HELLENIC SEAWAYS MARITIME S.A.

Annual Financial Statements for the fiscal year 2016
(1/1/2016 – 31/12/2016)

on consolidated and separate basis

According to the International Financial Reporting Standards (IFRS)

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Annual financial Statements (separate and consolidated), according to the International Financial Reporting Standards (IFRS) for the fiscal year 2016

It is hereby confirmed that the Financial Statements attached hereto are those approved by the Board of Directors of HELLENIC SEAWAYS SA at its meeting of 13th June 2017.

Constantinos E. Klironomos
Chairman of the Board of Directors of HELLENIC SEAWAYS Maritime SA

Annual Financial Statements of the fiscal year 2016 (amounts in Euro thousands unless otherwise stated)

Management Report of the Board of Directors of HELLENIC SEAWAYS SA to the Ordinary General Meeting of Shareholders for the 2016 fiscal year

Dear Shareholders,

The Company's Board of Directors would like to present and submit to your judgment the separate and consolidated financial statements for the 2016 fiscal year along with this report which makes special reference to the consolidated financial statements.

1. The Company's position in the market

In 2016, Hellenic Seaways operated 18 routes with 20 ships in the Cyclades, Northeast Aegean, the Sporades Islands and the Saronic Gulf, while 2 ships were chartered. The total coastal shipping decreased a little compared to 2015, as a result of the interruption of refugee flows and the continuing financial recession. Within this environment, the Group managed to significantly increase its market shares in the Cyclades and Northeast Aegean routes through new itineraries. The Group's overall transport figures for 2016 are shown in the table below:

	2016	2015	Difference
Passengers	3,098,393	3,269,958	(5.3%)
Passenger Cars & motorcycles	309,230	269,638	14.7%
Trucks	61,762	62,425	(1.1%)

2. Financial results for 2016

The financial statements of the Company and the Group are prepared in accordance with the IFRSs (International Financial Reporting Standards), and the accounting policies applied are analytically described in the Notes to the Annual Financial Statements, which constitute an integral part thereof.

A small improvement of the economic climate was seen in 2016 with a simultaneous de-escalation of the deflation trends and a decrease in unemployment. Inflation was at 0.3% vs (1.7%) of 2015 and the harmonized Consumer Price Index had zero change compared to 1.1% of 2015. The unemployment rate decreased to 22.6% the third quarter of the year vs 24% of the corresponding quarter of 2015, remaining, though, the highest in the European Union. Despite the small recover of the GDP in the third quarter, there was a decrease (0.1%) on an annual basis based on the temporary data of the Hellenic Statistical Authority.

The results of those recession conditions combined with the two successive increases of the Value Added Tax on the coastal shipping tickets still negatively affect the sea transport market.

Turnover

Despite the interruption in the refugee flows, the intensification of the competition in the coastal shipping sector and the withdrawal from the Adriatic line, the turnover was €131.5 m. remaining at the same level with 2015 due to successful route restructuring, especially in the purchase of speedboats.

Gross Profits and EBITDA

Despite the drop in the international fuel prices by 17% compared to 2015, the cost of sales increased by €9.5 million. (+9.3%) mainly due to the longer operation period of the Company's ships. The gross result changed by (€ 9.9) million compared to 2015, and reached €19.9 million. Earnings before interest, taxes, depreciation and amortization (EBITDA) were € 18.4 million decreased by €6.2 million compared to the previous fiscal year.

Financial expenses

Financial expenses decreased and amounted to €5.8 million compared to €8.0 million of the previous fiscal year. The decrease is due to the restructuring of loans held in June 2015 which resulted in the significant decrease of the borrowing rate and the decrease of the loans by €15.2 million compared to 2015.

Net results

The Group's net results after taxes showed significant improvement compared to 2015. For the second consecutive year the Group had net profits of €6.7 million compared to €3.9 million of 2015. Net results include:

- Extraordinary profits of €0.8 million from the sale of the ships "Flyingcat 1" and "Apollo Hellas" vs corresponding losses of €0.8 million in 2015 from the sale of "Poseidon Hellas".
- Profits from the reversal of impairment of fixed assets of €5.9 million compared to €0.8 million losses of 2015.

The net results of the Parent company were profits of €6.3 million compared to losses of €20.4 in 2015.

3. Balance sheet and cash flow items for 2016

The net position of the Group came up to € 81.1 million improved by €9.9 million compared to 2015, a fact mainly due to the profitability of the fiscal period.

In the fiscal year of 2016, there were changes in the value of tangible fixed assets due to investments made on ships "Nissos Samos", "Highspeed 7" and "Hellenic Highspeed", the sale of "Apollo Hellas" and "Flyingcat 1", the reverse impairment of fixed assets and depreciations of the year. Their net value came up to €252.5 million in 2016, including "Highspeed 6" registered on 31/12/2016 as intended for sale, for €230.4 million in 2015. The Company fully responds to its taxation and insurance obligations towards the Hellenic State and all its obligations towards third parties. Bank borrowing in 2016 was €164.4 million, decreased by €15.2 million compared to €179.6 million in 2015, mainly due to the payment of regular amortization of €11.4 million, but also the revenues from the sale of the ships "Apollo Hellas" and "Flyingcat 1".

Cash assets at the end of the year stood at € 6.8 million versus € 6.8 million in the previous year.

As shown in the published financial statements for fiscal year 2015 (1/1/2015- 31/12/2015), the total of the net assets of the Company, i.e. its equity, stood at €72,1 million, while the total of the share capital comes up to €194 million, and as a result half of the paid share capital came up to approximately € 97 million on 31/12/2015.

This comparison showed that the total equity of the Company, due to accumulated past losses, came up to €72.1 million and was less than half of the share capital by € 24.9 million for the company and €25.9 million for the Group, and, therefore, article 47, L. 2190/1920 applied, namely taking advisable measures to restore the situation. Following the decision of the Board of Directors, this issue was raised in the Shareholders' Ordinary General Meeting of 24 June 2016, which chose as the most appropriate and advisable measure to restore the situation the offsetting of losses with net profits of the next five fiscal years. After the first year of application of the measure, the total of the equity for the fiscal year 2016 came up on 31/12/2016 to € 81.8 million for the Company and €81.1 million for the Group, which means a reduction in the difference (improvement) in the first year of application by €9.6 million for the company, namely from € 24.9 million to €15.3 million, and therefore it was recommended that the measure taken as per article 47, L. 2190/1920, for the previous fiscal year to be continued. Given the current financial results, it is estimated that it shall result in the total remedy of the issue sooner than what was anticipated.

4. Financial Indicators

The following financial indicators have been considered for the Group's financial statements.

- The gearing ratio (Equity to Debt) stood at 0.40 on 31/12/2016, compared to 0.35 on 31/12/2015.

- The general liquidity ratio (Current assets/ short term liabilities) on 31/12/2016 came up to 0.87 compared to 1.18 on 31/12/2015.

- As far as the debt burden ratios are concerned, the "Liability/Equity Ratio" stood at 2.52 on 31/12/2016, compared to 2.85 on 31/12/2015, and the "Bank Liabilities/ Equity Ratio" at 2.03 on 31/12/2016 from 2.53 on 31/12/2015.

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5. Highlights of the fiscal year 2016

- In February, the company "MINOAN LINES SA", the second biggest shareholder of the Company with a 33.4% percentage at that time, expressed its interest and proceeded in acquiring shares from other shareholders of the Company, wishing to increase its participation percentage in "Hellenic Seaways SA". On 31 December 2016, the percentage of "MINOAN LINES SA" comes up to 47.99% of the total share capital of the Company.
- In April, "Hellenic Highspeed" (former "Hellenic Wind") started operating the Rafina - Cyclades route after being fully refitted. The specific ship was chartered in lines abroad in the previous 6 years.
- In June, "Highspeed 7", after being repaired and refitted in Fincantieri Shipyards, in Italy, following the fire of March 2015 returned to the Crete - Cyclades line.
- In June, Hellenic Seaways SA was ISO 50001:2011 certified by Lloyd's Register Quality Assurance for energy management. It is the first Greek coastal shipping company certified with the specific standard following a series of inspections at the Company's ships and offices. It concerns fuel consumption and power measurements at the Company's ships and offices and the staff's relevant training.
- On July 24, 2016, the Ordinary General Meeting of the Shareholders elected a new Board of Directors with the following composition:

- Klironomos Constantinos	President
- Agapitos Antonios	1st Vice President and CEO
- Papaioannou Georgios	2nd Vice President
- Angelidakis Stavros	Member
- Vassilokonstantakis Georgios	Member
- Korres Alkiviadis - Ioannis	Member
- Kliridis Takis	Member
- Liakopoulos Konstantinos	Member
- Loizidis Konstantinos	Member
- Sarlis Michael	Member
- Kallitsi - Stergioti Theoni	Member

- In July, "Nissos Samos" (ex "Ionian Queen") bought in December 2015 and fully refitted was included in the Company's fleet, significantly contributing to the strengthening of the Company's trade presence.
- During the fiscal year, the Company bought the ships "Flyingcat 1" and "Apollo Hellas" which are not included in its operational planning anymore. The sales revenues wholly contributed to the decrease in the bank borrowing.

6. Main risks and uncertainties

The most important business risks and uncertainties relate to:

Credit risk

The Company and the Group estimate that the credit risk is low given that there is satisfactory spread of receivables from customers in the coastal shipping sector. In addition, the company's administrative services implement strict credit control procedures which include setting a specific credit limit and payment terms per customer, and bank guarantee letters have also been obtained as collateral for larger receivables.

Fuel price fluctuation risk

The Company and Group are exposed to the risk of an increase in the price of fuel given the significant role played by fuel costs in operating costs. An increase or reduction of 1% in the price of fuel each year would impact the results and the net worth of the Group by €0.2 million, taking also into account the impact of the oil hedging derivatives. Consequently, any increase in fuel prices is expected to have materially adverse impacts on the Group's financial results, cash flows and financial situation. For this risk management, the Group enters into financial derivatives for oil products covering a certain amount of its estimated operational needs.

Risk of change in interest rates

The Group's long-term and short-term loans are in Euro (€) with a EURIBOR floating rate plus a spread. Consequently, the Group is exposed to a risk of interest rate fluctuation since if those rates rise, it will have higher interest to pay. For example, a 1% annualized change in the borrowing interest rate would impact the Group's results and equity by € 1.7 million.

Risk of foreign exchange fluctuations

The basic transaction currency of the Group is Euro (€). The Group is significantly affected by the Euro (€)/ USA Dollar ($) exchange rate since the prices of shipping fuels are internationally negotiated in USA Dollars ($).

Seasonality of activities

The fact that the Group is active in a sector strongly characterized by seasonality means that a possible increase or decrease of the number of tourists coming to our country in the summer can significantly affect the Group's results.

Liquidity risk

Liquidity risk has decreased due to the improvement of the financials and the restructuring agreement of bank borrowing. The continuous and systematic monitoring of the liabilities and receivables by the management ensures liquidity sufficiency. In addition, the Company's management sees that there are available bank credits to cover emergencies in periods of low liquidity.

Macro-economic environment

The macro-economic environment which continues to negatively affect Greece, the stagnancy of the Greek economy, the decrease of the available citizens' income and the continuing restrictions of the capital control can:

- adversely affect the figures of the Group's transports
- negatively adverse the relations and the payment terms of the Group with foreign suppliers
- create delays in the transactions with foreign suppliers due to bureaucratic procedures established by the Greek bank system

The Group's Management is continuously monitoring and assessing the macroeconomic situation and the possible impacts in order to ensure that all necessary and possible measures are taken to minimize possible impacts on the Group's activities.

7. Important events after the end of the fiscal year up to the date of this report

The most important events that occurred after the end of fiscal year 2016 are presented below:

- In January 2017, the Company sold "HIGHSPEED 6". The sales revenue wholly contributed to the decrease in bank borrowing, while the profit, amounting to €5.2 million, shall affect the results of this fiscal year.
- On May 16, 2017, the Ordinary General Meeting of the Shareholders elected a new Board of Directors with the following composition:
  - Klironomos Constantinos President
  - Agapitos Antonios 1st Vice-Chair & CEO
  - Papaioannou Georgios 2nd Vice President
  - Angelidakis Stavros Member
  - Vassilokonstantakis Georgios Member
  - Vavourakis Michael Member
  - Korres Alkiviadis - Ioannis Member
  - Kliridis Takis Member
  - Loizidis Konstantinos Member
  - Sarlis Michael Member
  - Trigkas Elias Member

- Additionally, the Company is in the process of discussing with its lenders about the approval of a short-term loan of up to € 5 million to deal with any liquidity constraints due to the seasonality character of the coastal shipping sector.

8. Corporate Social Responsibility

Not only is Hellenic Seaways the number one company in the sector of sea transports but also a key supporter of the Greek society in every aspect of public life.

As an original Greek seafarer, continuously recording successful operating indexes, Hellenic Seaways stands by the society even in the most remote island it reaches. The company shows its social face practically, supporting people in their basic needs, either the ones related to health and education issues or the ones related to a variety of social matters. Hellenic Seaways, thus, strengthens the national island policy in a period full of multiple and increasing challenges for the islanders.

During the 18 years of uninterrupted and responsible presence in the Greek seas, Hellenic Seaways has earned the trust of the passengers and local societies, repaying it with material support actions based on three pillars: Culture, local societies, environment.

During these difficult times, Hellenic Seaways is a supporter and an aid, promoting every initiative that highlights and protects our cultural monuments and the athletic and entertainment events all over the country.

Hellenic Seaways, transpired by the values and traditional principles characterizing its operation since the beginning, stands by vulnerable social groups. With a feeling of responsibility and in cooperation with the competent authorities and relevant Non-Government Organizations (NGOs), the company showed practically its social responsibility by transporting refugees and immigrants.

Furthermore, the environmental sensitization and adherence to all relevant regulations are obvious practices for Hellenic Seaways. The Company's aim is both to strengthen its green footprint and to constantly improve its environmental performance. Its recognized ecological operation and the Environment Protection Certificates issued by globally recognized classification societies evidence this approach.

9. The Company's and Group's prospects

The development of the coastal shipping sector and the Group for 2017 shall mainly depend on:

- the condition of the Greek economy after the new measures accompanying the second revision by the institutions in the context of the Memorandum
- the progress of the international fuel prices that in the first five months of the fiscal year shows an increase by 50%
- the performance of the incoming tourism for which there are encouraging signs
- the competition, which is estimated to be strong due to the increased capacity supply via the operation of additional ships

In this context, the Management takes all necessary measures so that the Company can successfully cope with the challenges it faces and the targets it sets.

Dear Shareholders,

In the light of the points we have made above and the Financial Statements which accompany this management report of the Board of Directors, you are now able to form a complete picture of the operations and performance of the Company and the Group for 2016.

Piraeus, 13 June 2017 THE

BOARD OF DIRECTORS
and on its behalf

The President

Constantinos Klironomos

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Independent Certified Auditor's Report

To the Shareholders of
HELLENIC SEAWAYS MARITIME S.A.

Report on the Stand-Alone and Consolidated Financial Statements

We have audited the Stand-Alone and Consolidated Financial Statements of HELLENIC SEAWAYS MARITIME SA (the "Company") which comprise the Stand-Alone and Consolidated Statement of Financial Position as of 31 December 2016 and the Stand-Alone and Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Stand-Alone and Consolidated Financial Statements

The management is responsible for the preparation and fair presentation of these Stand-Alone and Consolidated Financial Statements in accordance with the International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Stand-Alone and Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing, incorporated in the Greek Law. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the Stand-Alone and Consolidated Financial Statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the Stand-Alone and Consolidated Financial Statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the Stand-Alone and Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the Stand-Alone and Consolidated Financial Statements of the company 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 internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonabless of the accounting estimates made by the management as well as evaluating the overall presentation of the stand-alone and consolidated financial statements.

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

Opinion

In our opinion, the attached stand-alone and consolidated financial statements present fairly the financial position of HELLENIC SEAWAYS MARITIME S.A.as of 31 December 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Matter of Emphasis

Without stating a reservation on our opinion, we would like to draw your attention to note 3 on the Stand-Alone and Consolidated Financial Statements, without making a reference to the fact that on 31 December 2016, the Company's Equity was smaller than half of the paid Share Capital, resulting in the conditions of applying the provisions of article 47, C.L. 2190/1920, still applying and the reasons of preparing Stand-Alone and Consolidated Financial Statements based on the principle of the Company's on-going concern.

Report on Other Legal and Regulatory Requirements

Taking into account that the Management bears the responsibility for the preparation of the Management Report of the Board of Directors, in application of the provisions of Article 2(5) (part B) of L. 4336/2015, we highlight that:

(a) In our opinion the Management Report of the Board of Directors has been prepared according to the applicable legal requirements of Articles 43a and 107A of C.L. 2190/1920 and its content correspond to the attached Stand-Alone and Consolidated Financial Statements of the fiscal year ended at 31 December 2016.

(b) Based on the knowledge we acquired during our audit about the Company and its environment, we have not identified any material inaccuracies in the Management Report of its Board of Directors.

Athens, 14 June 2017

KPMG Certified Auditors SA
Reg. No. SOEL 114

Haralambos Sirounis, Certified Auditor Accountant,
Reg. No. SOEL 19071

HELLENIC SEAWAYS Annual Financial Statements of the fiscal year 2016 (amounts in Euro thousands unless otherwise stated)

STATEMENT OF FINANCIAL NET WORTH

		The Group		The Company	
	Note	**31.12.2016**	**31.12.2015**	**31.12.2016**	**31.12.2015**
ASSETS					
Non-Current Assets					
Intangible assets	5	60	65	60	62
Tangible assets	5	238,514	230,356	239,421	231,632
Investments in subsidiaries	6	0	0	0	0
Receivables from customers	8	0	1,004	0	1,004
Other non-current assets		658	152	657	150
Total Non-Current Assets		**239,232**	**231,577**	**240,138**	**232,848**
Current Assets					
Stocks/ Inventories	7	1,215	856	1,215	856
Receivables from customers	8	8,612	9,342	8,612	9,263
Other receivables	9	15,852	23,336	15,643	23,796
Cash and cash equivalents	11	6,778	8,858	6,645	8,048
Tangible assets intended for sale	5	14,034	0	14,034	0
Total Current Assets		**46,491**	**42,392**	**46,149**	**41,963**
TOTAL ASSETS		**285,723**	**273,969**	**286,287**	**274,811**
SHAREHOLDERS' EQUITY					
Shareholders' equity					
Share capital	12	194,038	194,038	194,038	194,038
Share premium	12	9,376	9,376	9,376	9,376
Other reserves	13	4,626	1,203	4,626	1,203
Results carried forward		(126,964)	(133,529)	(126,285)	(132,508)
Equity attributable to shareholders of the parent company		**81,076**	**71,088**	**81,755**	**72,109**
Total equity		**81,076**	**71,088**	**81,755**	**72,109**
LIABILITIES					
Long-term Liabilities					
Long-term bank liabilities	15	149,958	165,924	149,958	165,924
Provisions for employee benefits	16	926	781	908	741
Other provisions	17	183	153	183	153
Total non-current liabilities		**151,067**	**166,858**	**151,049**	**166,818**
Current liabilities					
Suppliers and other liabilities	18	36,064	18,823	35,967	18,710
Short-term bank liabilities	15	14,426	13,660	14,426	13,660
Accrued expenses and deferred income	19	3,090	3,540	3,090	3,514
Total current liabilities		**53,580**	**36,023**	**53,483**	**35,884**
Total liabilities		**204,647**	**202,881**	**204,532**	**202,702**
TOTAL EQUITY AND LIABILITIES		**285,723**	**273,969**	**286,287**	**274,811**

The accompanying notes on pages 18 to 61 form an integral part of the Financial Statements.

Annual Financial Statements of the fiscal year 2016 (amounts in Euro thousands unless otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME

		The Group		The	
		01.01.16	01.01.15	1/1/2016	an1/1/2015
	Note	31.12.16	31.12.201	12/31/2016	31.12.201
Turnover (sales)	20	131,542	**5**	131,542	**5**
Cost of goods sold	21	(111,618)	131,901	(111,987)	128,896
Gross Profits		**19,924**	(102,118)	**19,555**	(98,061)
Other operating income	22	4,694	**29,783**	4,651	**30,835**
Administrative expenses	23	(7,128)	22,583	(6,810)	22,457
Research & Development Expenses		(6)	(6,337)	(6)	(6,205)
Selling expenses	24	(8,760)	(2)	(8,760)	(2)
Other operating expenses	26	(3,074)	(8,323)	(2,848)	(7,899)
Profit /(Loss) - Operating results		**5,650**	(24,166)	**5,782**	(22,886)
Financial income	27	135	**13,538**	132	**16,300**
Financial expenses	28	(5,759)	192	(5,756)	172
Results from ship sales	5.29	792	(8,003)	792	(7,989)
Impairment of subsidiaries	30	0	(820)	(484)	(820)
Impairment of floating crafts	5.29	(134)	0	(134)	(26,994)
Reverse impairment of floating crafts	5.29	6,060	(800)	6,060	(800)
Profits/ (Losses) before taxes		**6,744**	0	**6,392**	0
Income tax	31	(44)	**4,107**	(44)	**(20,131)**
Profits / (Losses) after taxes		**6,700**	(229)	**6,348**	(229)
Attributable to:			**3,878**		**(20,360)**
Shareholders of the parent company		6,700		6,348	
Minority rights		0	3,878	0	(20,360)
Total		**6,700**	**3,878**	**6,348**	**(20,360)**
Other total income					
Other Comprehensive Income not transferred to profits or loss in future fiscal years					
Actuarial gains/ (losses) on defined benefit liabilities	16	(134)	49	(124)	54
Other Comprehensive Income that may be transferred to profits or loss in future fiscal years					
Profits / (Losses) on valuation of hedging instruments	9	3,423	(1,484)	3,423	(1,484)
Total of Other Comprehensive Income		**3,289**	**(1,435)**	**3,299**	**(1,430)**
Total Comprehensive Income		**9,989**	**2,443**	**9,646**	**(21,790)**
Attributable to:					
Shareholders of the parent company		9,989	2,443	9,646	(21,790)
Minority rights		0	0	0	0
SUMMARY OF RESULTS		**9,989**	**2,443**	**9,646**	**(21,790)**

The accompanying notes on pages 18 to 61 form an integral part of the Financial Statements.

HELLENIC SEAWAYS Annual Financial Statements of the fiscal year 2016 (amounts in Euro thousands unless otherwise stated)

CHANGES IN EQUITY STATEMENT

The Group	Share Capital	Share premium	Other reserves	Results carried forward	Total equity
Balance 01.01.2015	194,038	9,376	2,687	(137,456)	68,645
Profit and loss 01.01.2015 to 31.12.2015	0	0	0	3,878	3,878
Actuarial gains on defined benefit liabilities	0	0	0	49	49
Losses on valuation of hedging instruments	0	0	(1,484)	0	(1,484)
Total Comprehensive Income	**0**	**0**	**(1,484)**	**3,927**	**2,443**
Balance 31.12.2015	**194,038**	**9,376**	**1,203**	**(133,529)**	**71,088**
Profit and loss 01.01.2016 to 31.12.2016	0	0	0	6,700	6,700
Actuarial losses on defined benefit liabilities	0	0	0	(134)	(134)
Gains from valuation of hedging instruments	0	0	3,423	0	3,423
Total Comprehensive Income	**0**	**0**	**3,423**	**6,566**	**9,989**
Balance 31.12.2016	**194,038**	**9,376**	**4,626**	**(126,964)**	**81,076**
The Company					
Balance 01.01.2015	194,038	9,376	2,687	(112,202)	93,899
Profit and loss 01.01.2016 to 31.12.2016	0	0	0	(20,360)	(20,360)
Actuarial gains on defined benefit liabilities (IAS 19)	0	0	0	54	54
Losses on valuation of hedging instruments	0	0	(1,484)	0	(1,484)
Total Comprehensive Income	**0**	**0**	**(1,484)**	**(20,306)**	**(21,790)**
Balance 31.12.2015	**194,038**	**9,376**	**1,203**	**(132,508)**	**72,109**
Profit and loss 01.01.2016 to 31.12.2016	0	0	0	6,348	6,348
Actuarial losses on defined benefit liabilities (IAS 19)	0	0	0	(124)	(124)
Gains from valuation of hedging instruments	0	0	3,423	0	3,423
Total Comprehensive Income	**0**	**0**	**3,423**	**6,223**	**9,646**
Balance 31.12.2016	**194,038**	**9,376**	**4,626**	**(126,285)**	**81,755**

The accompanying notes on pages 18 to 61 form an integral part of the Financial Statements.

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CASH FLOW STATEMENT

	The Group		The Company	
	01.01.16 31.12.16	01.01.15 31.12.15	01.01.16 31.12.16	01.01.15 31.12.15
Cash flows from operating activities				
Profits/ (Losses) before taxes	6,744	4,107	6,392	(20,131)
Plus/ (Less) adjustments for:				
Depreciations	12,716	11,041	13,079	10,955
Provisions for bad debts	103	1,410	34	383
Provision for personnel compensation	45	62	43	60
Other provisions	30	69	30	69
Reversal of customers' provision	0	(2)	0	(2)
Used provisions for customers and personnel compensation	(34)	(27)	0	(27)
Impairment of receivables from subsidiaries	0	0	484	26,994
Impairment of vessels	134	800	134	800
Reversal of vessel impairment	(6,060)	0	(6,060)	0
Interest charges and related expenses	5,519	7,839	5,519	7,834
Loss from fixed assets destruction	3	18,841	3	18,841
Credit interests	(15)	(20)	(15)	(20)
Revenues from insurance compensation on vessel destruction	(3,164)	(21,090)	(3,164)	(21,090)
(Gains)/ losses from the sale of fixed assets	(792)	820	(792)	820
	15,229	**23,850**	**15,687**	**25,486**
Changes in working capital				
Increase in: Stocks/ Inventories	(359)	(13)	(359)	(171)
(Increase)/ Decrease in: Trade Receivables	1,629	1,360	1,621	(979)
(Increase)/ Decrease in: Other receivables	912	(5,759)	1,096	(6,082)
Increase in: Advance payments	(507)	(8)	(507)	(8)
Increase/ (Decrease) in: Suppliers and other liabilities	18,904	(9,291)	18,921	(8,611)
Increase/ (Decrease) in: Accrued expenses - deferred income	(1,073)	712	(1,047)	752
	34,735	**10,851**	**35,412**	**10,387**
Interest charges and related paid expenses	(4,896)	(5,467)	(4,896)	(5,463)
Paid Income tax	(27)	(243)	(27)	(243)
Total inflows from operating activities (a)	**29,813**	**5,141**	**30,489**	**4,681**
Cash flows from investing activities				
Purchases of tangible fixed and intangible assets	(31,939)	(15,951)	(31,939)	(15,951)
Revenues from insurance compensation on vessel destruction	11,676	10,059	11,676	10,059
Proceeds from sales of fixed assets	3,754	2,901	3,754	2,901
Interests received	15	20	15	20
Total outflows from investing activities (b)	**(16,494)**	**(2,971)**	**(16,494)**	**(2,971)**
Cash flows from financing activities				
Proceeds from loans issued/ assumed	0	13,072	0	13,072
Repayments of loan liabilities	(15,199)	(8,215)	(15,199)	(8,215)
Dividends paid	(199)	(5)	(199)	(5)
Total inflows/ (outflows) from financing activities (c)	**(15,398)**	**4,852**	**(15,398)**	**4,852**
Net increase/ (decrease) in cash and cash equivalents of the period (a)+(b)+(c)	**(2,080)**	**7,022**	**(1,403)**	**6,562**
Cash and cash equivalents at the beginning of the period	8,858	1,836	8,048	1,486
Cash and cash equivalents at the end of the period	**6,778**	**8,858**	**6,645**	**8,048**

The accompanying notes on pages 18 to 61 form an integral part of the Financial Statements.

Annual Financial Statements of the fiscal year 2016 (amounts in Euro thousands unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS OF 31st DECEMBER 2016

1. General information about the Company and the Group

The parent company Hellenic Seaways Maritime S.A. (hereinafter the Company or Parent Company) is a shipping company trading as HELLENIC SEAWAYS, whose name in international dealings is given as HELLENIC SEAWAYS MARITIME S.A. The Company's previous name was HELLAS FLYING DOLPHINS S.A. and before that MINOAN FLYING DOLPHINS S.A. The company was formed by renaming and changing the purpose and object of the company SERRES HELLENIC MARITIME ENTERPRISES S.A. (GG 1118/26.2.1999, S.A & EPE issue). The company's registered offices are in the Municipality of Piraeus (6 Astiggos street, Karaiskaki Sq., P.C. 185 31). According to the Company's Articles of Association, its duration is 50 years up to March 2034.

The Company's share capital is divided into 77,615,000 registered shares with a nominal value of €2.50 each, which on 31/12/2016 are held by more than 1,000 natural persons and legal entities.

These Financial Statements (the "financial statements") of the year ended on 31/12/2015 include the stand-alone and consolidated Financial Statements of the Company (jointly referred to as the "Group"). The Group includes the parent company and the following subsidiaries which are entirely controlled (100%) by the parent company:

Name	Participation Percentage of the Parent	Seat
Hellenic Seaways Cargo N.E. (a)	100%	Greece
Hellenic Seaways Management S.A. (a)	100%	Liberia
World Cruises Holdings Ltd (a)	100%	Liberia
Helcat Lines S.A. (a)	100%	Marshall Islands
Alpha Ferries Ltd (a)	100%	Liberia
Alpha Ferries Ltd (a)	100%	Liberia
Vertino Shipping Company Limited (a)	100%	Cyprus

(a): Inactive companies

The Group is active in passenger shipping, carrying passengers and goods by sea in Greece and abroad. The parent company is primarily involved in Greek coastal shipping by operating privately owned passenger and passenger/vehicle ships flying under the Greek flag. The above subsidiaries were not active in 2016.

The financials of the aforementioned subsidiaries have been included in the consolidated financial statements of the Company using the full consolidation method.

On 31st December 2016, the Company was employing 489 persons (2015: 663 persons) (among them 379 (2015: 554) ship crews) and the Group was employing 493 persons (2015: 670) (ship crews 379 (2015: 554) persons).

2. Basis of preparation of the financial statements

2.1 General framework and measurement basis

The financial statements of 31 December 2016 have been prepared in line with the International Financial Reporting Standards (hereinafter "IFRS"), as adopted by the European Union.

The financial statements were prepared according to the principle of historical cost except for derivative financial instruments which are estimated at fair value.

The Financial Statements of 31 December 2016 have been approved for publication by the Company's Board of Directors on 13 June 2017.

2.2 Operating and presentation currency

The financial statements are presented in Euro (€), which is the operating currency of the Company. The amounts in the financial statements are in Euro (€), rounded off to the nearest thousand.

2.3 Utilization of Management's judgments and estimations

The preparation of financial statements in accordance with IFRS requires that Management makes assessments and estimates that affect the assets and liabilities, the income and expenses and the disclosure of contingent receivables and liabilities. These assessments and estimates are based on the more complete information available to Management on the Group and the markets in which it operates, and its experience in connection with similar transactions or events and are considered reasonable under the circumstances. Any subsequent possible changes in the existing conditions are taken into account in order to revise, if necessary, these assessments and estimates. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Information on significant accounting estimates and assumptions that my significantly affect the financial statements are included in the following notes:

a) Useful life of ships and residual values: the Group estimates the duration of the useful life of ships and their residual values based on which it calculates their depreciation affecting to a great extent the financial statements (see Note 4.4).

b) Impairment of receivables: the Group makes estimates related to the collectability of receivables from customers and affiliated parties based on which it makes provisions for bad debts. More information can be found in Notes 8, 9 and 34.

c) Liabilities of specified benefits: the present value of liabilities for staff benefits is based on actuarial assumptions, possible changes of which shall affect the accounting value of the relevant liability (see Note 16).

d) Possible liabilities for court cases: the Group is involved in various court cases, for which estimates, which are important, are required to determine the liabilities or possible liabilities, given that they can significantly affect the financial statements. More information can be found in Note 32.

e) ship impairment: the Group's ships are checked for impairment purposes when events or changes in the conditions show that the accounting value may not be recoverable. Recoverable value is either the fair value reduced by possible selling expenses or the value in use, whichever is higher. The determination of the recoverable value of the ships includes estimates that may significantly affect the financial statements. More information can be found in Notes 4.5 and 5.

f) Investments in subsidiaries the Company estimates the recoverable amount from its investments in subsidiaries and proceeds with impairment provisions of their value, whenever required, based on the Management' estimates, which may significantly affect the financial statements of the Parent company. More information can be found in Note 6.

Judgments and assumptions made during the application of accounting policies that have a more significant impact on the items of the financial statements are related to:

Joint agreement: the Company has classified its participation in the joint agreement for its participation in the Saronic Ship Joint Venture as a joint operation and has evaluated the structure of the agreement and certain data and events related to such decision. More information can be found in Notes 4.16 and 20. The participation ended on 31.10.2016 after the sale of the passenger/ ferry "APOLLO HELLAS".

Measurement of fair values

Some of the accounting policies of the Group and the relevant notifications require the determination of the fair value both financial as well as of the non-financial assets and liabilities.

The Group has established a control framework related to the measurement of fair values that includes an assessment group that has the total responsibility and supervision of all important assessments including the ones belonging to Level 3 and is directly accountable to the Financial Manager. The assessment group examines at regular intervals the important data that are not based on observable market measurements and the adaptations carried out for assessment purposes.

When the fair value of an asset or liability is measured, the Group uses measurable figures of the market, to the extent this is feasible. The fair values are classified at different levels according to the data used in the technical assessment methods, as follows:

Level 1: prices (without adjustments) of active market for exactly equal assets and liabilities

Level 2: data, apart from the market prices included in Level 1 and are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. drawn from prices)

Level 3: data for the asset or liability not based on observable data of the market (non-observable measurements).

If the data used for the measurement of fair value of an asset or a liability can be categorized at different hierarchy levels of fair values, then the measurement of the fair value is classified as a total at the same hierarchy level with the lower level data which is significant for the entire measurement. The Group recognizes transfers between the hierarchy levels of fair values at the end of the financial statement preparation period, during which the change occurred. No transfers have been made between the hierarchy levels of fair values as at 31/12/2016.

Further information related to the assumptions made during the measurement of fair values are included in Note 35 - Financial instruments, including the liability from derivative financial instruments.

3. Possibility of going concern

The Group for the year 2016 showed profits after taxes of € 6.7 million compared to € 3.9 million for the year 2015 and accordingly, the Company recorded profits of € 6.3 million in 2016 versus losses of € 20,4 million in 2015. The total of cumulated losses was approximately € 127 million for the Group and about € 126,3 million for the Company on 31/12/2016. On 31/12/2016, the Total of Equity of the Parent Company was less than 50% of its paid share capital. Therefore, the provisions of article 47, L. 2190/20 apply. The total of all current liabilities of the Group exceed the total of the current assets by approximately € 7.1 million (Company: amount of approximately € 7.3 million).

The Group's Management continuous servicing its bank borrowing under the loan refunding program achieved in 2015. It continues to fully service its regular amortization schedule and has managed to further decrease its borrowing via extraordinary repayment due to ship sales. It has achieved thus a decrease of the future amortization resulting in future liquidity for the Company.

The Group has assumed a series of actions, such as:

- Significant strengthening of the Company's presence and operation in the Cyclades, which shall contribute to the increase in the market shares and ensures liquidity throughout the year
- Maintenance of activation of the Company in new subsidized Aegean lines contributing to the increase of the market shares and securing fixed use of the ships on a twelve-month basis.
- Continuation of ship charters safeguarding liquidity during the year.
- The company can proceed to funding via revolving loan facility and further strengthen its liquidity through the offer of available collateral.

Based on the above, the Company's Management expects profits for next year and takes all necessary measures to improve its operating results.

Considering the above facts, the financial statements of the Group and the Company were prepared in accordance with the principle of going concern. Therefore, the accompanying stand-alone and consolidated financial statements do not include any adjustments relating to recoverability and classification of the assets, the amounts and classification of liabilities or any other adjustments that would be required if the Company and the Group were not able to continue their activities smoothly.

4. Basic accounting policies

The main accounting policies that have been adopted in preparing the financial statements for the year 2016, have also consistently been implemented by all the Group's companies in preparing the financial statements for the year 2015 and are as follows:

4.1 Basis of Consolidation

4.1.1 Subsidiaries

The Company's consolidated financial statements consist of the financial statements of the parent company and its subsidiaries. The latter are directly or indirectly controlled by the parent company via its majority holding in their shares (see note 1) and control over their Boards of Directors. Subsidiaries are fully consolidated using the full consolidation method from the date on which control of them is acquired and they cease to be consolidated from the date on which such control no longer exists. Subsidiaries are valued in the parent company's stand-alone financial statements at acquisition cost less any impairment losses.

4.1.2 Intra-group transactions

Intra-group transactions (between companies in the Group), intra-group balances and unrealized profits and losses from intra-group transactions are crossed out when preparing the consolidated financial statements.

4.2 Conversion of items to foreign currency

Foreign currency transactions are translated into Euro using the exchange rates prevailing on the dates of the transactions. On the balance sheet date, the assets and liabilities expressed in foreign currencies are computed in the operating currency at the exchange rates on that date. Non-monetary items in foreign currency computed at the historical cost are translated in the operating currency at the exchange rates on the transaction date. Foreign exchange gains and losses which result are entered as financial income or expenses in the income statement depending on their nature (credit or debit financial differences).

4.3 Intangible assets

Intangible assets include: (a) software licenses and (b) the cost of registering the Company's trade mark. Software licenses and the trade mark are valued at acquisition cost less accumulated depreciation and possible impairments. Depreciation is recorded using the straight-line method over the entire useful life of the assets, which has been set at three (3) years for software and ten (10) years for the trade mark. These estimates are reviewed on each preparation date of the financial statements and, if required, are adjusted.

4.4 Tangible assets

Tangible fixed assets are valued in the financial statements at acquisition cost plus interest for the construction period less accumulated depreciation and any impairment in their value.

Repairs and maintenance are entered in the income statement when carried out. Significant additions and improvements are capitalized at the cost of the corresponding tangible assets if it is possible that the future financial benefits incorporated in the asset will flow in the Company.

When selling a tangible fixed asset, the difference between the sale price and the carried value, less selling expenses, is entered in the results of the year in which the sale was made as profit or loss from the sale of fixed assets.

Depreciations

Depreciations means the deletion of the assets' cost less its residual value. Depreciation of fixed assets was computed based on the straight-line method and is presented in the income statement over the entire estimated useful life of the fixed assets.

Company Management estimated the useful life and residual value of the fixed assets which are as follows:

a) Estimated useful life

Asset category	Years
Conventional ships (passenger – vehicle craft)	35
High speed catamarans (passenger or passenger/ vehicle craft)	25
Flying dolphins (passenger craft)	35
Building installations on third party property	9
Machinery	6.67
Passenger cars	6.67
Trucks	5
Motorcycles	6.67
Furniture, other equipment, computers	5

b) Residual value

Residual value was only computed for ships at 20% of their acquisition value.

These estimates are re-examined at regular intervals and adjusted, if necessary, but are not expected to change in the next twelve (12) months.

4.5 Impairment of value of non-financial assets

Non-current assets (tangible and intangible assets) are tested for impairment purposes when events or changes in conditions indicate that their book value (carried cost) may not be recoverable. An impairment loss is recognized to the extent that the book value of the asset exceeds its recoverable amount and is entered in the income statement. Recoverable value is either the fair value reduced by the selling expenses or the value in use, whichever is higher. Fair value is the amount that can be received from the sale of an asset in the context of a transaction in which the parties are fully cognizant and enter into freely, after deduction of all additional direct selling costs for the asset, whereas value in use is the net current value of the estimated future cash flows expected to accrue to the enterprise from the continuous use of an asset using a discount rate before taxes reflecting the current market estimates for the time value of money and the risk directly associated with the asset. Impairment loss recognized in prior periods is re-estimated at each year for any evidence of reduction and is reversed if there is a change in the estimates used to determine the recoverable amount up to the book value level that would have been determined, net of depreciation, if the impairment loss had not been recognized

4.6 Stocks/ Inventories

Stocks and inventories include merchandise and fuels – lubricants on ships. The cost of acquisition includes all expenses incurred for the inventories to reach their current location and status. Their acquisition cost is determined based on the FIFO method (First in First out). On the balance sheet date, inventories are valued at acquisition cost or net realizable value, whichever is lower. The net realizable value of fuels and lubricants on ships is the estimated sale price less sale costs.

4.7 Financial instruments

The Group's financial instruments are classified into non-derivative financial instruments and derivative financial instruments based on the essence of the contract governing them and the purpose for which they were acquired. Non-derivative financial instruments are receivables from customers and other receivables, financial assets available for sale, cash and cash equivalents (financial assets) and loans, liabilities to suppliers and other liabilities (financial liabilities).

Non-derivative financial instruments are initially recognized in the financial statements at fair value (which coincides with the cost of the transaction) adjusted to the direct transaction costs when the Group becomes a contracting party in a transaction involving those instruments.

A financial asset ceases to be recognized in the financial statements when the Group's contractual rights to the cash flows generated by the asset mature or when the asset is transferred to a third party, without retaining control or all the material risks or rewards associated with it. Purchases and sales of financial assets which are part of the normal business activity of companies in the Group are posted to the financial statements on the transaction date, i.e. the date on which it undertakes to purchase or sell the financial asset.

A financial liability ceases to be recognized in the financial statements when the Group's liabilities deriving from it mature or are cancelled.

4.7.1 Trade and other receivables

Receivables from customers and other receivables are initially measured at their fair value and later measured at the non-depreciated cost less any provisions for amounts that cannot be collected. On every balance sheet date, all delayed receivables or bad debts are assessed to determine the necessity to form a provision for bad debt or not.

4.7.2 Available-for-sale financial assets

Available-for-sale financial assets are valued at fair value which is the stock exchange price on the balance sheet date. Any gains or losses are recognized in the fair value reserve in equity until they are sold off or it is established that there is a permanent impairment in their value, in which case the cumulated gain or loss which had previously been recognized in equity is transferred to the income statement.

4.7.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, sight deposits and short-term bank deposits of up to 3 months as of the balance sheet date.

4.7.4 Borrowings

Borrowings include bank loans and bonds. All loans are initially recognized at cost which is the fair value of the consideration received, less the cost of taking out bank loans or the cost of issuing a corporate bond. After initial recognition, loans are valued at the carried amount using the effective interest rate method.

4.7.5 Liabilities to suppliers and other liabilities

Suppliers and other liabilities include trade and other liabilities. These are recognized at their nominal value which is considered to match their fair value unless the impact of the value of money over time is significant.

4.7.6 Derivative financial instruments

The Group possesses derivative financial instruments to hedge the change of the ships' fuel price. These derivatives are initially recognized in the fair value and the direct transaction expenses are entered in the results when occurring. Later than the initial recognition, these derivatives are measured at their fair value. The recognition method of profits and losses depends on whether the derivatives are determined as a hedge method or for trade.

Cash Flow Hedge

The effective ratio of change to the fair value of derivatives determined as hedging instruments for changes in the cash flows is entered as reserves in the equity. The profit or loss of non-effective ratio is entered in the results. The amounts entered as reserves in equity are carried over to the results in years that the hedged item affects profits or losses.

When a hedging instrument expires or is sold or when a hedging relation does not meet anymore the criteria of hedging accounting, the accumulated profits or losses in the equity remain as reserves and are carried over to the results when the hedged item affects the profits or losses and, in particular, the cost of sales. In the event of hedging a predicted future transaction which is not expected to occur any more, the accumulated profits or losses in equity are carried over to the results (cost of sales).

4.7.7 Impairment of non-derivative financial instruments

The accounting values of the financial assets of the Group are examined at each reference period to decide whether objective evidence for their impairment apply. Objective evidence that a financial item has been impaired include:

- Bankruptcy of a debtor or being characterized as impossible to collect;
- Readjustment of the amount owed that the Group would not accept if the possibility of not collecting did not exist;
- Negative developments in the payment method of obligors or issuers;
- The disappearance of an active market for a share due to financial difficulties;
- Observable data indicating that there is measurable decrease in the estimated future flows from a group of financial assets.

Financial assets carried at amortized cost

The Group recognizes evidence for impairment of these assets at the level of independent asset. The impairment loss is recognized as the difference between the asset's carrying value and the present value of estimated future cash flows at the real discounted rate. The loss is recognized in the results and a relevant provision. When it is clear that a balance will never be able to be collected, it will be written off by reducing the provision for bad debt accordingly. If the impairment amount decreases and this decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment shall be reversed in the results.

Available-for sale financial assets

The impairment in the available-for-sale financial assets is recognized with carrying over the cumulated loss from the fair value reserves to the results. The amount reclassified is the difference between the acquisition cost and current fair value, less any impairment previously recognized in the results. If a share's fair value shown as available-for-sale financial asset later increases and this increase can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment shall be reversed in the results. Otherwise, the impairment is reversed in the Comprehensive Income Statement.

4.8 Share capital

The share capital consists of common shares. Direct expenses for the issuance of shares are shown as decrease in the capital increase amount.

4.9 Employee benefits

4.9.1 Short-term benefits

The short-term benefits for the employees are entered as expenses in the results when accrued.

4.9.2 Programs of set contributions

The programs of set contributions are programs during which the Group pays a set amount to a third legal entity without any other obligation, and these amounts are entered as expenses in the results when the relevant services are provided by the employees and the relevant contributions are due.

4.9.3 Provisions for employee benefits

Obligations to compensate staff (apart from the crew of ships) when they retire are computed at the present value of future benefits which are deemed to have accrued at the end of the year based on recognition of a right to employee benefits during the course of the expected employment relationship. The discount rate corresponds to the rate of European bonds of low credit risk (at least AA) with maturity dates relevant to the Group's liabilities. These liabilities are calculated based on the financial and actuarial assumptions which are made by an independent valuer and are specified using the actuarial valuation method called the projected unit credit method. The relevant provisions are included in other expenses in the administrative expenses account and selling expenses account and are the present value of benefits which became accrued during the year, the interest on the benefit obligation and any cost of previous service. The actuarial gains or losses are directly recognized in the other total income of the period they are realized.

As far as the crew of ships are concerned, based on the legislation currently in force, crew members do not accumulate compensation entitlement when they leave work due to dismissal or retirement and consequently the financial statements do not include a provision for such amounts.

4.10 Other provisions/ Contingent liabilities and contingent assets

Provisions are recognized when the Group has current legal or presumed commitments as a result of incidents in the past, their clearance is likely via outflows and the level of the liability can be reliably estimated. Provisions are re-examined on the balance sheet date and are adjusted
to reflect the current value of the expense which is expected to be required to settle the liability.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the likelihood of a resource outflow to settle them is remote. Contingent assets are not recognized in the financial statements but are disclosed where the inflow of financial benefits is likely

4.11 Income tax (current and deferred)

Under the current legislation on the taxation of ships (Article 2 of Law 27/1975) owners of ships flying the Greek flag are exempt from income tax on the profits from operating their ships. Under the same law, ships are only subject to a special tax based on gross registered tonnage. This tax is deemed to be an income tax. Profits from non-shipping activities are taxed in line with the general income taxation provisions and under the applicable provisions the tax rate is 29% for 2016 (2015: 29%). The expenditure for the current income tax is, therefore, related to the current ship tax as per L. 27/1975.

Due to the special tax regime which applies to the Group’s Greek companies, no deferred tax is computed for the Company or the Group.

4.12 Leases

At the beginning of an agreement, the Group decides whether such an agreement is or includes leasing.

At the beginning or during the re-assessment of an agreement, the Group distinguishes payments and other considerations required in the agreement to the ones related to leasing and the ones related to other items based on their relevant fair values. If the Group concludes that it is not feasible to reliably make the distinction for a lease, then the values of the asset and the liabilities that are recognized equal the fair value of the asset. The liability, therefore, shall decrease with the payments made and an imputed financial cost shall be recognized based on the Group's borrowing rate.

Leases in which the Group assumes practically all risks and rewards of ownership are characterized as financial leasing. After the initial recognition, the leased asset is recognized as an amount equal to the lowest, between the fair and current value of the minimum lease price (rent). After the initial recognition, the asset is accounted for in line with the accounting policy applied for such asset. The payment amounts for financial leasing are distinguished between financial results and decrease of the relevant liability. The financial cost is distributed to each period during the lease so as to have a fixed rate on the remaining financial leasing liability.

Leases where the lessor transfers the right to use an asset for an agreed time period without transferring the risks and rewards of ownership of the asset are classed as operating leases. Payments made by the lessee for operating leases are recognized as expenses in the income statement over the duration of the lease. The Group functions as a lessor and lessee for operating leases.

4.13 Revenue recognition

Revenue includes the value of providing services and the value of the sale of goods, before Value Added Tax, withholdings payable to third parties and net of discounts and returns. Revenue is recognized as follows:

Income from fares:

The services provided primarily related to carriage of passengers and goods by sea and the revenues are the fares charged. Revenues from tickets are recognized at the time the trip for which the ticket has been issued is made.

Income from services related to services provided later are recognized in a liabilities account (deferred income) and transferred to income for the period in which the services are actually provided.

Customer loyalty program

The income is allocated to the customer retention program and the other sale assets. The amount corresponding to the customer retention program is carried over to the income of next year and is recognized as income when the Group has fulfilled its liabilities for service provision based on the terms of the program or when the program units are not possible to be redeemed any more by the subscribers.

Income from charter of ships

The income from charter of ships are recognized based on the accruals accounting principle, according to the charter party.

Income from sales onboard

Income from the sale of goods onboard is recognized when the goods are delivered, while income from services provided onboard (based on contracts with third parties who have been assigned the right to operate restaurants and shops onboard) is recognized based on the accrual principle in the context of the relevant contracts.

Income from interest earned (financial income)

Interest earned is recognized based on the time it accrues using the effective interest rate method.

State subsidy of non-profit lines

State subsidies of non-profit lines related to the results are entered systematically in the income of the years during which said itineraries are applied.

4.14 Income from insurance compensations

The Group enters income and receivables from insurance compensations for losses and damages of its ships as well as medical and other expenses of the crews related to said incidents. The relevant income from insurance compensations are entered under the item "Other income", net from the deductible amounts when the compensated damage or the medical and other expenses for the crew occur, provided the insurance compensation is deemed collectible according to the insurance policies and is not part of a litigation and the Group can reliably estimate the amount of the compensation. Receivables from insurance compensations are entered as current or non-current assets based on the expected collection time.

4.15 Expenses recognition

Maintenance and repair cost

Operating expenses are recognized in the results, specifically in the cost of items sold, on an accrued basis. In line with this principle, the cost of repairs, maintenance and periodic inspections of the ships' engines are recognized as follows:

The maintenance and repair costs carried out when ships are out of service each year are recognized in the year they become active after the end of the out-of-service period, allocated to the periods of that year (quarter, half year, nine months) based on the mileage sailed compared to the estimated mileage.

The cost of periodic inspections of the ships' engines which take place at regular intervals (3 to 6 years depending on the manufacturer's specifications in conjunction with the number of hours in operation) are recognized in the relevant years.

Interest payable (financial expenses)

Interest payable is recognised when accrued using the effective interest rate method and includes interest from short-term and long-term loans.

4.16 Joint arrangement

The Group classifies its share in joint agreements either as joint activities (should there be rights on the assets and liabilities related to an agreement) or as joint ventures (should the Company have only rights on the net assets of an agreement). During the process of such assessment, the Group co-examines the structure of the agreement, the legal form of the entity which is set up by the agreements, the contractual terms of the agreements and other factors and circumstances. The Group carried out an initial assessment of the joint operation agreement for Argosaronikos line in the framework of the parent company's participation in Saronic Ships Joint Venture, which ended on 31/10/2016 (the participation percentage as at 31/12/2016 was 24%). The Group incorporated the proportion owned on the assets, liabilities and transactions of Saronic Ships Joint Venture into the financial statements until the expiration date of the agreement.

4.17 New Standards not yet in force

The following standards and amendments of standards approved by the European Union have not yet entered into force and have not been prematurely adopted by the Group. The ones related to the Group are presented below. The Group examines their possible impact on the financial statements.

IFRS 15 "Revenue from contracts with customers" (it shall enter into force for reporting periods starting on or after 1 January 2018)
IFRS 15 "Revenue from contracts with customers" was issued on 28.5.2014 by the Board of International Accounting Standards.
The new standard applies to all contracts with customers except for the ones that fall within the application scope of other standards, such as leases, insurance contracts and financial instruments.
Under the new standard, a company recognizes revenues to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework which are briefly the following:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in a contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the company satisfies a performance obligation

The concept of a performance obligation is new and practically represents each and every promise for transfer to a customer: a) either a good or service (or a bundle of goods or services) that is distinct; or b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.
IFRS 15 replaces the following standards and interpretations:

- IAS 11 "Construction contracts"
- IAS 18 "Revenues"
- IFRIC 13 "Customer Loyalty Programs"
- IFRIC 15 "Agreements for the Construction of Real Estate"
- IFRIC 18 "Transfers of Assets from Customers" and
- IFRIC 31 "Revenue - Barter transactions involving advertising services"

The Board of International Accounting Standards issued an amendment of IFRS 15 on 12.4.2016 clarifying mainly the following:

– When a promised good or service is distinct from other promises in a contract; a fact which is taken into account in the assessment whether the promised good or promise constitutes a performance obligation;
– The practical why of assessing whether the nature of the promise of the company constitutes provision of the promised goods or services (the company is, therefore, the principal) or an arrangement so that a third party provides said goods and services (the company is the agent);
– Which factor determines if the company recognizes the revenue overtime or at a specific point of time in the cases of licenses of use for intellectual property.

Finally, two practical solutions were added for the transfer to IFRS 15 in terms of the concluded agreements for which a complete retrospective application applies and in terms of changes in the agreements during the transfer.
The Company and the Group are examining the impacts of adopting IFRS 15 on the Financial Statements.

IFRS 9 "Financial Instruments" (it shall enter into force for accounting periods starting on or after 1 January

2018)

IFRS 9 was issued in July 2014 and shall be applied for the Company for annual periods starting on 1 January 2018, but its early application is permitted. This standard applies for financial assets and liabilities and includes the classification, impairment, evaluation and derecognition of financial assets and liabilities as well as a new accounting model for hedge accounting. The real impact of adopting IFRS 9 on the financial statements of the Group is not known and cannot be reliably determined as it relies on the financial instruments the Group has at its disposal and the financial conditions at that time as well as the choice of accounting principles and estimates made in future. The new standard shall stipulate the overview and revision of accounting procedures and safeguards related to the recognition and publication procedure for the financial instruments. The significant points of the standard are set out below.

Classification - financial instruments

IFRS 9 includes a new classification approach for the financial assets responding to the business model based on which the assets are managed and the characteristics of their cash flows. IFRS 9 includes three key categories for the financial assets: Measured at amortized cost of fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) The standard scopes out categories of the existing IAS 39 held up to maturity loans and liabilities and available assets for sale.

Impairment - financial assets and contractual receivables

IFRS 9 replaces the model of “realized loss” of IAS 39 with a forward approach using the model of “expected credit loss”. This requires carrying out an assessment about how the changes of the financial parameters shall affect the expected credit losses that shall be determined on a weighted possibilities basis. The new model shall apply for assets measured at amortized cost or fair value through other comprehensive income, apart from investments in participations and contractual receivables. According to IFRS 9, provisions for losses shall be measured either (a) as expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date and (b) as expected credit losses that result from all possible default events over the life of the financial instrument.

The evaluation polices related to full lifetime expected credit losses apply for a financial instrument if the credit risk of that financial instrument has increased significantly on the reporting day of the Financial Statements since initial recognition whereas the 12-month expected credit loss applies if this does not apply. A company can evaluate that the credit risk of a financial asset has not significantly increased if the asset has low credit risk on the reporting date of the Financial Statements. Nevertheless, the measurement based on the expected credit losses during the lifetime of a financial instrument applies in any case for trade receivables and contract receivables that do not constitute a financing transaction. A company can elect an accounting policy to recognize full lifetime expected losses for all contract assets and all trade receivables that do constitute a financing transaction.

Classification - Financial liabilities

IFRS 9 maintains to a great extent the current requirements of IAS 39 on the classification of the financial liabilities. Despite this fact, under IAS 39 all changes in the fair values of the liabilities included in the category of fair values through profits and losses are recognized in the profit and loss while under IFRS 9 fair value changes related to credit risk changes are shown in Other comprehensive income while the remaining amount of the fair value change is shown in the profit and loss.

The Company is assessing the possible impact on its financial statements from the application of this standard. This amendment allows entities to use the net position method for the accounting of their investments on subsidiaries, joint ventures and affiliate companies in their separate financial statements and clarifies the definition of separate financial statements. This amendment shall be effective in the future for annual periods starting on or after January 1, 2016, although early application is permitted.

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5. Intangible and tangible assets

Tangible and intangible assets accounts can be broken down as follows:

The Group	**Floating craft**	**Machinery**	**Private cars & other vehicles**	**Furniture, building facilities & other equipment**	**Intangible assets**	**Total**	**Floating craft for sale**
Acquisition value 01.01.15	**342,085**	**69**	**29**	**4,436**	**2,240**	**348,859**	**0**
Additions	15,508	0	5	381	57	15,951	0
Decreases	(34,542)	(12)	0	(25)	0	(34,579)	0
Impairment	(800)	0	0	0	0	(800)	0
Acquisition value 31.12.15	**322,251**	**57**	**34**	**4,792**	**2,297**	**329,431**	**0**
Additions	31,660	0	0	239	40	31,939	0
Decreases	(5,941)	0	(7)	(398)	(50)	(6,396)	0
Reclassification	(21,104)	0	0	0	0	(21,104)	21,104
Reversal of vessel impairment	6,060	0	0	0	0	6,060	0
Impairment	(134)	0	0	0	0	(134)	0
Acquisition value 31.12.16	**332,792**	**57**	**27**	**4,633**	**2,287**	**339,796**	**21,104**
Accumulated Depreciation	**93,503**	**69**	**29**	**4,185**	**2,202**	**99,988**	**0**
Accounting Year's Depreciation	10,824	0	0	187	30	11,041	0
Decreases	(11,980)	(12)	0	(27)	0	(12,019)	0
Accumulated Depreciation	**92,347**	**57**	**29**	**4,345**	**2,232**	**99,010**	**0**
Accounting Year's Depreciation	12,468	0	1	202	45	12,716	0
Decreases	(2,982)	0	(7)	(395)	(50)	(3,434)	0
Reclassification	(7,070)	0	0	0	0	(7,070)	7,070
Accumulated Depreciation	**94,763**	**57**	**23**	**4,152**	**2,227**	**101,222**	**7,070**
Non-depreciated value 31.12.15	**229,904**	**0**	**5**	**447**	**65**	**230,421**	**0**
Non-depreciated value 31.12.16	**238,029**	**0**	**4**	**480**	**60**	**238,574**	**14,034**

The Company	**Floating craft**	**Machinery**	**Private cars & other vehicles**	**Furniture, building facilities & other equipment**	**Intangible assets**	**Total**	**Floating craft for sale**
Acquisition value 01.01.15	**334,546**	**69**	**29**	**4,248**	**2,181**	**341,073**	**0**
Additions	19,808	0	5	385	57	20,255	0
Decreases	(34,542)	(12)	0	(28)	0	(34,582)	0
Impairment	(800)	0	0	0	0	(800)	0
Acquisition value 31.12.15	**319,012**	**57**	**34**	**4,605**	**2,238**	**325,946**	**0**
Additions	31,660	0	0	239	40	31,939	0
Decreases	(5,941)	0	(7)	(394)	0	(6,342)	0
Reclassification	(21,104)	0	0	0	0	(21,104)	21,104
Reversal of vessel impairment	6,060	0	0	0	0	6,060	0
Impairment	(134)	0	0	0	0	(134)	0
Acquisition value 31.12.16	**329,553**	**57**	**27**	**4,450**	**2,278**	**336,365**	**21,104**
Accumulated Depreciation	**89,004**	**69**	**29**	**4,063**	**2,148**	**95,313**	**0**
Accounting Year's Depreciation	10,741	0	0	186	28	10,955	0
Decreases	(11,980)	(12)	0	(24)	0	(12,016)	0
Accumulated Depreciation	**87,765**	**57**	**29**	**4,225**	**2,176**	**94,252**	**0**
Accounting Year's Depreciation	12,834	0	1	202	42	13,079	0
Decreases	(2,982)	0	(7)	(388)	0	(3,377)	0
Reclassification	(7,070)	0	0	0	0	(7,070)	7,070
Accumulated Depreciation	**90,547**	**57**	**23**	**4,039**	**2,218**	**96,884**	**7,070**
Non-depreciated value 31.12.15	**231,247**	**0**	**5**	**380**	**62**	**231,694**	**0**
Non-depreciated value 31.12.16	**239,006**	**0**	**4**	**411**	**60**	**239,481**	**14,034**

The additions of the year 2016 of the Group to the acquisition value are mainly related to the following:

- Refitting of the ships “NISSOS SAMOS”, “HELLENIC HIGHSPEED” and “NISSOS RODOS”, at the total price of €19.7 million.
- Completing the refitting of the ship “HIGHSPEED 7” (former “HIGHSPEED 5”) of € 11.7 million following the loss suffered in March 2015.

The decreases of the year 2016 to the acquisition value and depreciations of the Group and the Company are related to the following:

- The sale of the ship “FLYING CAT 1” at the total price of €1.4 million and the result of the sale was a profit of €1.0 million.

- The sale of the ship “APOLLO HELLAS” completed in the reported year. The total price of the sale was € 1.6 million whereas the result from the sale was a loss of € 0.06 million, which was entered in the profit and loss statement under item “Results from ship sales”.

- The amount of € 6.0 million derived from impairment reversal which had been recognized in previous years in the profit and loss statement of the Group and concern ships. The recoverable value was determined on the fair value basis less sale expenses as assessed by independent assessors.

The item “Tangible fixed assets for sale” concerns the ship “HIGHSPEED 6” which the Group agreed to sell on 31/12/2016 for an amount of € 19.7 million. The sale was performed in January 2017 (Note 36).

The Group measures the fair value of the ships on the balance sheet date for control purposes of their possible impairment. In order to determine the fair value of the ships, the valuations made by independent firms of experts are taken into account. On 31.12.2016 a provision for impairment of € 0.1 million was required (2015: € 0.8 million). The impairment amount was entered in the profit and loss statement under item “Impairments of floating craft”.

Ship mortgages have been registered for certain of the Group’s ships for € 261.7 million to secure the Group’s long-term and short-term liabilities of the Group.

6. Investments in subsidiaries

The parent company’s interests in subsidiaries and the relevant holdings as percentages are referred to in Note 1. The total acquisition value of the interests come up to € 34.8 million, which were impaired on 31 December 2016.

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7. Stocks/ Inventories

Stocks and inventories are mainly related to fuels and lubricants.
Stocks and inventories can be broken down as follows:

	The Group		The Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Merchandise	0	2	0	2
Fuels and lubricants	1,215	854	1,215	854
Total	**1,215**	**856**	**1,215**	**856**

8. Receivables from customers

Receivables from customers relate to trade receivables from associated shipping agents, travel agencies and carriers from issuing tickets and bills of landing. The above receivables are broken down as follows:

	The Group		The Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Customers’ open balances	20,124	21,284	14,548	15,698
Cheques and bills receivables	2,400	2,871	2,400	2,871
Less: Provisions for bad debts	(13,912)	(13,809)	(8,336)	(8,302)
Total	**8,612**	**10,346**	**8,612**	**10,267**
Non-current	0	1,004	0	1,004
Current	8,612	9,342	8,612	9,263
Total	**8,612**	**10,346**	**8,612**	**10,267**

The Group's report on the credit risk is analyzed in Note 35.

The provisions formed for bad debt customer receivables for years 2015 - 2016 are broken down as follows:

	The Group	**The**
Balance 01.01.15	**12,500**	**7,960**
Provisions for the year	1,410	383
Reversal of provisions	(101)	(41)
Balance 31.12.15	**13,809**	**8,302**
Provisions for the year	103	34
Reversal of provisions	0	0
Balance 31.12.16	**13,912**	**8,336**

The provision formed is considered to be adequate to cover any case of non-recovery of receivables.

The following collateral has been received to secure customer receivables:

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	The Group		The Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Letters of Guarantee	1,895	2,000	1,745	1,810
Cheques in guarantee	10,412	11,872	8,487	8,677
Total	**12,307**	**13,872**	**10,232**	**10,487**

9. Other receivables

The other receivables are broken down for 2016-2015 as follows:

	The Group		The Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Other receivables	16,357	25,506	16,149	25,296
Less: Provisions for other bed debts	(7,519)	(7,523)	(7,519)	(7,523)
Receivables from affiliates	0	0	14,725	15,014
Provisions for bad debt from affiliates	0	0	(14,725)	(14,242)
Receivables of fuel hedges	1,940	0	1,940	0
Expenses of future years	4,899	5,142	4,899	5,040
Current year revenue receivable	175	211	174	211
Total	**15,852**	**23,336**	**15,643**	**23,796**

Item "Other receivables" of 31/12/2016 includes a receivable from insurance companies for the compensation of the partial destruction of the ship "HIGHSPEED 7" of € 3.6 million (see Notes 5 and 22).

Item "Expenses of future years" of 31/12/2016 of the Group mainly consists of (a) repair and maintenance expenses amounting to € 1.7 million for 2017, that is €0.8 million for 2018, €0.5 million for 2018 and €0.3 million for the period 2020 (2015: total amount €3.6 million), (b) ship premiums amounting to €1.3 million (2015: €1.5 million) and (c) ship operation expenses amounting to € 0.3 million (2015: € 0.1 million) that shall be charged in the next fiscal year.

The income receivable of the Group and the Company on 31/12/2016 includes the profit of hedge contracts settlement of €0.1

Likewise, the income receivable of the Group and the Company on 31/12/2015 included a return of the amount of €0,2 million related to a return of a fine.

The provisions formed for bad debt impairment regarding the other receivables of the Group and the Company for 2015 - 2016 is broken down as follows:

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	The Group	The
Balance 01.01.15	**7,692**	**7,692**
Reversal of provisions	(169)	(169)
Balance 31.12.15	**7,523**	**7,523**
Reversal of provisions	(4)	(4)
Balance 31.12.16	**7,519**	**7,519**

The provision formed is considered adequate to cover any case of non-recovery of the specific receivables.

The Company formed a provision for bad debt from its subsidiaries of € 0.5 million in 2016 (2015: € 14.2 million), which is included in

the results in the account “Impairment of subsidiaries” (See Note 30). The relevant impairment provision was formed for the non-collectible part of said receivables from subsidiaries due to the fact that these companies do not implement any operations at this stage.

The report of the Group and the Company on the credit risk is analyzed in Note 35.

10. Available-for-sale financial assets

On 31.12.2016 the Company held 11,000 shares in the company “Maritime Company of Lesvos SA”, of acquisition cost € 13,000 whose value has been fully impaired in previous years.

11. Cash and cash equivalents

The cash and cash equivalent accounts for the years 2016 – 2015 can be broken down as follows:

	The Group		The Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Cash	56	66	56	66
Bank deposits	6,722	8,792	6,589	7,982
Total	**6,778**	**8,858**	**6,645**	**8,048**

There is a collateral on the cash of the Group in one of the parent company’ bank accounts to cover principle

and interest payments; the balance of said account was € 0.9 million on 31/12/2016, due to the full payment of said liabilities at the beginning of 2017 (See Note 15).

The Group’ sight deposits on 31/12/16 are kept at branches of Greek banks and foreign financial institutions while on 31/12/2015 only at Greek Banks. The legislative act of 28 June 2015 forced the Greek banks into bank holiday and imposed capital controls. The Bank Holiday ended on 20 July 2015, while part of the capital controls (withdrawal ceiling, restrictions for capital movement abroad etc.) are still in force.

12. Share capital and premium on capital stock

The Parent company’s share capital, which is fully paid, stands at € 194.0 million divided into 77,615,000 ordinary registered shares with a nominal value of € 2.50 each. All shares in the Parent Company afford the same rights to dividends and represent one vote at the General Meeting of Shareholders in the Parent Company.

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The premium on capital stock was formed during Parent Company share capital increases where the issue price was above the nominal price. After various capitalizations of the premium on capital stock which took place before 2005, the balance of this account is now € 9.4 million.

13. Other reserves

The other reserves for years 2016-2014 are broken down as follows:

	The Group		The Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Statutory reserve Fair value	2,700	2,700	2,700	2,700
reserve	(13)	(13)	(13)	(13)
Hedging reserves of financial instruments	1,939	(1,484)	1,939	(1,484)
Total	**4,626**	**1,203**	**4,626**	**1,203**

Statutory reserve: The reserve is formed based on a mandatory withholding of 5% of the parent company's net profits each year before profit distribution in line with the provisions of C.L. 2190/1920, until the reserved amount reaches 1/3 of the share capital. In the current and previous fiscal year, no statutory reserve was formed due to losses.

Fair value reserve: This relates to impairment losses of the trade portfolio of shares of "NEL S.A." which the Company held on 31/12/2016 (see Note 10).

Hedging reserves of financial instruments: This relates to the impairment of cash flow hedging of changes of fuel prices for ships that had not matured on 31/12/2016. This reserve constitutes the effective portion of the cumulative net change of the fair value of the cash flow hedging instruments which will be recognized in the results, such as hedged cash flows or the items that will affect the results.

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14. Capital management

The Group's objective when managing capital is to ensure the ability to continue operations to secure adequate yields for shareholders and benefits for other stakeholders associated with its operations. In order to retain or adjust the capital structure, the Group can adjust the amount of dividends payable, return capital to shareholders, issue new shares or sell off assets.

Group Management controls and monitors its capital adequacy based on the gearing ratio, that is the ratio of the borrowed funds (total debt) to the total employed capital (total Equity and liabilities).

This index is formed as follows on the balance sheet dates:

	The Group		The Company	
	01.01.16 31.12.16	**01.01.15 31.12.15**	**01.01.16 31.12.16**	**01.01.15 31.12.15**
Total liabilities	204,647	202,881	204,532	202,702
Total equity and liabilities	285,723	273,969	286,287	274,811
Gearing ratio index	**0.72**	**0.74**	**0.71**	**0.74**

In the current year, the decrease of the gearing ratio of the Parent Company is due to the increase in equity because of the year profits.

Furthermore, based on the Greek corporate law, companies are required to keep total Equity at 50% at least of the paid share capital. If equity drops lower than such level, the Board of Directors must convene the General Assembly of Shareholders within six months following the end of the year to decide on the appropriate actions necessary to continue the Company's operations. The general amount of the Company's equity is lower than 50% of the share capital; therefore, the minimum conditions for retaining the amount of the share capital were not met on 31/12/2016. More information regarding the measures taken by the Company in order to increase this ratio can be found in Note 3.

Dividends

According to the provisions of the law on Societes Anonymes (Codified Law 2190/1920, companies are obliged to distribute an initial dividend every year corresponding to at least 35% of the profits after taxes and after deducting the statutory reserve and the losses of previous years. There is no issue of distributing any dividend for the year 2016 because of cumulated loss of previous years.

15. Long-term bank liabilities

The long-term corporate bonds for the years 2016 – 2015 are as follows:

	The Group		The Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Bond loans	162,294	177,494	162,294	177.494
Less: Short-term part of Bond Loans	(12,336)	(11,570)	(12,336)	(11,570)
Total	**149,958**	**165,924**	**149,958**	**165,924**
Short-term part of Bond Loans (net bond loans)	12,336	11,570	12,336	11,570
Short-term bank liabilities	2,090	2,090	2,090	2,090
Total	**14,426**	**13,660**	**14,426**	**13,660**
Total loan liabilities	**164,384**	**179,584**	**164,384**	**179,584**

The basic loan terms which are loans of the parent company are as follows:

				31.12.16		31.12.15	
In thousand Euro	**Currency**	**Rate**	**Maturity Year**	**Nominal Value**	**Book Value**	**Nominal Value**	**Book Value**
NBG Bond Loan (€ 154 million)	EURO	Euribor+margin	2022	114,576	114,576	120,274	120,274
NBG Bond Loan (€ 12 million)	EURO	Euribor+margin	2022	3,827	3,827	7,217	7,217
Bond Loan (€ 3 million)	EURO	Euribor+margin	2022	2,704	2,704	2,837	2,837
NBG Bond Loan (€ 13 million)	EURO	Euribor+margin	2018	6,429	6,429	10,655	10,655
Piraeus Bank Bond Loan (€ 36.5 million)	EURO	Euribor+margin	2022	34,758	34,758	36,510	36,510
Attica Bank Joint Account	EURO	Euribor+margin	-	2,090	2,090	2,091	2,091
Total of interest-bearing liabilities				**164,384**	**164,384**	**179,584**	**179,584**

The weighted average rate on 31/12/2016 was 2.93% (2015: 3.91%).

Ship mortgages have been registered for certain of the Group's ships for € 261,701 thousand to secure the Group's long-term and short-term liabilities of the Group. Furthermore, the subsidiaries Hellenic Seaways Cargo N.E. and Hellenic Seaways Management S.A. have guaranteed the bond

loans of the Company, as in force on 31/12/2016. There is also a collateral on the cash of the Group and the Company in one of the parent company' bank accounts to cover principle and interest payments; the balance of said account was € 0.9 million on 31/12/2016, due to the full payment of said liabilities at the beginning of 2017 (See Note 11).

In January 2017, the Company sold the ship "HIGHSPEED 6" and decreased its borrowing by 19.0 million. Said payment resulted in the significant decrease of the annuity up to the full payment of the loans in 2022.

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16. Provisions for benefits to employees

The liability profile to compensate retiring staff is as follows:

	The Group		The Company	
	12/31/2016	31.12.15	12/31/2016	31.12.15
Amounts recognized in the balance sheet				
Present value of liabilities		781	908	741
Net liability recognized in the balance sheet	**926**	**781**	**908**	**741**
Amounts recognized in the P&L account				
Current employment cost	25	30	25	29
Net interest on the liability/ (asset)	20	16	18	16
Regular cost in the P&L account	**45**	**46**	**43**	**45**
Cost of cuts / settlements / service termination	83	16	0	15
Total cost in the P&L account	**128**	**62**	**43**	**60**
Change in the liability current value				
Opening present value of liability	781	795	741	761
Cost of current employment	25	30	25	29
Interest cost	20	16	18	16
Benefits paid by the employer	(117)	(27)	0	(27)
Cost of cuts / settlements / service termination	83	16	0	15
Adjustment to the liability (through Equity)	0	0	1	(7)
Actuarial loss/ (profits) - financial assumptions	109	(69)	107	(66)
Actuarial loss/ (profits) - period experience	25	20	16	19
Closing present value of liability	**926**	**781**	**908**	**741**
Adjustments				
Adjustments to the liabilities due to change of assumptions	(109)	69	(107)	66
Experience-based adjustments to liabilities	(25)	(20)	(16)	(19)
Total actuarial loss/ (profit) in Equity	**(134)**	**49**	**(123)**	**47**
Other adjustments to Equity	0	0	(1)	7
Total amount recognized in Equity	**(134)**	**49**	**(124)**	**54**
Changes in net liability recognized in the balance sheet				
Opening net liability	**781**	**795**	**741**	**761**
Benefits paid by the employer	(117)	(27)	0	(27)
Total expenditure recognized in the P&L account	128	62	43	60
Total amount recognized in Equity	134	(49)	124	(54)
Closing net liability	**926**	**781**	**908**	**741**

The provisions recognized in the year are included in other expenses in the administrative expenses and selling expenses accounts. The aforementioned cumulated provision relates to the Group's employees other than the crew of ships since the current legislation stipulates that the latter do not amass compensation entitlement in case of dismissal or retirement.

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The above liabilities were based on an actuarial study from independent valuers. The main actuarial assumptions are as follows:

	The Group		The Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Discount rate	1.75%	2.55%	1.75%	2.55%
Average annual rate of inflation	1.75%	1.75%	1.75%	1.75%
Average annual payroll rise	2%	2%	2%	2%
Expected annual residual working life on 31.12.16	16.01	16.24	15.93	16.3

The above results depend on the assumptions (financial and demographic) of the actuarial study. If a discount rate of 0.5% higher had been used (i.e. 2.25% instead of 1.75%), the current value of the liability would be lower by about 7.4%. If a discount rate of 0.5% lower had been used (i.e. 1.25% instead of 1.75%), the current value of the liability would be higher by about 8.1%. If a discount rate of 0.5% lower had been used (i.e. 0.5% instead of 1.75%), the current value of the liability would be higher by about 7.1%. If an assumption for the increase of earnings by 0.5% lower annually had been used, the current value of the liability would be lower by about 6.5%. Finally, if a zero rate of voluntary leaving had been used, the current value of the liability would be higher by about 4.7%.

17. Other provisions

The other provisions for the Group and the Company on 31/12/2016, amounting to € 183 thousand (2015: € 153 thousand) are related to the biggest part to provisions for maritime workers' receivables for a total amount of € 0.6 million.

The Company's and Group's Management estimates that the above provision for maritime workers' receivables is sufficient to cover any costs which may arise.

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18. Suppliers and other liabilities

The suppliers and other liabilities for years 2016-2015 are broken down as follows:

	The Group		The Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Suppliers	15,426	8,841	15,385	8,720
Cheques payable	5,933	712	5,933	712
Customer down payments	530	531	510	511
Amounts due from taxes - duties	6,626	2,549	6,619	2,488
Liabilities towards social security organizations	3,709	2,559	3,717	2,547
Dividends payable	0	0	0	0
Sundry creditors	3,839	2,147	3,803	2,100
Liabilities of fuel hedges	0	1,484	0	1,484
Liabilities to affiliates	0	0	0	148
Total	**36,064**	**18,823**	**35,967**	**18,710**

The report of the Group on the liquidity and foreign exchange risks is analyzed in Note 35.

19. Accrued expenses and deferred income

The accrued expenses and deferred income for the years 2016 – 2015 are broken down as follows:

	The Group		The Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Revenue of following years	1,676	1,779	1,676	1,779
Accrued expenses	1,414	1,761	1,414	1,735
Total	**3,090**	**3,540**	**3,090**	**3,514**

20. Turnover (sales)

The turnover for the years 2016 – 2015 is broken down as follows:

	The Group		The Company	
	01.01.16 31.12.16	**01.01.15 31.12.15**	**01.01.16 31.12.16**	**01.01.15 31.12.15**
Income from fares	106,651	110,060	106,651	107,091
Income from subsidized lines	18,862	16,533	18,862	16,533
Income from sales onboard	0	19	0	19
Income from leases	4,888	4,634	4,888	4,634
Other operating income	1,141	655	1,141	619
Total	**131,542**	**131,901**	**131,542**	**128,896**

The “Income from fares” includes the income of the parent company from its interest in Saronic Ships Joint Venture in 2016, amounting to € 0.5 million. (2015: € 2.0 million).

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21. Cost of goods sold

The cost of goods sold for years 2016-2015 are broken down as follows:

	The Group		The Company	
	01.01.16 31.12.16	**01.01.15 31.12.15**	**01.01.16 31.12.16**	**01.01.15 31.12.15**
Payroll and other crew costs	30,886	29,051	30,886	28,449
Fuels and lubricants	36,749	37,403	36,749	35,719
Repairs, maintenance, spare parts and technicians' payrolls	16,580	11,504	16,580	10,866
Port expenses	2,887	2,812	2,887	2,522
Insurance Premiums	3,964	4,036	3,964	3,817
Other expenses	8,074	6,508	8,074	5,967
Depreciations	12,478	10,804	12,847	10,721
Total	**111,618**	**102,118**	**111,987**	**98,061**

The cost of goods sold include in 2016 losses of €0.8 million related (2015: € 1.4 million) to hedging part of the risk of change in the fuel price.

22. Other income

The other operating income for years 2016-2015 is broken down as follows:

	The Group		The Company	
	01.01.16 31.12.16	**01.01.15 31.12.15**	**01.01.16 31.12.16**	**01.01.15 31.12.15**
Commissions from rights of third parties on tickets	343	129	343	126
Income from grants and subsidies	17	94	17	94
Income from insurance compensation for vessel destruction	3,164	21,090	3,164	21,090
Other income	1,169	1,270	1,126	1,147
Total	**4,694**	**22,583**	**4,651**	**22,457**

The Income from the compensation for the ship destruction in 2016 of €3.2 million (2015: € 21.1 million) relate to the insurance compensation for the loss from the fire that broke out onboard "HIGHSPEED 7" (see Notes 5 and 26).

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23. Administrative expenses

The administrative expenses for years 2016-2015 are broken down as follows:

	The Group		The Company	
	01.01.16 31.12.16	**01.01.15 31.12.15**	**01.01.16 31.12.16**	**01.01.15 31.12.15**
Payroll and other crew costs	4,168	3,691	3,946	3,642
Third party fees and expenses	1,506	1,249	1,489	1,219
Other expenses	1,296	1,251	1,220	1,198
Depreciations	158	146	155	146
Total	**7,128**	**6,337**	**6,810**	**6,205**

24. Selling expenses

The selling expenses for years 2016-2015 are broken down as follows:

	The Group		The Company	
	01.01.16 31.12.16	**01.01.15 31.12.15**	**01.01.16 31.12.16**	**01.01.15 31.12.15**
Payroll and other crew costs	1,431	1,378	1,431	1,213
Third party fees and expenses	125	121	125	121
Sales commission	6,365	5,781	6,365	5,551
Advertising and sales promotion expenses	612	751	612	750
Depreciations	46	24	46	21
Other operating expenses	181	268	181	243
Total	**8,760**	**8,323**	**8,760**	**7,899**

25. Staff payroll

The staff payroll for years 2016-2015 is broken down as follows:

	The Group		The Company	
	01.01.16 31.12.16	**01.01.15 31.12.15**	**01.01.16 31.12.16**	**01.01.15 31.12.15**
Regular salaries	33,750	30,110	33,641	29,401
Employer Contributions	4,252	3,690	4,225	3,593
Provision for personnel	45	62	43	60
Other operating expenses	723	434	640	429
Total	**38,770**	**34,297**	**38,549**	**33,483**

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Note that an amount of € 0.2 million for 2016 and an amount of € 0.1 million for 2015 respectively for the Group and the Company from the staff payroll are included in Repairs – Maintenance of Costs for Goods Sold.

26. Other expenses

The other expenses for years 2016-2015 are broken down as follows:

	The Group		The Company	
	01.01.16 31.12.16	**01.01.15 31.12.15**	**01.01.16 31.12.16**	**01.01.15 31.12.15**
Provisions for impairment of bad debts	103	1,410	34	383
Expenses from ship destruction	1,334	21,776	1,334	21,776
Other expenses	1,638	980	1,480	727
Total	**3,074**	**24,166**	**2,848**	**22,886**

The expenses from a ship destruction on 31/12/2015 of €21.8 million come from the fire on the ship "HIGHSPEED 5" that broke out in March 2015 (see Notes 5 and 22).

27. Financial income

The financial income for years 2016-2015 is broken down as follows:

	The Group		The Company	
	01.01.16 31.12.16	**01.01.15 31.12.15**	**01.01.16 31.12.16**	**01.01.15 31.12.15**
Credit interests	15	20	15	20
Foreign exchange credit differences	120	172	118	152
Total	**135**	**192**	**132**	**172**

28. Financial expenses

The financial expenses for years 2016-2015 are broken down as follows:

	The Group		The Company	
	01.01.16 31.12.16	**01.01.15 31.12.15**	**01.01.16 31.12.16**	**01.01.15 31.12.15**
Debit interests	5,100	6,727	5,100	6,727
Financial expenses from loan restructuring and depreciation expenses	0	770	0	770
Other financial expenses	419	342	419	337
Foreign exchange debit differences	240	164	237	155
Total	**5,759**	**8,003**	**5,756**	**7,989**

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29. Results from ship shales, impairment of floating craft and reversal of impairments of floating craft

The results from ship sales, impairment of floating craft and reversal of impairments of floating craft for the years 2016-2015 are broken down as follows:

	The Group		The Company	
	01.01.16 31.12.16	**01.01.15 31.12.15**	**01.01.16 31.12.16**	**01.01.15 31.12.15**
(Gains)/ losses from the sale of fixed assets	792	(820)	792	(820)
Reverse impairment of floating crafts	6,060	0	6,060	0
Ship impairment:	(134)	(800)	(134)	(800)
Total	**6,718**	**(1,620)**	**6,718**	**(1,620)**

During the year 2016, the ships of the parent company “FLYING CAT 1” (profit of € 1 million) and “APOLLO HELLAS” (loss of € 0.06 million) were sold as well as the engine of a ship at a loss of € 0.13 million).

During the year 2015 the ship of the parent company “POSEIDON HELLAS” was sold (at a loss of € 0.8 million).

30. Impairment of subsidiaries

The impairment of subsidiaries for years 2016-2015 is broken down as follows:

	The Group		The Company	
	01.01.16 31.12.16	**01.01.15 31.12.15**	**01.01.16 31.12.16**	**01.01.15 31.12.15**
Impairment of investments on	0	0	0	12,752
Impairment of receivables from	0	0	484	14,242
Total	**0**	**0**	**484**	**26,994**

Regarding the impairment of the investment of the parent company on subsidiaries a reference is made in Note 6. Regarding the impairments of the receivables from subsidiaries, a reference is made in Note 9.

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31. Income tax

The Group' ship-owner companies with offices in Greece are not subject to income tax for the profits generated by operating ships but are subject to a tax based on the gross registered tonnage of their ships in line with L.27/1975 and income tax on non-shipping activities (see note 4.11). The income tax shown in the comprehensive income statements for the years 2016 and 2015 is broken down as follows:

	The Group		**The Company**	
	01.01.16 31.12.16	**01.01.15 31.12.15**	**01.01.16 31.12.16**	**01.01.15 31.12.15**
Income tax on non-shipping activities Tax under Law 27/1975	0	0	0	0
Tax audit differences for years 2007-2011.	44	79	44	79
Total	0	150	0	150
	44	**229**	**44**	**229**

The Parent Company has been tax audited up to fiscal year 2011.

Note that the parent company has been subjected from the year 2012 to a tax audit by certified auditors. For the fiscal year 2016, the tax audit is already performed by the Company's legal auditors based on article 65A of the Tax Procedure Code (L.4174/2013 as in force). The Company's management does not expect any significant tax liabilities beyond those recorded and reported in the financial statements to arise from the above audit.

Regarding the subsidiaries, the subsidiary HELLENIC SEAWAYS CARGO N.E. is subject to income taxation of its operations because it stopped being a ship-owner company of L.27/1975 in 2014. Due to the significant amount of the tax losses of this company, no income tax was generated for the years 2016-2015. Furthermore, due to the significant amount of these losses and the fact that the tax benefit is uncertain, this subsidiary did not enter deferred tax liabilities of €1 million and €1 million on 31/12/2016 and 31/12/2015, respectively. Said subsidiary has been audited by the tax authorities up to 2006. Fiscal years 2007-2009 have been time-barred. Note that under L.4446/2016 one-year extension of time-bar for the fiscal year ended as at 31 December 2010 was approved, i.e. until 31 December 2017 instead of 31 December 2016, for cases for which a prosecutor's mandate, audit, investigation or process orders by a judicial or tax audit authority, or the Authority Combating Money-Laundering and Terrorism Financing and Auditing Asset Means Statements. The subsidiary HELLENIC SEAWAYS CARGO N.E. has received an order for tax audit which is to be carried out for 2010 during the 2nd quarter of 2017. The outcome of the tax audit cannot be predicted at this stage and, therefore, no relevant provision was formed in its Financial Statements. It is noted that the subsidiary HELLENIC SEAWAYS CARGO N.E. was governed by L. 27/1975 in 2010 and therefore was exempted from income tax. The amount that may arise is estimated that it shall not materially affect the Financial Statements.

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32. Contingent liabilities

There are no disputes pending before the courts or arbitration panels or other liabilities relating to the Group which could have a major impact on its financial status other than those listed below:

The shipping company European Shipping Agencies Ltd (ETA) has launched three actions against the Company for claims amounting to €3.4 million related to the alleged ownership of the booking program (MINOWIDE) used by the company in the period 2000 – 2001, and an action of the Company against ETA is also pending. In 2015, the Court of Appeals of Piraeus issued a judgment validating the judgment of the Multi-Member Court of First Instance of Piraeus for the first of the three actions of ETA according to which the parent company must pay the amount of € 1.3 plus interest. A review on a point of law has already been launched against the judgment of the Court of Appeals, which shall be heard 23/10/2017, and its enforcement has been suspended by a decision of the Chamber of Reviews of the Supreme Court. The Parent Company did not form a relevant provision based on the legal estimate that the case shall be won by the competent courts for the first of the three actions on the grounds included in the documents for the review. About the second action of ETA against the Parent Company, which includes a compensation amounting up to €0.5 million plus interests, the Multi-Member Court of First Instance postponed the hearing of the case until a final judgment is issued on the first action of ETA against the Parent Company. Following the judgment on the first action, the case was heard again before the Multi-Member Court of First Instance and no decision has been issued yet. The third action of ETA against the Parent Company, including a compensation amounting up to €1.6 million plus interest, is still pending and has not been heard yet. The Parent Company has not formed a relevant provision for these actions based on the legal estimate that the case shall be won before the competent courts, as mentioned above.

Letters of Guarantee: On 31/12/2016, the Group has issued bank guarantee letters of about €5.0 million (2015: €3.9 million).

33. Commitments and operating leases

Capital commitments: The Company has no capital commitments regarding suppliers' contracts on 31/12/2016. On 31/12/2015 the capital commitments amounted to € 10.5 million.

Commitments from leases

Leases as lessee: On 31/12/2016, the Group had various operating leasing agreements that cannot be cancelled related to renting buildings as follows:

The minimum future payable rents of operating leases on 31/12/2016 are as follows:

	The Group		The Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Up to one year	405	360	405	360
2 to five years	1,518	1,440	1,518	1,440
After five years	300	660	300	660
Total minimum rent commitments as lessee	**2,223**	**2,460**	**2,223**	**2,460**

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The total expenses for operating leases of the Group and the Company on 31/12/2016 came up to €0.7 million (2015: €0.7 million) and are mainly included in the account "Administrative Expenses" (see Note 23).

Leases as lessor: On 31/12/2016, the Group had chartered a ship to a third party and the minimum future rents that are to be collected are as follows:

	The Group		The Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Up to one year	5,130	4,633	5,130	4,633
2 to five years	0	0	0	0
After five years	0	0	0	0
Total minimum rent commitments as lessor	**5,130**	**4,633**	**5,130**	**4,633**

For the Group, the total income of operating leases on 31/12/2016 came up to €7.0 million (2015: €8.2 million) and is included in the account "Turnover" (see Note 20).

For the Company, the total income of operating leases on 31/12/2016 came up to €7.0 million (2015: €8.4 million) and is included in the account "Turnover" (see Note 20).

34. Transactions with related parties

34.1 Umbrella parent company

The Company's shares are held by a big number of shareholders on 31/12/2016; the biggest percentage was held by the Bank of Piraeus by 40% and Minoan Lines S.A. by 48%.

The Group' financial statements are included with the net position method in the Consolidated Financial Statements of the Bank of Piraeus.

34.2 Receivables – Liabilities with related parties

Transactions involving related parties have been carried out under the usual market terms. The following balances are not guaranteed, with the exception of liabilities to other related parties which are related to the loan liabilities of the parent company towards the Bank of Piraeus and are covered by bottomry on the ships (See Note 15). On 31/12/2016, the parent company formed a bad debt provision for €484 thousand (See Note 9). The balances (receivables/ liabilities) regarding the related parties, on the balance sheet dates, are as follows:

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	The Group		The Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Receivables				
Receivables from subsidiaries	0	0	0	772
Receivables from other related parties - bank deposits	1,437	3,909	1,330	3,787
Total	**1,437**	**3,909**	**1,330**	**4,559**
Liabilities				
Liabilities to subsidiaries	0	0	0	148
Liabilities to other third parties - Loan liabilities	76,540	83,961	76,540	83,961
Liabilities to BoD members and Executives	37	17	37	17
Total	**76,577**	**83,978**	**76,577**	**84,126**
Letters of Guarantee	921	1,996	911	1,986
Total	**921**	**1,996**	**911**	**1,986**

34.3 Purchases - sales involving related parties

Purchases and sales involving related parties for the years 2016 -2015 are as follows:

	The Group		The Company	
	01.01.16 31.12.16	**01.01.15 31.12.2015**	**01.01.16 31.12.16**	**01.01.15 31.12.2015**
Purchases				
Purchases of goods and services from subsidiaries	0	0	0	97
Purchases of goods and services from other related parties	2,624	3,074	2,624	3,072
Total	**2,624**	**3,074**	**2,624**	**3,169**
Sales				
Sales of goods and services to subsidiaries	0	0	12	1,866
Sales of goods and services to other related parties	0	0	0	0
Total	**0**		**12**	**1,866**

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34.4. Fees of members of the Board of Directors and General Managers

The gross pay and remuneration of the members of the Board of Directors and the General Managers of the Group for the years 2016- 2015 are as follows:

	The Group		The Company	
	01.01.16 31.12.16	**01.01.15 31.12.15**	**01.01.16 31.12.16**	**01.01.15 31.12.15**
Pay and remuneration of the members of the Board of Directors	546	537	546	537
Pay of key General Managers	287	264	287	264
Total	**833**	**801**	**833**	**801**

Figures of 2016 and 2015 include the fees of the Company's General Managers.

35. Financial instruments – Fair values and financial risk management A. Financial Risk

Management

The Group is exposed to financial risks such as credit risk, liquidity risk and market conditions risks (fluctuations in interest rates, foreign exchange rates and fuel prices). This note contains information about the Group's exposure to each one of the above risks and about the objectives, policies and procedures implemented by the Management to measure and manage risks.

a) Risk management framework

The Board of Directors bears the general responsibility for the establishment and supervision of a risk management framework of the Group. The financial risk management aims at restricting the above-mentioned risks regarding the continuous operation and funding of the activities. The Group's risk management policies have been established to detect and analyze the risks the Group faces so as to determine appropriate risk limits and control procedures and to monitor said risks and observe the limits. The risk management policies and the systems are regularly examined to reflect the changes in the market conditions and the Group's operations The Group, through training and management standards, aims at developing a disciplined and constructive control environment in which all employees will realize their roles and obligations and in which risk assumption and relevant counter-measures reducing said risks will be clearly defined.

b) Credit risk

Credit risk is the risk of financial losses for the Group if a customer or a contracting party in a transaction with a financial instrument fails to fulfill its contractual obligations. The credit risk mainly arises from the Group's Receivables from customers and Other receivables and the Cash and cash equivalent. The book value of the financial assets represents the highest exposure to credit risk.

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The highest exposure to credit risk on the balance sheet date was the following:

		The Group		The Company	
	Note	**31.12.16**	**31.12.15**	**31.12.16**	**31.12.15**
Receivables from customers - long-term portion	8	0	1,004	0	1,004
Receivables from customers - short-term portion	8	8,612	9,342	8,612	9,263
Other receivables	9	15,852	23,336	15,644	23,796
Cash and cash equivalents	11	6,778	8,858	6,645	8,048

Trade Receivables

The Group estimates that credit risk is low given that there is satisfactory spread of receivables from customers in the coastal shipping sector. In addition, the company's administrative services implement strict credit control procedures which include setting a specific credit limit and payment terms per customer, and bank guarantee letters have also been obtained as collateral for larger receivables (see Note 8).

Regarding short-term receivables from customers of the Group and the Company, about 49% and 49% respectively (2015: 54% and 54% respectively) of the collectible amount on 31/12/2016 are related to two customers; one of them is the Greek state for the subsidized lines serviced by the Company and the other a coastal shipping group for the receivable of which there is collateral on a ship.

The age of the receivables from customers that have not been impaired on the preparation date of the financial statements was the following:

	The Group		The Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
< 60 days	7,345	7,418	7,345	7,414
61 - 180 days	199	714	199	714
181 - 360 days	19	123	19	50
> 360 days	1,050	1,087	1,049	1,085
Total	**8,613**	**9,342**	**8,612**	**9,263**

Other receivables

The other receivables of the Group mainly include receivables from insurance companies for compensation claims and the relevant credit risk is low as recognized foreign insurance companies (H&M and P&I Clubs) are involved.

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Cash and cash equivalents

The cash and cash equivalents of the Group and the Company amount to €6.8 million and €6.6 million respectively (2015: €8.9 million and €8.0 million respectively) representing the highest exposure of the Group and the Company to the risk of these assets. The Group limits its exposure to the credit risk by making deposits in recognized credit institutes with good credit rating.

c) Liquidity risk

Liquidity risk is related to the Group's inability to fulfill its financial liabilities, when they are payable.

This risk is limited given that the Group has sufficient cash balance and sufficient bank credit limits available. The Group monitors its liquidity by preparing short-term and long-term cash programs timely demonstrating its cash needs. Specifically, in order to avoid liquidity risks, the Group forms a provision of cash flows for a year when the annual budget is compiled and a rolling monthly provision to ensure that it has sufficient cash to cover its operating needs, including coverage of its financial liabilities. This policy does not take into account the relevant impact due to extreme conditions that cannot be foreseen.

The Company also has a credit line (guaranteed) of €2.0 million (2015: €2.0 million), used for working capital and which was fully used on 31/12/2016 and 31/12/2015 (see Note 15). Additionally, the Company is in the process of discussing with its lenders about the approval of a short-term loan of up to € 5 million to deal with any liquidity constraints due to the seasonality character of the coastal shipping sector.

The following comprise the contractual maturity of financial liabilities, including the estimated interest payments which were calculated based on Euribor rate at the end of the year.

The Group

31.12.2016	**Book Value**	**Contractual Cash Flows**	**Within 1 year**	**2-5 years**	**Over 5 years**
Non-derivative financial liabilities					
Borrowings	164,384	186,563	16,836	47,113	122,614
Suppliers and other liabilities	36,064	36,064	36,064	0	0
Derivative financial liabilities					
Total	**200,448**	**222,627**	**52,900**	**47,113**	**122,614**

The Company

31.12.2016	**Book Value**	**Contractual Cash Flows**	**Within 1 year**	**2-5 years**	**Over 5 years**
Non-derivative financial liabilities					
Borrowings	164,384	186,563	16,836	47,113	122,614
Suppliers and other liabilities	35,967	35,967	35,967	0	0
Derivative financial liabilities					
Total	**200,351**	**222,530**	**52,803**	**47,113**	**122,614**

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The Group

31.12.2015	**Book Value**	**Contractual Cash Flows**	**Within 1 year**	**2-5 years**	**Over 5 years**
Non-derivative financial liabilities					
Borrowings	179,584	206,541	18,685	52,953	134,903
Suppliers and other liabilities	17,339	17,339	17,339	0	0
Derivative financial liabilities					
Liability of financial derivative - cash outflow	1,484	1,484	1,484	0	0
Total	**198,407**	**225,364**	**37,508**	**52,953**	**134,903**

The Company

31.12.2015	**Book Value**	**Contractual Cash Flows**	**Within 1 year**	**2-5 years**	**Over 5 years**
Non-derivative financial liabilities					
Borrowings	179,584	206,541	18,685	52,953	134,903
Suppliers and other liabilities	17,226	17,226	17,226	0	0
Derivative financial liabilities					
Liability of financial derivative - cash outflow	1,484	1,484	1,484	0	0
Total	**198,294**	**225,251**	**37,395**	**52,953**	**134,903**

Cash flows included in the break-down of the above table are not expected to be realized much earlier or in very different amounts from the ones mentioned. Due, though, to financial clauses of loan liabilities of the parent company, the possibility of breach of one or more terms of the loan agreements in the future cannot be excluded and this fact may bring materially negative impacts on the above presented cash flows.

d) Risk of Market Conditions

Market risk is the fluctuation in the market prices, such as foreign exchange prices, interest rates and fuel prices that can affect the Group's income or the value of their financial instruments. The objective of the market risk management is to regulate and control the exposure to the market risk in the context of acceptable parameters, optimizing the return of the Group's transactions within the set guidelines from the risk management framework.

Foreign exchange risk

The Company is not exposed to a significant foreign exchange risk for sales, purchases and loans. Purchases and sales is mainly in Euro, which is the operating currency of the parent company. All interest-bearing loans are also in Euro. Furthermore, the loans' interests are expressed in currencies corresponding to cash flows generated from the Company's corresponding operations which are mainly in Euro. Given that the Company is not exposed to a significant foreign exchange risk no sensitivity analysis is set out for this purpose.

Rate risk

The Group's long-term and short-term loans are in euro with a Euribor floating rate plus a spread. Consequently, the Group is exposed to a risk of interest rate fluctuation since if those rates rise, it will have higher interest to pay.

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On the balance sheet date, the interest-bearing financial instruments of the Group were:

	The Group		**The Company**	
	Book balance		**Book balance**	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Floating rate				
Borrowings	164,384	179,584	164,384	179,584
Cash and cash equivalents	6,778	8,858	6,645	8,048

Sensitivity analysis of variable rate cash flows

An increase in the rate by 1% on an annual basis will show an increase in the Group' and Company's results by €1.7 million (2015: € 17 million). Since the Euribor rate of the last year was zero, no sensitivity analysis of cash flows is presented for further decrease of the rate of the Group's loan liabilities because this is not compatible with the Group's loan agreements.

Fuel increase price risk

The Group is exposed to the risk of an increase in the price of fuel given the significant role played by fuel costs in operating costs. The Group adopted in 2015 a hedging policy for part of the fuel purchases based on which the fuel prices are stabilized for part of its annual purchases. An increase or reduction of 1% in the price of fuel each year shall have an annual increase/ (reduction) on results and net worth of the Group as presented below:

The Group

31.12.16	**Results**		Equity ια	
	1% increase	**1% decrease**	**1% increase**	**1% decrease**
Change in fuel cost	340	(340)	-	-
Impact of hedging derivative	(82)	82	199	(199)
Cash flow sensitivity (net)	**258**	**(258)**	**199**	**(199)**

The Company

12/31/2016	**Results**		Equity ια	
	1% increase	**1% decrease**	**1% increase**	**1% decrease**
Change in fuel cost	340	(340)	-	-
Impact of hedging derivative	(82)	82	199	(199)
Cash flow sensitivity (net)	**258**	**(258)**	**199**	**(199)**

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The Group

31.12.2015	**Results**		Equity ια	
	1% increase	**1% decrease**	**1% increase**	**1% decrease**
Change in fuel cost	342	(342)	-	-
Impact of hedging derivative	(122)	122	33	(33)
Cash flow sensitivity (net)	**220**	**(220)**	**33**	**(33)**

The Company

31.12.2015	**Results**		Equity ια	
	1% increase	**1% decrease**	**1% increase**	**1% decrease**
Change in fuel cost	327	(327)	-	-
Impact of hedging derivative	(122)	122	33	(33)
Cash flow sensitivity (net)	**205**	**(205)**	**33**	**(33)**

Seasonality of activities

The fact that the Group is active in a sector strongly characterized by seasonality means that a possible increase or decrease of the number of tourists coming to our country in the summer can significantly affect the Group's results.

Macro-economic environment

The macro-economic environment which continues to negatively affect Greece, the stagnancy of the Greek economy, the decrease of the available citizens' income and the continuing restrictions of the capital control can:

- adversely affect the figures of the Group's transports
- negatively adverse the relations and the payment terms of the Group with foreign suppliers
- Create delays in the transactions with foreign suppliers due to the bureaucratic procedures established in the Greek bank system

The Group's Management is continuously monitoring and assessing the macroeconomic situation and the possible impacts to ensure that all necessary and possible measures are taken to minimize possible impacts on the Group's activities.

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B. Accounting classification and fair values of financial instruments

The Group classifies the non-derivative financial assets in the loans and liabilities category and the non-derivative financial liabilities in the category of other liabilities.

The fair values of financial assets and liabilities and the accounting figures shown in the financial position statement and their levels in the hierarchy of fair values are set out in the following table. The table set out below does not include information on the fair values of short-term financial assets that are not impaired at the fair value as the book value coincides approximately with the fair value.

The Group

December 31, 2016	**Book Value**	**Fair Value**	**Hierarchy Level 1**	**Hierarchy Level 2**	**Hierarchy Level 3**
Financial assets not evaluated at fair value					
Receivables from customers	8,612				
Other receivables	15,852				
Cash and cash equivalents	6,778				
Financial receivables evaluated at fair value					
Derivative financial instruments	1,940	1,940		1,940	
Financial liabilities not evaluated at fair value					
Borrowings	164,384				
Suppliers and other liabilities	39,154				

The Company

Saturday, December 31, 2016	**Book Value**	**Fair Value**	**Hierarchy Level 1**	**Hierarchy Level 2**	**Hierarchy Level 3**
Financial assets not evaluated at fair value					
Receivables from customers	8,612				
Other receivables	15,644				
Cash and cash equivalents	6,645				
Financial receivables evaluated at fair value					
Derivative financial instruments	1,940	1,940		1,940	
Financial liabilities not evaluated at fair value					
Borrowings	164,384				
Suppliers and other liabilities	39,057				

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The Group

December 31, 2015	Book Value	Fair Value	Hierarchy Level 1	Hierarchy Level 2	Hierarchy Level 3
Financial assets not evaluated at fair value					
Receivables from customers - long-term portion	1,004	957		957	
Receivables from customers - short-term portion	9,342				
Other receivables	23,336				
Cash and cash equivalents	8,858				
Financial liabilities not evaluated at fair value					
Borrowings	179,584				
Suppliers and other liabilities	17,339				
Financial liabilities evaluated at fair value					
Derivative financial instruments	1,484	1,484		1,484	

The Company

December 31, 2015	Book Value	Fair Value	Hierarchy Level 1	Hierarchy Level 2	Hierarchy Level 3
Financial assets not evaluated at fair value					
Receivables from customers - long-term portion	1,004	957		957	
Receivables from customers - short-term portion	9,263				
Other receivables	23,796				
Cash and cash equivalents	8,048				
Financial liabilities not evaluated at fair value					
Borrowings	179,584				
Suppliers and other liabilities	17,226				
Financial liabilities evaluated at fair value					
Derivative financial instruments	1,484	1,484		1,484	

C. Impairment in fair values

Various accounting policies and disclosures of the Group require the determination of the fair value for the financial and non-financial assets and liabilities. The fair values have been determined for reasons of impairment and/or based on the following methods. Whenever required, supplementary information for the assumptions made about the determination of the fair value are disclosed in the notes related to the specific assets and liabilities.

Trade and other receivables

The fair value of the liabilities is calculated as the current value of the future cash flows discounted at the market rate on the preparation date of the financial statements.

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Borrowings

The measurement of the fair value for reasons of disclosures is based on the book value of the liabilities on the balance sheet date because they have variable rate.

Liability from financial instrument derivatives

On 31/12/2016, the financial instrument derivatives are related to the hedging of the Company' fuel prices with fair value of €1.9 million (see Note 9 and for 2015 Note 18) and have been included in hierarchy 2 level of fair values due to the existence of observable data for the evaluation of fair value provided by brokers based on the prices of real transactions of corresponding derivatives in the active market.

During the year, the financial instruments cannot be transferred from one level to the other among the three fair value levels.

36. Events after the balance sheet date

The most important events occurred after the end of the fiscal year on 31/12/2016 are presented apart from the ones mentioned in Note 35c are presented below:

- In January 2017, the Company sold "HIGHSPEED 6". The Company's Board of Directors had approved the sale in December 2016 and finally signed the relevant agreement. The amount of the sale was given to decrease the Company's borrowing.

Piraeus, 13 June 2017

The Chairman of the BoD	**The 1st Vice-Chairman of the Board of Directors and CEO**
Constantinos E. Klironomos **Id. Card No. AM 585766**	**Antonios V. Agapitos** **Id. Card. No Π 577380**
The Chief Financial Officer	**The Chief Accountant**
Alexandros E. Tsagkamilis **Id. Card No. Ξ 364116**	**Androula N. Portidou** **Id. Card No. 574970/Economic Chamber of Greece License No. 1st Class 0022625**