projected cash flows from the Group's financial budgets approved by management, covering a period of five years. The CGU being tested for impairment is the same as that used for goodwill impairment and therefore disclosures regarding assumptions used are the same as those presented above in the disclosures for goodwill impairment (Note 20).

### Sensitivity Analysis

A sensitivity analysis was performed with respect to the positive or negative change of the discount rate by 0,5%, to the positive or negative change in the growth rate by 0,5%, as well as to the EBITDA margin of +/- 1% as part of the impairment test of investment in the CGU of the aviculture and stockbreeding segment. An increase by 0,5% in the discount rate, with a decrease in the growth rate of 0,5% and a decrease by 1% in the EBITDA margin, would result in an impairment loss of the aviculture and stockbreeding sector by € (0,2) million, while a 0,5% decrease in the discount rate, with a growth rate increase of 0,5% and a 1% increase in the EBITDA margin, would result in a further increase in the recoverable amount by € 2,0 million.



## 23. Deferred Income Tax Receivables/(Liabilities)

Deferred income tax assets and liabilities which result from relative temporary tax differences, are as follows:

	STATEMENT OF FINANCIAL POSITION				INCOME STATEMENT			
	GROUP		COMPANY		GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<b>DEFERRED TAX LIABILITIES</b>								
Intangible assets	(238.995)	(285.960)	(238.995)	(285.960)	46.965	(23.863)	46.965	(23.863)
Property, Plant & Equipment	(8.460.456)	(8.626.777)	(8.163.143)	(8.327.635)	166.321	108.791	164.490	105.193
Investments in subsidiaries	-	209.878	1.333.432	209.682	-	-	1.123.750	-
Biological Assets	(11.111.927)	(7.682.567)	(10.797.835)	(7.452.715)	(3.429.362)	1.386.967	(3.345.120)	1.266.151
Receivables	6.640.427	7.848.617	5.884.618	7.655.276	(1.208.191)	21.845	(1.770.658)	70.997
Long-term loan borrowings	(4.382.822)	(6.655.510)	(4.382.822)	(6.655.510)	2.272.688	(1.400.653)	2.272.688	(1.400.653)
Net Employee defined Benefit obligations	974.613	800.863	932.218	769.308	120.605	25.101	113.200	23.210
Other non-current liabilities	122.107	451.142	110.732	438.136	(329.035)	(62.544)	(327.404)	(60.913)
Provisions	1.292.809	(479.305)	1.204.994	(282.408)	1.562.432	(573.497)	1.487.402	(365.892)
Other current liabilities	(91.441)	2.550.709	(65.268)	2.562.583	(2.642.346)	86.018	(2.627.851)	97.696
Receivable from tax losses carried forward	7.549.016	3.759.718	7.549.016	3.759.718	3.789.298	3.759.718	3.789.298	3.759.718
	<b>(7.706.669)</b>	<b>(8.109.192)</b>	<b>(6.633.053)</b>	<b>(7.609.525)</b>	<b>349.375</b>	<b>3.327.883</b>	<b>926.760</b>	<b>3.471.644</b>
<b>TOTAL DEFERRED TAX ASSETS</b>	598.462	527.875	-	-				
<b>TOTAL DEFERRED TAX LIABILITIES</b>	(8.305.132)	(8.637.067)	(6.633.053)	(7.609.525)				
<b>TOTAL DEFERRED TAX</b>	<b>(7.706.670)</b>	<b>(8.109.192)</b>	<b>(6.633.053)</b>	<b>(7.609.525)</b>				

### Reconciliation of deferred tax liabilities, net

	GROUP	COMPANY
<b>Beginning Balance as at 1 January 2017</b>	<b>(8.109.192)</b>	<b>(7.609.525)</b>
Deferred tax-income/(expense) recognised during the period in profit and loss	349.375	926.760
Deferred tax-income/(expense) recognised during the period in OCI	53.147	49.712
<b>Ending Balance as at 31 December 2017</b>	<b>(7.706.670)</b>	<b>(6.633.053)</b>

The offsetting of deferred income tax assets and liabilities occurs when there is, on behalf of the company, a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The deferred tax liabilities of the Group as at 31.12.2017 relate to the subsidiary located in Spain by an amount of € 338.649 (tax rate 25%), and by an amount of € 7.966.483 for companies located in Greece (tax rate 29%). The respective amounts as at 31.12.2016 were, for the company located in Spain of an amount of € 235.281, of an amount of € 561.981 as regards the company located in Germany, and of an amount of € 7.839.805 for companies that are located in Greece.

The deferred tax receivables for the Group as at 31.12.2017 of € 598.462 relate to companies located in Greece. The corresponding amounts as at 31.12.2016 of € 527.875 result from the companies located in Greece.

According to the Group's policies, deferred tax assets are recognised following two consecutive profitable years. As a result, the Company has recognised a deferred tax asset on unused tax losses of an amount of € 7.549.016 (2016: € 3.759.718, recognizing in current year's results a profit of € 3.789.298 to the extent that it is probable that future taxable



profits will be available against which unused tax losses will be available to be offset against future profits in accordance with paragraph 34 of IAS 12 (Note 16)

## 24. Available for sale financial assets

The change in available-for-sale financial assets is analysed as follows:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
<b>Guarantees to third parties</b>	<b>125.455</b>	<b>139.445</b>	<b>112.340</b>	<b>126.340</b>
Additions		10	-	-
Sales	-	(14.000)	-	(14.000)
<b>Balance at end of the year</b>	<b>125.455</b>	<b>125.455</b>	<b>112.340</b>	<b>112.340</b>

Assets available for sale relate to investments in non-listed in an organised market, companies. All such financial assets are stated at historical cost given that their fair value cannot be accurately measured.

## 25. Other non-current assets

Other non-current assets of the Group and the Company relate to receivables, which are to be collected at the end of the following year-end, and are analysed in the table here below:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Guarantees to third parties	426.419	427.048	403.717	402.387
<b>Total</b>	<b>426.419</b>	<b>427.048</b>	<b>403.717</b>	<b>402.387</b>

## 26. Biological assets

Biological assets comprise broodstock, fish, juveniles and stock breeding products as at the Balance Sheet date and are measured at fair value. Following the adoption of IFRS 13 as of 1.1.2013 and as at each balance sheet date the measurement of fair value is based on IFRS 13 in conjunction with the specific requirements of IAS 41. According to IFRS 13, fair value is the current exit price which is determined with reference to the principal market which is the market at which the greatest volume of activity is observed.

During periods of substantial increases/(decreases) in inventory and increases/(decreases) in sales prices, this methodology applied results in significant gains/(losses) arising from the difference between the production cost and the sales value.

The reconciliation of the biological assets stated at fair value is presented in the following table:



<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
<b>Balance of biological assets at 1 January</b>	<b>180.624.862</b>	<b>179.598.825</b>	<b>172.405.271</b>	<b>170.808.519</b>
Increases due to purchases of biological assets	2.098.978	1.136.253	1.709.915	1.136.253
Gain/Loss arising from changes in fair value attributable to price or quantity changes of biological assets	194.335.388	168.284.826	182.028.378	157.701.484
Decreases due to sales of biological assets	(179.976.683)	(168.395.042)	(168.438.759)	(157.240.985)
<b>End balance of biological assets at 31 December</b>	<b>197.082.545</b>	<b>180.624.862</b>	<b>187.704.805</b>	<b>172.405.271</b>
<b>ANALYSIS OF BIOLOGICAL ASSETS IN BALANCE SHEET</b>				
A) Biological assets of fish (Assets – Non-current assets)	77.612.794	65.624.495	72.989.701	63.760.470
B) Biological Poultry-Livestock (Assets - Non-current assets)	309.000	246.000	-	-
<b>TOTAL BIOLOGICAL ASSETS - Assets - Non-current</b>	<b>77.921.794</b>	<b>65.870.495</b>	<b>72.989.701</b>	<b>63.760.470</b>
C) Biological assets fish (Inventories - Current assets)	119.030.349	114.613.253	114.715.104	108.644.801
D) Biological Poultry-Livestock (Inventories - Current assets)	130.402	141.114	-	-
<b>TOTAL BIOLOGICAL ASSETS - Assets - Current</b>	<b>119.160.751</b>	<b>114.754.367</b>	<b>114.715.104</b>	<b>108.644.801</b>
<b>TOTAL BIOLOGICAL ASSETS</b>	<b>197.082.545</b>	<b>180.624.862</b>	<b>187.704.805</b>	<b>172.405.271</b>

### Analysis of the effect of the Valuation of Biological Assets at Fair Value versus Cost

The effect of the valuation of biological assets at fair value versus the valuation at cost amounts to a gain of € 12.088.468 (2016: loss of € (4.866.583)) for the Group and of an amount of gains of € 11.534.894 (2016 loss of € (4.366.036)) for the Company as presented in the following table.

	<b>GROUP</b>			<b>COMPANY</b>		
	<b>LOCAL GAAP</b>	<b>ADJUSTMENT</b>	<b>IFRS</b>	<b>LOCAL GAAP</b>	<b>ADJUSTMENT</b>	<b>IFRS</b>
Fair value of Biological assets at beginning 1.1.2017	154.098.986	26.525.877	180.624.862	146.706.471	25.698.800	172.405.271
Less: Sale of Subsidiaries	-	-	-	-	-	-
Fair value of Biological assets at ending 31.12.2017	158.468.200	38.614.345	197.082.545	150.471.111	37.233.694	187.704.805
<b>Changes/(movement) in the fair value of biological assets</b>	<b>4.369.214</b>	<b>12.088.468</b>	<b>16.457.682</b>	<b>3.764.640</b>	<b>11.534.894</b>	<b>15.299.534</b>

### Valuation of biological Assets

The accounting principles and the valuation model applied for valuation of biological assets are explained in Note 3.4

#### Assumptions used in determining the fair value of live fish

The estimated fair value of biomass will always be based on uncertain assumptions even though the company has obtained substantial expertise in assessing these factors. Estimates are made on the following factors and parameters: biomass volume, the quality of the biomass, the size distribution and market prices.

#### Biomass volume

The biomass volume is in itself an estimate based on the number of juveniles placed in the sea, the estimated growth from the time of placement, estimated mortality based on observed and expected mortality etc. The uncertainty with regards to biomass volume is normally low. The uncertainty will, however, be higher if an incident has resulted in mass mortality, especially when early in the cycle, or if the health condition of the fish restricts the treatment of fish. If the biomass in the sea varied by +/- 1% as compared to estimates this would result in a change in IAS 41 valuation by approximately € 1,1 million / € (1,1) million.



### **Size distribution of fish**

Fish in sea grows in various rates and even under conditions of satisfactory estimates, the average weight of the fish can result in considerable fish quality and weight variation. The size distribution affects the price achieved for the fish as each size category of fish is priced separately in the market. When estimating, the biomass value a normal, expected size distribution is applied.

### **Market Price / Discount Rate**

The market price assumption is significant for the valuation and even minor changes in the market price will significantly result in changes in the valuation.

The methodology used for establishing the market price is explained in Note 3.4. If it is assumed that all fish, as at December 31, 2017 were are harvest size, a change in the prices by +/- 5% per kilo weight would alter the valuation by a positive/negative € 8,8 mil. / € (8,8) mil. and a change in the discounting rate by +/-1% would (negatively)/positively alter the valuation by a minimum of € (0,3) million / € 0,3 million.

### **Write-down of biomass (extraordinary mortality)**

Extraordinary mortality is accounted for when a site either experiences elevated mortality over time or massive mortality due to an incident on the farm (outbreak of disease, lack of oxygen etc).

The increase in biological assets of the Group as of 31.12.2017, mainly resulting from the Company, as compared to the prior year € 31.12.2016 by approximately € 16,5 mil, is mainly attributed to the positive effect from the increase in the number of fresh fish at year end as compared to the prior year, in addition to the small increase in the fair value prices of biological assets as at 31.12.2017.

The Group has insured, against any form of risk, all of its biological assets at foreign reputable insurance companies. The respective receivables regarding insurance indemnity claims are factored, as pledged assets, to the banks.

The company NIREUS SA, based on the agreement dated 01.01.2017 has provided to the company NORSILDMEL INNOVATION A/S a floating lien on the fish population, amounting to € 10,3 million to secure the outstanding balance. The pledge is valid until 31.12.2018.

First class pledged assets regarding the biological assets of fish population against loans obtained amount to € 129.700.000, and second-class pledges amount to € 10.300.000, in favour of the bondholders. An amount of € 10.300.000, regards a first class pledge in favour of creditors as described in Note 41 below.

## 27. Inventories

The inventories of the Group and the Company are as follows:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Merchandise	1.045.451	1.256.787	25	27
Finished and semi-finished goods	3.983.210	3.784.378	3.975.925	3.727.514
Work in progress	119.698	112.527	119.698	112.527
Raw and auxiliary materials-Package materials	5.529.936	5.172.550	4.198.268	4.042.731
Consumables	214.625	133.189	59.079	58.955
<b>Total</b>	<b>10.892.920</b>	<b>10.459.431</b>	<b>8.352.995</b>	<b>7.941.754</b>

The amount of inventories consumed during the year and included in raw material consumption, amounts to € 100.796.605 for the Group and € 88.147.929 for the Company (2016: € 97.765.663 for the Group, and € 86.42.925 for the Company).

For the assessment of the net selling price of inventories, management takes into consideration the most reliable data available as at the measurement date.

## 28. Trade and other receivables

The trade and other receivables of the Group and the Company are as follows:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Trade receivables to third parties (Trade debtors)	35.901.439	35.357.197	31.024.569	31.890.109
Trade receivables from third parties (Intercompany)	-	-	3.607.026	4.824.218
Trade receivables from third parties (Notes)	2.980.585	2.706.948	1.519.788	1.524.466
Trade receivables from third parties (Cheques receivable)	13.832.838	12.957.542	8.472.270	7.941.773
Less: Provision for uncollectible receivables	(13.988.618)	(13.856.332)	(12.918.233)	(12.890.762)
<b>Total</b>	<b>38.726.244</b>	<b>37.165.355</b>	<b>31.705.420</b>	<b>33.289.804</b>

Under the scope of the Group's working capital requirements, the Group uses factoring services for its receivables for the purpose of obtaining immediate liquidity from collection of domestic debtors' due balances. The factoring contracts signed regard collection of receivables with recourse.

The movement in the established provision for bad debts of trade receivables is presented below:

<i>Amounts in €</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Opening Balance	13.856.332	14.990.582	12.890.762	13.855.527
Additions during the year	254.460	202.245	149.646	206.508
Reclassification to other receivables	(122.174)	(1.139.041)	(122.174)	(1.139.041)
Write-offs	-	(197.455)	-	(32.232)
<b>Closing Balance</b>	<b>13.988.618</b>	<b>13.856.332</b>	<b>12.918.233</b>	<b>12.890.762</b>

With respect to the Group's and Company's receivables, an assessment of the impairment indicators has been performed. Receivables that have been impaired mainly relate to the Group's customers and debtors, who encounter financial difficulties.

The movement in the established, during the year, provision of the Group of an amount of € 132.286 (2016: € 1.134.251) mainly relates to the additional provision of an amount of € 254.460 (2016: € 202.245) from which an amount of € 149.646 (2016: € 206.508) relates to the Company.

All of the above receivables are current and of a short-term maturity. The fair value of these current financial assets is not independently assessed given that their carrying value approximates their fair value, given that its collectibles is expected to occur within a time period where the effect of the time value of money is considered insignificant. There is no concentration of credit risk in relation to these customers given that the Group has a big number of customers and the credit risk is dispersed. The ageing of receivables is considered for the Group and Company are the following:

### 2017

<b>GROUP</b>						
	<30	30-60	60-90	90-180	Over 180	Total
<b>2017</b>						
Trade receivables and other receivables	19.666.518	7.312.018	3.486.627	4.208.524	18.041.174	<b>52.714.861</b>
Provision for bad debts	-	-	-	-	(13.988.618)	<b>(13.988.618)</b>
<b>COMPANY</b>						
	<30	30-60	60-90	90-180	Over 180	Total
<b>2017</b>						
Trade receivables and other receivables	15.985.035	6.263.038	2.492.327	3.389.396	16.493.857	<b>44.623.653</b>
Provision for bad debts	-	-	-	-	(12.918.233)	<b>(12.918.233)</b>

### 2016

<b>GROUP</b>						
	<30	30-60	60-90	90-180	Over 180	Total
<b>2016</b>						
Trade receivables and other receivables	17.371.818	9.720.091	3.422.973	4.372.578	16.134.226	<b>51.021.686</b>
Provision for bad debts	-	-	-	-	(13.856.331)	<b>(13.856.331)</b>
<b>COMPANY</b>						
	<30	30-60	60-90	90-180	Over 180	Total
<b>2016</b>						
Trade receivables and other receivables	14.714.346	7.898.423	2.842.558	3.880.818	16.844.421	<b>46.180.566</b>
Provision for bad debts	-	-	-	-	(12.890.762)	<b>(12.890.762)</b>

The company's policy, with the exception of certain customer contracts, is that receivables of foreign customers are collected on average in 45 days, of domestic customers in 60-90 days and of customers of juvenile feed in 6 months.

## 29. Other current financial assets

The other current financial assets of the Group and the Company are as follows:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Sundry debtors to third parties	10.078.531	11.352.069	10.013.314	13.127.292
Sundry debtors to intercompanies	-	-	486.061	418.909
Receivable from the public sector	8.127.915	6.936.573	7.679.442	6.372.689
Other receivables	-	534.139	-	534.139
Bad debt receivables	2.644.381	2.664.381	2.644.381	2.664.381
Employee financial assistance	46.542	49.563	43.306	40.363
Less : Provision for bad debts	(12.438.259)	(12.389.356)	(10.561.003)	(14.181.300)
<b>Total</b>	<b>8.459.110</b>	<b>9.147.369</b>	<b>10.305.501</b>	<b>8.976.473</b>

All of the above receivables are current and of a short-term maturity. The carrying value of these current financial assets is assessed that it approximates its fair value.

The balance of other receivables has been netted off against the established provision which is presented below:

<i>Amounts in €</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Opening Balance	12.389.356	11.297.845	14.181.300	13.089.789
Additions during the year	53.280	-	97.422	-
Reclassification from trade receivables	122.174	1.139.041	122.174	1.139.041
Write-offs	(126.551)	(47.530)	(3.839.894)	(47.530)
<b>Closing Balance</b>	<b>12.438.259</b>	<b>12.389.356</b>	<b>10.561.003</b>	<b>14.181.300</b>

Within the year, the German subsidiary NIREUS GMBH proceeded with an increase in its share capital through capital injection from its parent company of an amount of €3.875.000 for the purpose of repaying its liabilities to its parent company, with a corresponding increase of the Company's participation in its subsidiary. Subsequently, the Company proceeded with an impairment in its participation in its subsidiary company by the amount of the above increase (Note 22).

It is to be noted that during the prior year the Company had established a provision for doubtful customers in relation to the Company's receivable from the German subsidiary of NIREUS GMBH by the amount of € 3.839.894, reversing in the current year the provision made as presented in the above table.

It should be noted that in accordance with IAS 32 an offsetting of financial assets and financial liabilities has been made.

In the context of managing working capital, the Group and Company use factoring of receivables services for the

immediate collection of receivables from domestic customers. The factoring contracts which have been compiled entail in advance collection of receivables with the right of recourse.

### 30. Other current assets

The other current assets of the Group and the Company are as follows:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Deferred expenses	283.493	615.474	271.998	601.269
Accrued income	146.339	124.686	144.719	123.066
Inventory-in-transit	825	-	-	-
<b>Total</b>	<b>430.657</b>	<b>740.160</b>	<b>416.717</b>	<b>724.335</b>

### 31. Restricted Cash

As at 31/12/2017 the Group and Company have restricted cash balances of an amount of € 8.979.661,15 (31/12/2016: € 4.236.567,19) from which an amount of € 4.000.000 relates to the pledge for the collateral requirements of the fire victim loan of the National Bank, an amount of € 2438.285,17 regards the payment of principal and interest of the second semester of 2017, an amount of € 205.093,40 relates to other loans of the National Bank, an amount of € 2.334.805,73 relates to short-term borrowings from Piraeus Bank and an amount of € 1.476,85 relates to the short-term loans of Eurobank (Note 41).

### 32. Cash and short-term deposits

The cash and cash equivalents of the Group and the Company are as follows:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Cash on hand	48.744	110.960	46.640	105.462
Sight bank deposits	10.983.773	8.643.831	10.040.848	6.887.546
<b>Total</b>	<b>11.032.517</b>	<b>8.754.791</b>	<b>10.087.488</b>	<b>6.993.008</b>

The cash and cash equivalents represent cash and bank deposits available upon first call.



### 33. Issued Share Capital and Reserves

#### i) Issued Capital

The Company's share capital consists of common registered shares with a nominal value € 0,30 each. All shares grant equal rights concerning the receipt of dividends and the repayment of capital, and represent one voting right at the Shareholders' General Assembly of the Company. All shares are listed and freely traded in the main market of the Athens Stock Exchange.

<i>Amounts in Euro</i>	GROUP					COMPANY				
	Number of shares	Share capital (ordinary shares)	Treasury shares	Share premium	Total	Number of shares	Share capital (ordinary shares)	Treasury shares	Share premium	Total
<b>Balance at 1 January 2016</b>	<b>259.030.486</b>	<b>77.709.146</b>	<b>(47.271)</b>	<b>36.840.284</b>	<b>114.502.159</b>	<b>259.030.486</b>	<b>77.709.146</b>	<b>(47.271)</b>	<b>36.840.284</b>	<b>114.502.159</b>
Share capital increase from the conversion of convertible bond loan	884.404	265.321	-	8.843	<b>274.164</b>	884.404	265.321	-	8.843	<b>274.164</b>
Increase in share capital due to merger of subsidiary company	31.582.478	9.474.743	-	(79.642)	<b>9.395.101</b>	31.582.478	9.474.743	-	(79.642)	<b>9.395.101</b>
<b>Balance at 31 December 2016</b>	<b>291.497.368</b>	<b>87.449.210</b>	<b>(47.271)</b>	<b>36.769.486</b>	<b>124.171.425</b>	<b>291.497.368</b>	<b>87.449.210</b>	<b>(47.271)</b>	<b>36.769.486</b>	<b>124.171.425</b>
Increase in share capital from the conversion of the convertible bond	2.519.444	755.834	-	17.636	<b>773.470</b>	2.519.444	755.834	-	17.636	<b>773.470</b>
<b>Balance at 31 December 2017</b>	<b>294.016.812</b>	<b>88.205.044</b>	<b>(47.271)</b>	<b>36.787.122</b>	<b>124.944.895</b>	<b>294.016.812</b>	<b>88.205.044</b>	<b>(47.271)</b>	<b>36.787.122</b>	<b>124.944.895</b>

On 15.11.2017 the minutes of the Board of Directors dated 24.10.2017 were registered in the General Electronic Register (G.E.M.I) based on which the increase in the company's share capital by an amount of € 755.83,20 and the increase in share premium by an amount of € 25.19466, were certified as a result of the conversion of 56.761 bonds of a par value of 13,76 each, to 2.519.444 new shares of a par value of € 0,30 at a sales price (conversion price) of € 0,31 and a conversion ratio of 44,387.

The above increase from the conversion of the abovementioned bonds of the existing Convertible Bond Loan of the Company, issued in 2007 as modified by the Shareholder's Assembly of its Bondholders dated 26.10.2015, was registered at the Ministry of Development of the Ministry of Development with the Number 125503 / 15-11-2017 relative announcement.

The share capital of the company, as at 31.12.2017, amounted to € 88.205.043,60 divided into 294.016.812 common shares with voting rights, at a nominal value of €0,30 each.

#### Treasury Shares

The company as at 31.12.2017 holds 24.061 treasury shares while the Group subsidiaries do not hold any shares of the Company.

#### ii) Fair value Revaluation Reserve

The analysis of fair value reserves is as follows:

<i>Amounts in Euro</i>	GROUP	COMPANY
<b>Balance at 1 January 2016</b>	<b>37.244.726</b>	<b>36.776.940</b>
Impairment	(125.100)	-
Sale of fixed assets measured at fair value	(21.132)	(21.132)
<b>Balance at 31 December 2016</b>	<b>37.098.494</b>	<b>36.755.808</b>
Sale of fixed assets measured at fair value	(2.602)	(2.260)
<b>Balance at 31 December 2017</b>	<b>37.095.892</b>	<b>36.753.548</b>

**iii) Other reserves**

Other reserves are as follows:

GROUP							
<i>Amounts in Euro</i>							
	LEGAL RESERVE	UNDER SPECIAL LAW PROVISIONS	RESERVE INTENDED FOR SHARE CAPITAL INCREASE	SHARE BASED PAYMENTS RESERVE	ACTUARIAL DIFFERENCE S RESERVE	OTHER RESERVES	TOTAL OTHER CAPITAL RESERVES
<b>Balance at 1 January 2016</b>	<b>3.678.290</b>	<b>727.788</b>	<b>9.474.743</b>	<b>385.300</b>	<b>400.972</b>	<b>70.147.042</b>	<b>84.814.135</b>
Transfers from merged companies	-	-	-	-	-	-	-
Reserve due to Gain on measurement from loan restructuring	-	-	(9.474.743)	-	-	-	(9.474.743)
Actuarial gains and losses from pension obligations	-	-	-	-	(57.604)	-	(57.604)
Reductions due to sale of subsidiaries	-	-	-	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>3.678.290</b>	<b>727.788</b>	<b>-</b>	<b>385.300</b>	<b>343.368</b>	<b>70.147.042</b>	<b>75.281.788</b>
Actuarial gains and losses from pension obligations	-	-	-	-	(130.116)	-	(130.116)
Net-off of reserves with retained earnings	-	-	-	(385.300)	-	(574.912)	(960.212)
<b>Balance at 31 December 2017</b>	<b>3.678.290</b>	<b>727.788</b>	<b>-</b>	<b>-</b>	<b>213.252</b>	<b>69.572.129</b>	<b>74.191.460</b>

COMPANY							
<i>Amounts in Euro</i>							
	LEGAL RESERVE	UNDER SPECIAL LAW PROVISIONS	RESERVE INTENDED FOR SHARE CAPITAL INCREASE	SHARE BASED PAYMENTS RESERVE	ACTUARIAL DIFFERENCE S RESERVE	VARIOUS RESERVES	TOTAL OTHER CAPITAL RESERVES
<b>Balance at 1 January 2016</b>	<b>3.487.165</b>	<b>624.273</b>	<b>9.474.743</b>	<b>385.300</b>	<b>394.683</b>	<b>70.682.421</b>	<b>85.048.585</b>
Transfers from merged companies	-	-	(9.474.743)	-	-	-	(9.474.743)
Reserve due to Gain on measurement from loan restructuring	-	-	-	-	-	-	-
Actuarial gains and losses from pension obligations	-	-	-	-	(56.066)	-	(56.066)
Reductions due to sale of subsidiaries	-	-	-	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>3.487.165</b>	<b>624.273</b>	<b>-</b>	<b>385.300</b>	<b>338.617</b>	<b>70.682.421</b>	<b>75.517.776</b>
Actuarial gains and losses from pension obligations	-	-	-	-	(121.708)	-	(121.708)
Net-off of reserves with retained earnings	-	-	-	(385.300)	-	(1.118.571)	(1.503.871)
<b>Balance at 31 December 2017</b>	<b>3.487.165</b>	<b>624.273</b>	<b>-</b>	<b>-</b>	<b>216.909</b>	<b>69.563.850</b>	<b>73.892.197</b>

During the year and for the Group, reserves of both the Company and subsidiaries of an amount of € 960212 were transferred to retained earnings due to the inability of these being recovered.

In accordance with article 13 paragraph 9 of c.L2190/1920, as in force, and in execution of the decision taken at the Company's Shareholders General Meeting held on 05-06-2006, which was listed in the Register of Companies on 20-06-2006, protocol number K2-9377, a three-year Stock Option Plan granted to the Members of the Board of Directors and to the Company's Management was approved.

Due to the current capital market situation, the exercise of the above rights in the third year has not been made possible and following a five-year period, the right of exercise is now rendered inactive. Therefore, a resolution of the General Meeting was obtained as regards the final annulment of the right due to the inactivation for a number of years of the stock option plan which the company had decided upon in 2006.

As a result of the above, the share based payments reserve (stock option) established during prior years of an amount of € 385.300 was transferred to retained earnings as at 31.12.2017.

### 34. Interest Bearing loans and Borrowings

The non-current and current borrowings are as follows:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
<b>Non-current borrowings</b>				
Bank borrowings	160.926.999	166.077.749	160.745.951	165.819.450
Less: Borrowings payable in following year (Loans)	(29.240.440)	(16.572.919)	(29.161.273)	(16.495.669)
<b>Total non-current borrowings</b>	<b>131.686.559</b>	<b>149.504.830</b>	<b>131.584.678</b>	<b>149.323.781</b>
<b>Liabilities payable in following year</b>				
Liabilities payable in following year (Loans)	29.240.440	16.572.919	29.161.273	16.495.669
<b>Total liabilities payable in following year</b>	<b>29.240.440</b>	<b>16.572.919</b>	<b>29.161.273</b>	<b>16.495.669</b>
<b>Short-term loans</b>				
Bank borrowings	5.309.429	1.627.158	5.208.928	1.491.828
<b>Total short-term loans</b>	<b>5.309.429</b>	<b>1.627.158</b>	<b>5.208.928</b>	<b>1.491.828</b>
<b>Total loans</b>	<b>166.236.428</b>	<b>167.704.907</b>	<b>165.954.878</b>	<b>167.311.278</b>

Maturity dates of non-current borrowings are analysed below:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Between 1 and 2 years	32.971.459	21.906.404	32.890.326	21.827.237
Between 2 and 5 years	39.882.358	61.040.815	39.861.610	60.938.933
Over 5 years	58.832.742	66.557.611	58.832.742	66.557.611
	<b>131.686.559</b>	<b>149.504.830</b>	<b>131.584.678</b>	<b>149.323.781</b>

The actual weighted average borrowing rate of the Group is as follows:

	<b>31/12/2017</b>	<b>31/12/2016</b>
	<b>€</b>	<b>€</b>
Bank borrowings (current)	4,42%	4,97%
Bank borrowings (non-current)	4,44%	3,66%



The major long-term loans of the Group and of the Company as at 31 December 2017 are summarized as follows:

## A. BOND LOANS

**Common Bond Loan of an amount up to € 58,2 million** On September 18th 2015 the Company, Piraeus Bank and National Bank signed a bond loan agreement with a syndicate of banks amounting to € 58.219.126 at an interest rate of Euribor plus a variable margin which fluctuates according to the financial indicators specified in the contract. The repayment period of the loan has been set to seven (7) years. The base rate of the loan is set at the variable Euribor rate plus a margin of 4.25%.

The above said loan includes the refinancing of the debt of Sea Farm Ionian of an amount of € 18.393.412 following its merger by absorption with the Company and its debt refinancing, during the prior year (14.01.2016). As a result, the total amount of funds received by the company for the above-mentioned loan amounts to € 55.110.077.

The balance of the above loan as at 31.12.2017 amounts to € 52,7 million, from which an amount of € 44 million relates to the long-term portion of the loan and an amount of € 7,8 million relates to the short-term portion, from which € 7,3 million relates to the principal amount and € 0,5 million to interest.

As at 31.12.2017 the company is in compliance with the loan financial covenants and terms in accordance with the loan contract.

**Convertible Bond Loan of an amount up to € 29,4 million:** On September 18, 2015 the Company, Piraeus Bank and National Bank had signed a convertible bond loan contract of the amount of €29.466.293 with a consortium of banks apart from Eurobank and Attica Bank. Under the new contract the following terms hold:

- a. Loan Duration: 10 year duration with the issuance of A' Series of Bonds with full repayment in September 2025
- b. Interest rate: + 1% (fixed for the entire loan period)
- c. Conversion Ratio: 3.22 nominal voting shares at € 0,30 each
- d. Conversion Price € 0,31 per share
- e. Nominal value: € 1 per bond

The above loan includes the refinancing of the debt of Sea Farm Ionian of an amount of € 2.495.053 following its merger by absorption with the Company and its debt refinancing as referred to above as at 14.01.2016.

As a result, the total amount of funds received by company for the above mentioned loan amounts to € 20.142.864.

From the balance of the above loan which as at 31.12.2017 amounts to € 15,2 million, an amount of € 15,1 million relates to the long-term portion while an amount of € 0,1 million relates to the short-term portion and interest of the year.



As at 31.12.2017 the company is in compliance with the loan financial covenants and terms in accordance with the loan contract.

**Common Bond Loan of an amount up to € 4,8 million:** On September 18, 2015 the Company, Piraeus Bank and National Bank signed a bond loan agreement with a syndicate of banks apart from Attica Bank to € 4.883000 at an interest rate of Euribor plus a variable margin which fluctuates according to the financial indicators specified in the contract. The full repayment of the loan is set at ten (10) years in September 2025. The base rate of the loan is set at variable Euribor rate plus a margin of 4.25%.

The total amount of funds received by the company for the above-mentioned loan amounts to € 4.653.000

From the balance of the above loan which as at 31.12.2017 amounts to €4,4 million, an amount of € 4,3million relates to the long-term portion of the loan, while an amount of € 0,1 million relates to the short-term portion and interest expense of the reporting period.

As at 31.12.2017 the company is in compliance with the loan financial covenants and terms in accordance with the loan contract.

**Common Bond Loan of an amount up to € 31,4 million:** On September 18th 2015 the Company Piraeus Bank and National Bank signed a bond loan agreement with a syndicate of banks apart from Attica Bank amounting to € 31.450.000 at an interest rate of Euribor plus a variable margin which fluctuates according to the financial indicators specified in the contract. The bond issued in three series at an issue price of one (1) euro each. The full repayment of the loan is set at ten (10) years in September 2025. The base rate of the loan is fixed at Euribor rate plus a margin of 4.25%.

The total amount that has been financed and received by company for the above mentioned loan amounts to € 23.066.666.

From the balance of the above loan which as at 31.12.2017 amounts to € 22,2 million., an amount of € 2,0 million relates to the long-term portion, while an amount of € 0,2 million relates to the short-term portion and interest of the year.

As at 31.12.2017 the company is in compliance with the loan financial covenants and terms in accordance with the loan contract.

**Convertible Bond loan of an amount up to € 19,9 million:** On July 11 2007 the Company signed the contract of a convertible bond loan with a duration of 5 years to be fully repaid on July 2012. As at September 29, 2012 an agreement was signed between the bondholders with respect to the extension of the loan agreement the amount of which totals € 24 million.

In accordance with the General Assembly of the Bondholders of the Convertible bond loan as at October 26th, the loan terms have been amended as follows:

- The Loan at 26.10.2015 amounted to € 24.689.347,84
- The loan will expire on 21/10/2025. On that date the Company is required to repay the Loan of 1.794.284 bonds at their nominal value € 13,76 each, increased by a percentage of 10,62%.



- The conversion right (conversion ratio) will provide 44,3871 common shares of a value of € 0,31 each (conversion price).
- Interest rate 1%

The balance of the above loan as at 31.12.2017 amounts to € 17,3 million and is presented under long-term loans.

As at 31.12.2017 the company is in compliance with the loan financial covenants and terms in accordance with the loan contract.

**Amortised Loan of an amount up to € 13 million** During 29 June 2016 a 5-year loan agreement was signed between the company and Piraeus Bank of an amount of € 13.000.000 from which an amount of € 5.916.000 was disbursed during the prior year. Subsequent to the above and as at 30 June 2017, an additional amount of € 3.385416,67 was disbursed due to the refinancing of the first installment of the financial year 2017 of the fire-victim loan as referred below in section D “ FIRE VICTIM LOANS”.

The purpose of the loan was the refinancing of the present loan obligations of the company. Each installments will be paid at the corresponding date of each year which follows the date of payment of the first installments due to be paid at the end of the year 2021. The interest rate is calculated at Euribor 360 days plus a margin of 4,25%.

The balance of the above loan as at 31.12.2017 amounts to € 11,0 million, from which an amount of € 7,8 million is presented under long-term loans, while an amount of € 3,2 million relates to the short-term portion of the loan from which an amount of € 2,9 million relates to capital and € 0,3 million to interest.

### C. MEASUREMENT OF FINANCIAL LIABILITIES

During the prior year 2016, the company proceeded with the accounting treatment of the restructuring of the loan obligations of the merged subsidiary SEAFARM IONIAN SA on the basis of whether the amended terms were "substantially different" from the previous terms of the existing loans. The assessment of the new loans has revealed that there is a "substantial modification" of the loans and therefore the company proceeded with the extinguishment of the existing liability and the subsequent recognition of a new debt obligation in accordance with IAS 39 par. 40.

As a result of the above, a gain of € 750.664 was recognized in the income statement during the prior year as presented in the figure “Gain on measurement from refinancing of financial liabilities”.

As a result, loan liabilities prior to the effect of the valuation of the Group’s loans at fair value, during 31.12.2017 amount to € 181,3 million (2016: € 184,6 million) while the corresponding net loan borrowings (reduced by restricted cash and cash equivalents) prior to the effect of the valuation at fair value amount for the Group amount to € 161,3 million (2016: € 171,6 million).



## D. FIRE-VICTIM LOANS

### **“Fire victim” loan of an initial amount of € 25 million:**

As referred to in the financial statements of the prior year and given the letter sent by Piraeus Bank dated 20.01.2016, the Company was able to benefit from the provisions of the Ministerial Decision 2/43758 / 0025-29-7 6-2015 regarding the suspension of installments on loans guaranteed by the Greek State. Loan installments concerning the period 2013 until 2016 that have been granted with the guarantee of the Greek State are due, under the new arrangements, after 01.01.2017 without there being any extension of the duration of the total loan.

During the prior year, Piraeus Bank granted a line of credit to the Company through a long-term loan of an amount of € 5.916.000, as referred to above in paragraph B “Amortised Loan of an amount up to € 13 million” with which loan a short-term loan which had been obtained during a prior years for the repayment of principal and interest installments of the above fire-victim loan an amount of € 4.500.84595 as well as interest of years 2014 and 2015 of an amount of € 1.415.154,02.

Subsequent to the above, and as at 30 June 2017, the bank granted the Company an additional line of credit of an amount of € 3.385.416,67 according to the above mentioned long term loan, due to the refinancing of the first installment of 2017 of the above fire-victim loan. Furthermore, an additional amount of credit was granted on 29 December 2017 of an amount of € 1.385.416,67 which will be covered from the short-term loan of € 13 million as referred to in the above paragraph “Amortised Loan of an amount up to € 13 million” for the purpose of repaying the second capital installment of 2017 of an amount of € 3.385.416,67.

Based on the above new settlement arrangements, the balance of the loan as at 31.12.2017, amounts to €17,1 million, from which an amount of € 10,3 million relates to the long-term portion while the remaining of € 6,8 million relates to the short-term portion of the principle amount of the loan.

### **“Fire victim” loan of an initial amount of € 24,9 million:**

As referred to in the prior year’s financial statements and given the letter sent by the National Bank dated 01.09.2015, the Company has been enabled to benefit from the provisions of the Ministerial Decision 2/43758 / 0025-29-7 6-2015 regarding the suspension of installments guaranteed by the Greek State. Under the new arrangements, installments initially due on 30.06.2015, 31.12.2015, 30.06.2016 and 31.12.2016 have been postponed to the remaining subsequent years of 2017-2019, without there being any extension of the duration of the total loan.

As at 30 June 2017, the National Bank granted a short-term credit loan of € 3.393.614,21 due to the refinancing of the first installment of 2017 of the above fire-victim loan. Following the balance sheet date, and as at 02 January 2018 the principal installment of the second semester 2017 which was paid amounted to € 2.000.000 which relates to the installment of the second semester 2017 of an amount of € 3.393.614,21 less the amount that has been refinanced of an amount of € 1.393.614,21 which was covered by the short-term loan of the National Bank.

In accordance with the above settlement arrangements, the loan balance as at 31.12.2017 amounts to € 20,6 million from which an amount of € 9,6 million is long-term, while an amount of € 11 million relates to the short-term portion of the loan from and to the principle amount from which € 10,6 relates to capital and € 0,4 million to interest.

### Financial Indicators:

According to the Bond Loan agreement, the Company has assumed certain obligations which must be adhered to among which, but not limited to, ensuring throughout the term of the loan, that assets are insured against all risks, that the submission of audited or reviewed annual and semi-annual consolidated financial statements are accompanied by Certificates of Compliance as well as ensuring throughout the duration of the bond loan period compliance with all financial indicators.

The agreed upon financial indicators are as follows:

1. Net debt to EBITDA, less than 7 for the year 2017 (2016: less than 8,5)
2. Net debt to Assets, less than 0,55 for the year 2017 (2016: less than 0,6)

These above financial indicators for the purposes of complying with the terms of the loans are calculated based on the consolidated Balance Sheet with the exception of foreign companies (Greek Group).

The Group is in full compliance with all of the above financial indicators as at 31.12.2017.

### Group financial indicators :

#### 1. Net debt to Operational EBITDA

Net debt to operational EBITDA presented a reduction from 5,67 in 2016 to 4,86 in 2017.

Amounts in € thds.	GROUP FINANCIAL INDICATORS				
		31/12/2017		31/12/2016	
Net debt (after the effect of the valuation of loans at fair value)/operational EBITDA	<u>146.224</u>		<u>154.714</u>		
	30.112	= 4,86	27.309	=5,67	

#### 2. Net Debt to total Assets

Net debt to total assets decreased from 0,41 in 2016 to 0,36 in 2017.

Amounts in € thds.	GROUP FINANCIAL INDICATORS				
		31/12/2017		31/12/2016	
<u>Net debt</u>	<u>146.224</u>		<u>154.714</u>		
Total Assets	402.564	=0,36	374.375	=0,41	



Net Debt, is defined as long-term interest-bearing loans borrowings, short-term interest bearing loans, the current portion of the long-term loans payable in the following year, based on the financial statements, less cash and cash equivalents as well as restricted cash.

**Reconciliation of liabilities derived from financing activities:**

The reconciliation of liabilities derived from financing activities of the Company and the Group are presented in the following tables:

COMPANY								
	31.12.2016	Cash flows				Non-Cash Movements		31.12.2017
		Proceeds from other issued/raised short-term loans	Repayments of other short-tem loans	Interest expense and similar charges paid	Conversion of bond loans	Change in Fair Value	Accrued and recorded interest	
Share Capital	87.449.210	-	-	-	755.833	-	-	88.205.043
Share Premium	36.769.486	-	-	-	17.636	-	-	36.787.122
Loans borrowings	167.311.278	8.164.448	(11.638.597)	(5.976.406)	-	1.768.863	6.325.293	165.954.879
<b>Cash flows from/(used in) financing activities (restricted cash excluded)</b>	<b>291.529.974</b>	<b>8.164.448</b>	<b>(11.638.597)</b>	<b>(5.976.406)</b>	<b>773.469</b>	<b>1.768.863</b>	<b>6.325.293</b>	<b>290.947.044</b>

GROUP								
	31.12.2016	Cash flows				Non-Cash Movements		31.12.2017
		Proceeds from other issued/raised short-term loans	Repayments of other short-tem loans	Interest expense and similar charges paid	Conversion of bond loans	Change in Fair Value	Accrued and recorded interest	
Share Capital	87.449.210	-	-	-	755.833	-	-	88.205.043
Share Premium	36.769.486	-	-	-	17.636	-	-	36.787.122
Loans borrowings	167.704.907	8.164.448	(11.753.890)	(6.028.161)	-	1.768.863	6.380.261	166.236.428
<b>Cash flows from/(used in) financing activities (restricted cash excluded)</b>	<b>291.923.603</b>	<b>8.164.448</b>	<b>(11.753.890)</b>	<b>(6.028.161)</b>	<b>773.469</b>	<b>1.768.863</b>	<b>6.380.261</b>	<b>291.228.594</b>

The existing pledged assets as these arise from the loan borrowing contracts of the Group and the Company are presented in Note 41.

**35. Government Grants**

The analysis of Grants of the Group and the Company is as follows:

<i>Amounts in Euro</i>	<b>GROUP</b>	<b>COMPANY</b>
<b>Balance at 1 January 2016</b>	<b>5.964.049</b>	<b>5.579.803</b>
Grants received during the year	1.457.510	1.457.510
Amortisation of grants	(792.621)	(722.590)
<b>Balance at 31 December 2016</b>	<b>6.628.938</b>	<b>6.314.723</b>
Amortisation of grants	(737.618)	(667.589)
<b>Balance at 31 December 2017</b>	<b>5.891.320</b>	<b>5.647.134</b>

In the Profit and loss statement under the figure “Depreciation”, the amortization of grants on assets has been offset against the depreciation expense. With respect to the current year, the amortization figure amounts to € 667.589 for the Company and € 737.618 for the Group. The corresponding prior year figure amounts to € 722.590 for the Company and € 792.621 for the Group (Note 18).

## 36. Other non-current liabilities

The analysis of other non-current liabilities, of the Group and the Company, is as follows:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Non-current liabilities based on article 44 L.1892/90	1.112.271	1.468.850	1.112.271	1.468.850
<b>Total</b>	<b>1.112.271</b>	<b>1.468.850</b>	<b>1.112.271</b>	<b>1.468.850</b>

Other non-current liabilities, relating to long-term liabilities at 31.12.2017 relating to the Group result from liabilities of the merged subsidiary “SEAFARM IONIAN SA” which is subject to article 44 of L. 1892/90. Further analysis of the ageing of liabilities is presented in Note 6.

## 37. Provisions

The analysis of provisions for the Group and the Company is as follows:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Provisions for indemnities due to prior year litigations	1.913.368	224.696	1.913.368	224.696
Recognition employees' right to vacation days and other personnel expenses	2.350.398	675.100	2.247.587	631.015
Provision for unaudited tax years	90.000	90.000	-	-
<b>Total</b>	<b>4.353.766</b>	<b>989.796</b>	<b>4.160.955</b>	<b>855.711</b>

The movement in the provision during the year is presented below:

	<b>GROUP</b>							
	<b>31/12/2017</b>				<b>31/12/2016</b>			
	Provisions for indemnities due to prior year litigations	Recognition employees' right to vacation days and other personnel expenses	Provision for unaudited tax years	TOTAL	Provisions for indemnities due to prior year litigations	Recognition employees' right to vacation days and other personnel expenses	Provision for unaudited tax years	TOTAL
Beginning Balance	224.696	675.100	90.000	<b>989.796</b>	52.000	2.737.402	90.000	2.879.403
Additions during the year	1.913.368	2.350.398	-	<b>4.263.766</b>	172.696	7.161	-	179.857
Used prior year provisions	(224.696)	(675.100)	-	<b>(899.796)</b>	-	(2.069.464)	-	(2.069.464)
<b>Ending Balance</b>	<b>1.913.368</b>	<b>2.350.398</b>	<b>90.000</b>	<b>4.353.766</b>	<b>224.696</b>	<b>675.100</b>	<b>90.000</b>	<b>989.796</b>

	<b>COMPANY</b>							
	<b>31/12/2017</b>				<b>31/12/2016</b>			
	Provisions for indemnities due to prior year litigations	Recognition employees' right to vacation days and other personnel expenses	Provision for unaudited tax years	TOTAL	Provisions for indemnities due to prior year litigations	Recognition employees' right to vacation days and other personnel expenses	Provision for unaudited tax years	TOTAL
Beginning Balance	224.696	631.015	-	855.711	52.000	2.700.478	-	2.752.478
Additions during the year	1.913.368	2.247.587	-	4.160.955	172.696	-	-	172.696
Used prior year provisions	(224.696)	(631.015)	-	(855.711)	-	(2.069.463)	-	(2.069.463)
<b>Ending Balance</b>	<b>1.913.368</b>	<b>2.247.587</b>	<b>-</b>	<b>4.160.955</b>	<b>224.696</b>	<b>631.015</b>	<b>-</b>	<b>855.711</b>

### Provisions for indemnities due to prior year litigations

The provisions in relation to court litigations of the Group and Company of an amount of € 1.913.368 (2016: € 224.696) mainly relates to court case litigation by third parties against NIREUS AQUACULTURE SA. It is noted that the above amount includes interest of an amount of € 450.000.

### Recognition of employees' rights to vacation days and other personnel expenses

The Group and the Company at 31 December 2017 recognized for the first time the employees' right to vacation days at the point at which the right has been vested for the following financial year, taking into consideration that the employees' right to vacation days must be recognized during the period in which employee services have been rendered instead of when the Company has the legal obligation to grant such a right. The total amount of the entitlement for the following year as at 31 December 2017 for the Group and the Company amounts to € 2,0m (€ 1,5 million in 2016 and € 1,4 million in 2015) and € 1,9m (€ 1,4 million in 2016 and € 1,4 million in 2015) respectively.

The Group and the Company have examined the impact of the above recognition in the Consolidated and Separate financial statements, and this evaluation has shown that its effect is insignificant, affecting Equity as at 31 December 2016 by € 1,1 million or 0,8% for the Group and € 1million or 0,7% for the Company. Equity as at 31 December 2015 was impacted by € 1 million or 0,8% for the Group and the Company. Furthermore, the effect in the results after taxes

for the year ended 31 December 2017 was insignificant, € 1,1m or 4,6% for the Group and € 1m or 4,8% for the Company. Taking the above into consideration, the Group and Company did not proceed with a retrospective restatement as required by IAS 8 paragraph 41.

### 38. Trade and other payables

The analysis of the balances of trade and other payables of the Group and the Company, are as follows:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Trade payables	32.154.422	30.485.706	26.873.007	25.397.779
Cheques payable	17.977.548	14.875.283	16.376.964	13.565.286
Promissory notes	-	27.294	-	-
Less: provision for write-off of balances	(197.857)	-	(124.193)	-
<b>Total</b>	<b>49.934.113</b>	<b>45.388.283</b>	<b>43.125.778</b>	<b>38.963.065</b>

During the year a provision for a write-off of trade and other payables' balances was established due to the possibility of non-payment of the liability of an amount of € 197.857 for the Group and of an amount of € 124.193 for the Company (Note 15).

The carrying values which are recognized in the statement of financial position approximate their fair values.

### 39. Other current financial liabilities

The analysis of other current liabilities is as follows:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Wages and salaries payable	1.175.957	1.255.611	1.112.351	1.143.859
Social security	1.787.897	1.575.597	1.692.237	1.476.998
Taxes - duties	1.092.243	1.061.942	798.182	790.421
Accrued expenses	1.089.222	1.443.456	1.087.614	1.440.329
Sundry creditors - Prepayments	2.513.481	3.326.879	2.249.241	3.050.053
Less: provision for write-off of balances	(118.129)	-	(101.542)	-
<b>Total</b>	<b>7.540.671</b>	<b>8.663.485</b>	<b>6.838.083</b>	<b>7.901.660</b>

During the year a provision for a write-off of other current financial liabilities' balances was established due to the possibility of non-payment of obligations an amount of € 118.129 for the Group and of an amount of € 01.542 for the Company (Note 15).

## 40. Contingent Liabilities and Assets- Unaudited Open Tax Fiscal Years- Commitments

The Company and the Group have contingent liabilities and assets with respect to Banks, other guarantees and other securities-pledged assets, as presented in Note 41: “Assets pledged as Security” arising in the ordinary course of business, as following:

### Guarantees

The letters of guarantee and guarantees to third parties as at 31.12.2017 amount to € € 5.956.205 for the Group, from which an amount of € 5.600.000 relates to guarantees granted by the Company to its subsidiaries and an amount of € 356.205 as regards letters of guarantees for ensuring the satisfactory performance of suppliers’ contracts and for securing obligations. The contingent assets for the year amount to € 1.082.056 for the Group and the Company respectively.

No significant charges are expected to result from contingent liabilities. No additional payments are expected to result following the preparation of the financial statements.

### Information in respect of contingent liabilities from sea-area operating leases.

At 31 December 2017, certain companies of the Group have leased sea- areas under operating lease agreement. The future minimum lease payments payable under the lease terms are as follows:

<i>Amounts in Euro</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Less than 1 year	264.163	45.508	233.473	14.817
Between 1 and 5 years	1.101.379	267.128	1.007.337	142.396
Above 5 years	1.093.760	1.937.176	1.093.760	1.937.176
<b>Total</b>	<b>2.459.302</b>	<b>2.249.812</b>	<b>2.334.570</b>	<b>2.094.389</b>

There are no other claims or litigations to national or arbitrary courts that may have a material effect on the financial position or operations of the Group.

### Tax obligations

The unaudited tax years for the Group are presented in Note 16 “Income tax expense”.

For the year 2017 the company and its subsidiary company KegoAgri SA are in the process of issuing the tax certificate based on the provisions in accordance with L. 4174/2013.



## 41. Assets pledged as Security

During 31.12.2017 the encumbrances and liens on the Company's pledged property plant and equipment amounted to € 437.254.246 and on the Group's assets, liens amounted to € 439.254.246, the analysis of which is presented below:

1) The following mortgages and pledges have been registered for the fixed assets of the parent company "NIREUS AQUACULTURE SA":

(a) a first class pledge amounting to € 2.973.959 has been registered in favor of Piraeus Bank, being the representative bank and on behalf of the bondholders on insurance contracts for floating equipment so as to secure the bond of up to € 58,2 million, the balance of which as at 31.12.2017 amounted to € 52.690.768,39.

(b) a pledge, in favor of Piraeus Bank being a representative and on behalf of the bondholders, has been registered on insurance contracts for inventory (biological assets) of fish population and pre-fattening of an amount of € 107.000.000. More specifically with respect to the amount of €76800.000 a first class pledge has been registered on insurance contracts for inventory (biological assets), while for the amount of € 30.200.000 a second class pledge has been registered in favour of the above bank bondholders.

Furthermore, with respect to the amount of € 30.200000 on insurance contracts for inventory (biological assets) a first class pledge has been registered and is analyzed as follows:

(i) a pledge of an amount of € 11.650.000 in favor of the Greek state to secure a loan of € 25.000.000 by Piraeus bank with the guarantee of the Greek state, the balance of which as at 31.12.2017 amounted to Euro 17.088.144,09

(ii) a pledge of an amount of € 10.150.000 in favor of the Greek state to ensure the firefighting loan of € 24.100.000 from the National Bank of Greece SA with a guarantee of Greek state, the balance of which as at 31.12.2017 amounted to € 20.612.516,23.

(iii) a pledge of an amount of € 8.400.000 for the Company NORSILDMEL INNOVATION A / S as a collateral against the outstanding amount

(c) A floating class pledge, on inventory has been registered as follows:

(i) first class pledge in favour of NORDSILDMEL INNOVATION A/S, has been assigned so as to secure the liability of an amount €10.300.000

(ii) a second class pledge of an amount of € 10.300000 on inventory in favour of the Bank of Piraeus being the representative and on behalf of the bondholders,

(iii) a first class pledge of an amount of € 129.700.000, on inventory, and in favour of the Bank of Piraeus being the representative and on behalf of the bondholders, to ensure the bond of up to € 58,2 million the balance of which as at 31.12.2017 amounts to € 52.690.768,38.

(d) a first class pledge has been assigned in favor of Piraeus Bank, being the representative and on behalf of the bondholders, to ensure the bond of € 58,2 million, as follows:

- Underwritings on insurance fixed asset contracts between European Reliance General Insurance and NIREUS AQUACULTURE SA amounting to € 35.185.759,20

- Marine insurance contracts on ships between the European Reliance General Insurance and NIREUS AQUACULTURE SA amounting to € 3.567.250



- (e) a first class pledge has been registered in favor of Piraeus Bank being the representative and on behalf of the bondholders, on the equipment (mooring materials, nets, cages) of an amount € 10.562.973,8 so as to ensure the bond of € 58,2 million.
- (f) A second class floating pledge on the total aggregate value of the Accepted Claims on which there is a Pledge Agreement on the factoring of receivables from Piraeus Factoring and the National Bank Factoring. The pledge account balance should not be less than 105% of the outstanding amount the Loan. The pledge is in favor of Piraeus Bank as a representative and on behalf of the bondholders for the common bond loan of up to € 31.450.000, the balance of which as at 31.12.2017 amounted to € 22.234.646,81.
- (g) a first class pledge has been recorded in favor of Piraeus Bank being the representative and on behalf of the bondholders on the shares of PROTEUS EQUIPMENT SA of an amount of € 60.000,30 so as to secure the bondloan of up to € 58.2 million, the balance of which amounted to € 52.690.768,39.
- (h) a first class mortgage of amount of approximately € 10.000.000 on fixed assets in favor of the Greek State, to secure the loan of € 25.000.000 by Piraeus Bank, issued under the scope of favorable regulations for the fire victims, the balance of which as at 31.12.2017 amounted to € € 7.088.144,90.
- (i) Mortgages of an amount of € 7.000.000 on fixed assets have been registered in favor of the Greek State, to secure the fire-victim loan of € 24.910.000 million from the National Bank, in the framework of favorable regulations for the fire-victims, the balance of which as at 31.12.2017 amounted to € 20.612.516,23.
- (j) First class underwritings of a mortgage prenotation (with the exception of the property on which there is a second class underwriting pledge by the Agricultural bank of Greece as referred to in paragraph (k) below) have been registered on property up to the amount of € 69.879010 in accordance with decisions No. 3397S/2015 and 5S/2016 of the Athens District Court based on which the registration of the underwritings on the company's assets was resolved upon in favor of Piraeus Bank, being the representative and on behalf of the bondholders, in order to secure the bond loan of € 58,2 million.
- (k) Mortgages of an amount of € 1.969.742,15 on fixed assets have been registered to secure the loans of ATE (Agricultural bank of Greece- under special liquidation), which balance as at 31/12/2017 amounted to € 164.497,63. This remaining balance will be paid in the remaining 10 equal semi-annual installments of € 16.449,74 each, in accordance with the provision in Article 44 in which the company has been subject, which guaranteed the payment of the above amount.
- (l) a first class assigned pledge has been registered in favour of Piraeus Bank on behalf of the representative banks concerning claims on VAT refunds of € 4.883.000.
- (m) In relation to the fire victim loans of the National Bank, loans of a total amount of € 4.000.000 have been registered and an amount of € 2.438.285,17 for the payment of principal and interest of the fire-victim loans of the second semester of 2017.
- (n) Restricted cash on the company's short-term borrowings and in favor of Piraeus Bank, the National Bank and Eurobank amounts to € 2.334.805,17 and € 205.093,40 and € 1.476,85 respectively.
- (o) A first class naval mortgage has been registered on a series of company's marine ships for an amount of € 3.742.890.



2) An underwriting of a mortgage prenotation from the National Bank of Greece of an amount of € 2.000000 has been registered on the land of the consolidated subsidiary company “KEGO AGRI S.A” to secure the long-term loan of the parent company “NIREUS AQUACULTURE S.A”.

There are no other assets pledged as security on the fixed assets for the Company and of the Group.

## 42. Related party disclosures

### I. Related Parties and Transactions

	LOCATION OF HEADQUARTERS	PERCENTAGE PARTICIPATION GROUP %	
		31.12.2017	31.12.2016
<b>PREDOMAR S.L.</b>	SPAIN	100%	100%
<b>PROTEUS SA</b>	GREECE	100%	100%
<b>KEGO AGRI SA</b>	GREECE	100%	100%
<b>NIREUS INTERNATIONAL LTD</b>	CYPRUS	100%	100%
<b>NIREUS GMBH</b>	GERMANY	100%	100%

Apart from the above subsidiaries, the following banks: Piraeus, Alpha Bank, Eurobank and National Bank, their percentage shareholding of which is presented in paragr. 5.2 of the “Statement of Corporate Governance” are considered Related Parties.

The following tables present the realized transactions as well their outstanding balances of receivables and payables among related parties:

<b>Transactions during the period</b>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Sales of goods and services	-	-	3.714.012	3.656.161
Other income	-	-	59.127	39.675
Purchases of goods and services	190.685	135.000	2.605.888	2.595.734
Purchases of property, plant and equipment	-	-	2.839.589	2.372.572
Fees to Directors and compensation	2.327.799	1.981.597	1.796.996	1.548.482
Interest received	52.290	38.258	47.915	38.258
Interest paid and related expenses	6.020.657	6.470.263	6.005.031	6.345.623



<b>Receivables</b>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Subsidiaries	-	-	4.093.087	5.243.127
Associates	4.851.519	4.851.519	4.851.519	4.851.519
<b>Total</b>	<b>4.851.519</b>	<b>4.851.519</b>	<b>8.944.606</b>	<b>10.094.646</b>

<b>Payables</b>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Subsidiaries	-	-	-	39.614
Associates	4.851.519	4.851.519	-	-
<b>Total</b>	<b>4.851.519</b>	<b>4.851.519</b>	<b>-</b>	<b>39.614</b>

## II. Transactions with Board of Directors and Key Management

The fees of the members of the Board of Directors and those of key management including the Group's liabilities towards them for the year 2017 and 2016 are as follows:

### Transactions and compensation to Directors and key management

*Amounts in Euro*

Salaries, employment benefits and compensation to Directors  
Salaries and other employment benefits to key management

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Salaries, employment benefits and compensation to Directors	1.457.137	1.263.946	1.290.707	1.116.763
Salaries and other employment benefits to key management	870.662	717.651	506.289	431.719
<b>Total</b>	<b>2.327.799</b>	<b>1.981.597</b>	<b>1.796.996</b>	<b>1.548.482</b>

### Payables to Directors and key management

*Amounts in Euro*

Payables for salaries, employment benefits and other compensation  
Payables for Directors compensation approved by A.G.M.  
Pension and other post-employment benefit obligations

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Payables for salaries, employment benefits and other compensation	46.603	57.283	40.503	51.183
Payables for Directors compensation approved by A.G.M.	26.279	35.115	14.836	20.591
Pension and other post-employment benefit obligations	337.463	327.859	316.463	311.059
<b>Total</b>	<b>410.345</b>	<b>420.257</b>	<b>371.802</b>	<b>382.833</b>

The Company's trade transactions with its related parties during the year 2017 have occurred under normal market terms and conditions.

For the insured biological assets, as well as for the insurance of fixed assets of the Group, the company EUROMARE BROKER SA, a company 100% owned by Mr. Aristides Belles, acts as a mediation center following the approval by the Annual General Meeting of 2010.



### 43. Presentation of financial assets and liabilities per category

**Financial Assets and Liabilities:** The following tables present a comparison between the cost and fair value amounts per category of financial and non-financial instruments which are presented in the consolidated and standalone financial statements.

	GROUP				COMPANY			
	COST		FAIR VALUE		COST		FAIR VALUE	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<b>Non-financial Financial Assets</b>								
Buildings, Land, Mechanical Equipment & technical installations, Floating means	76.369.628	72.839.021	76.369.628	72.839.021	75.027.079	71.499.376	75.027.079	71.499.376
Investment Property	3.761.659	3.948.906	3.761.659	3.948.906	3.761.659	3.948.906	3.761.659	3.948.906
Biological assets-non-current	197.082.545	180.624.862	197.082.545	180.624.862	187.704.805	172.405.271	187.704.805	172.405.271
<b>Financial Assets</b>								
Restricted cash	8.979.661	4.236.567	8.979.661	4.236.567	8.979.661	4.236.567	8.979.661	4.236.567
Cash and cash equivalents	11.032.517	8.754.791	11.032.517	8.754.791	10.087.488	6.993.008	10.087.488	6.993.008
<b>Financial Liabilities</b>								
Long-term borrowing liabilities	131.686.559	149.504.830	131.686.559	149.504.830	131.584.678	149.323.781	131.584.678	149.323.781
Short-term borrowings	5.309.429	1.627.158	5.309.429	1.627.158	5.208.928	1.491.828	5.208.928	1.491.828
Current portion of long-term financial liabilities	29.240.440	16.572.919	29.240.440	16.572.919	29.161.273	16.495.669	29.161.273	16.495.669

The Group uses the following hierarchy for the determination of the fair value of its financial assets and liabilities per valuation method.

	GROUP		Hierarchy of Fair Value
	FAIR VALUE		
	31/12/2017	31/12/2016	
<b>Non-financial Financial Assets</b>			
Buildings, Land, Mechanical Equipment & technical installations, Floating means	76.369.628	72.839.021	Level 3
Investment Property	3.761.659	3.948.906	Level 3
Biological assets-non-current	197.082.545	180.624.862	Level 2,3
<b>Financial Assets</b>			
Restricted cash	8.979.661	4.236.567	Level 1
Cash and cash equivalents	11.032.517	8.754.791	Level 1
<b>Long-term borrowing liabilities</b>			
Long-term borrowing liabilities	131.686.559	149.504.830	Level 2
Short-term borrowings	5.309.429	1.627.158	Level 2
Liabilities payable within the following year	29.240.440	16.572.919	Level 2



	COMPANY		Hierarchy of Fair Value
	FAIR VALUE		
	31/12/2017	31/12/2016	
<b>Non-financial Financial Assets</b>			
Buildings, Land, Mechanical Equipment & technical installations, Floating means	75.027.079	71.499.376	Level 3
Investment Property	3.761.659	3.948.906	Level 3
Biological assets-non-current	187.704.805	172.405.271	Level 2,3
<b>Financial Assets</b>			
Restricted cash	8.979.661	4.236.567	Level 1
Cash and cash equivalents	10.087.488	6.993.008	Level 1
<b>Long-term borrowing liabilities</b>			
Long-term borrowing liabilities	131.584.678	149.323.781	Level 2
Short-term borrowings	5.208.928	1.491.828	Level 2
Liabilities payable within the following year	29.161.273	16.495.669	Level 2

**Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities

**Level 2:** other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

**Level 3:** techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

During the year, there were no reclassifications between the level of hierarchies.

## 44. Fair value Measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

<b>ASSETS MEASURED AT FAIR VALUE ARE DISCLOSED</b>	<b>NOTE</b>	<b>DATE OF VALUATION</b>	<b>GROUP AMOUNT</b>	<b>COMPANY AMOUNT</b>	<b>LEVEL 1</b>	<b>LEVEL 2</b>	<b>LEVEL 3</b>
Buildings, Land, Mechanical Equipment & technical installations, Floating means	18	31 December 2014	76.369.628	75.027.079	-	-	√
Investment Property	19	31 December 2017	3.761.659	3.761.659	-	-	√
Biological assets-non-current	26	31 December 2017	77.921.794	72.989.701	-	-	√
Biological assets-current	26	31 December 2017	119.160.751	114.715.104	-	√	-
Restricted cash	31	31 December 2017	8.979.661	8.979.661	√	-	-
Cash and cash equivalents	32	31 December 2017	11.032.517	10.087.488	√	-	-
<b>LIABILITIES MEASURED AT FAIR VALUE ARE DISCLOSED</b>							
Long-term loan borrowings	34	31 December 2017	131.686.559	131.584.678	-	√	-
Short-term loan borrowings	34	31 December 2017	5.309.429	5.208.928	-	√	-
Current portion of long-term financial liabilities	34	31 December 2017	29.240.440	29.161.273	-	√	-

The fair value of buildings, land and machinery, technical installations and floating means for the Group and the Company are measured at fair value Level 3 by independent valuers. The date of the last revaluation was on December 31, 2014. The management of the Group and Company considered the current economic conditions which prevail in the Greek economy and proceeded with the appropriate accounting treatment for the accurate representation of the fair



value of property plant and equipment as at 31.12.2017 (Note 18). The valuations are carried out by independent valuers and are based on market prices with significant adjustments as regards the nature, location and condition of each asset. Significant and isolated increases/(decreases) in the market prices would result in significant increases/(decreases) in the fair value.

The fair value of investment property is measured at level 3 for the Group and Company by independent valuers. The latest revaluation at fair value was performed as at 31.12.2017 based on current market conditions. Significant and isolated increases/(decreases) in the market prices would result in significant increases/(decreases) in the fair value.

Long-term and short-term debt is measured at level 2 assessed by the Group and Company on the basis of various parameters such as interest rates, specific country risk factors, and current prices prevailing as at the balance sheet date. As regards long-term debt, market values are used in addition to the utilisation of technical methods in determining the fair value of financial liabilities such as discounting the future contractual cash flows with the appropriate market interest rates (Notes 13,34).

Biological assets are measured as follows: (i) Live fish (mature fish) are measured to net market value. Effective markets for sale of fish of the Mediterranean Sea do not exist so the valuation of live fish under IAS 41 and IFRS 13 implies establishment of an estimated fair value of the mature fish in a hypothetical market and based on the hierarchy of fair value level 2. (ii) immature fish which is defined as level 2, biomass is measured at fair value less cost to sell, including a proportionate expected gross profit at harvest.

If it is assumed that all fish, as at December 31, 2017 were are harvest size, a change in the prices by +/- 5% per kilo weight would alter the valuation by a positive/negative € 8,8 mil / (€ 8,8) mil and an change in the discounting rate by +/- 1% would (negatively)/positively alter the valuation by a minimum of € (0,3) million / € 0,3 million (Note 26).

The valuation reflects the current location and condition of the fish, expected quality grading and size distribution. Broodstock is valued at cost less any potential impairment losses. The valuation is assessed for each business unit and is based on the biomass in the sea for each sea water site in addition to the estimated market prices prevailing in each market and as derived from the contracts in progress, if applicable, as well as on current spot prices (Note 26).



## 45. Events after the reporting period

During March 2018 an amount of € 1.341.394 was deemed restricted due to the Company's liability of indemnity towards a third party in relation to a court litigation which is in progress before the Athens Multi-Member court of First Instance.

It is to be noted, however, that a provision has been established for the above indemnity in the results of 2017 in addition to that legal procedures are being carried out to rebut the court action.

There were no other events following the year ended 31 December 2017 which relate to the Group or to the company and which will require reference to in accordance with the International Financial Reporting Standards as have been endorsed by the European Union (EE).

Koropi, March 27, 2018

<b>CHAIRMAN OF THE BOD</b>	<b>CHIEF EXECUTIVE OFFICER</b>	<b>GROUP CHIEF FINANCIAL OFFICER</b>	<b>ACCOUNTING MANAGER</b>
BELLES ST. ARISTEIDIS I.D. No: AB 347823	ANTONIOS G. CHACHLAKIS I.D. No: AE 083337	EFSTRATIOS G. ELISSAIOS I.D. No: AB 593929	KONSTANTOPOULOS G. IOANNIS I.D. No: AB 264939

## **INFORMATION (WITH REFERENCE) OF ARTICLE 10 OF L. 3401/2005**

During the year and until the present date, Nireus Aquaculture SA, made available to the public, in accordance with the applicable legislation, the following information which is posted on the company's web site at [www.nireus.com](http://www.nireus.com) as well as on the web site of the Athens Stock Exchange at [www.athex.gr](http://www.athex.gr).

DATE	ANNOUNCEMENT	WEB SITE
	<b>Resolutions of Shareholders General Meeting</b>	
16.8.2017	Draft Decisions for the Annual General Meeting of Shareholders on 08.09.2017	<a href="http://www.nireus.com">www.nireus.com</a>
16.8.2017	Proxy Form for the Annual General Meeting of Shareholders of 08.09.2017	<a href="http://www.nireus.com">www.nireus.com</a>
16.8.2017	Invitation to the Annual General Meeting of Shareholders of 08.09.2017	<a href="http://www.nireus.com">www.nireus.com</a>
8.9.2017	Resolutions of the Annual Ordinary General Meeting of Shareholders of 08 September 2017	<a href="http://www.nireus.com">www.nireus.com</a> <a href="http://www.nireus.com">www.nireus.com</a>
	<b>Annotation of Financial Statements</b>	
29.3.2017	12M 2016 Financial Results	<a href="http://www.nireus.com">www.nireus.com</a>
11.9.2017	6M 2017 Financial Results	<a href="http://www.nireus.com">www.nireus.com</a>
17.10.2017	9M 2017 Financial Results	<a href="http://www.nireus.com">www.nireus.com</a>
	<b>Other announcements and Press Releases</b>	
7.03.2017	Announcement of Financial Calendar 2017	<a href="http://www.nireus.com">www.nireus.com</a>
24.5.2017	Disposal of fractional shares	<a href="http://www.nireus.com">www.nireus.com</a>
2.6.2017	Result of the disposal of fractional shares	<a href="http://www.nireus.com">www.nireus.com</a>
7.7.2017	ANNOUNCEMENT ON BUSINESS DEVELOPMENT	<a href="http://www.nireus.com">www.nireus.com</a>
16.8.2017	PROPOSED CHANGES TO THE ARTICLES OF THE CODIFIED ARTICLES OF ASSOCIATION	<a href="http://www.nireus.com">www.nireus.com</a>
22.9.2017	Invitation for the conversion of the Company's convertible bonds	<a href="http://www.nireus.com">www.nireus.com</a>
22.11.2017	Completion of Share Capital Increase of subsidiary NIREUS GMBH	<a href="http://www.nireus.com">www.nireus.com</a>
24.11.2017	Share Capital Increase of NIREUS AQUACULTURE SA from the conversion of bonds into shares.	<a href="http://www.nireus.com">www.nireus.com</a>
21.12.2017	Listing of the new shares of NIREUS SA resulting from the conversion of the Company's convertible bonds	<a href="http://www.nireus.com">www.nireus.com</a>
	<b>Announcement of transactions</b>	
10.7.2017	Notification of Significant Transaction According to the Regulations of Law 3556/2007	<a href="http://www.nireus.com">www.nireus.com</a>
11.7.2017	Notification of Significant Transaction According to the Regulations of Law 3556/2007	<a href="http://www.nireus.com">www.nireus.com</a>
17.8.2017	Notification of Significant Transaction According to the Regulations of Law 3556/2007	<a href="http://www.nireus.com">www.nireus.com</a>
7.9.2017	Notification for important changes on voting rights – Law 3556/2007	<a href="http://www.nireus.com">www.nireus.com</a>