FAGE INTERNATIONAL S.A.

HALF-YEARLY REPORT
For the Six Months
Ended June 30, 2016

August 10, 2016

This report (the "Half-Yearly Report") sets forth certain information regarding the financial condition and results of operations of FAGE International S.A. and its subsidiaries (the "FAGE Group") for the fiscal quarter and six months ended June 30, 2016. The Half-Yearly Report includes a review, in English, of the FAGE Group's unaudited financial information and analysis for the second quarter as well as certain other information.

The following unaudited financial statements in the opinion of the management reflect all necessary adjustments (which include only normal recurring adjustments) necessary for a fair presentation of the FAGE Group's financial position, results of operations and cash flows for the periods presented.

For a description of accounting policies see Notes to the Consolidated Financial Statements in the FAGE Group's 2015 Annual Report.

Summary Analysis of Senior Notes Issued by FAGE INTERNATIONAL S.A. and FAGE USA DAIRY INDUSTRY, INC.

On August 3, 2016, FAGE International S.A. ("FAGE International") and FAGE USA Dairy Industry, Inc. ("FAGE USA" and together with FAGE International, the "Issuers") issued $420,000,000 principal amount of their 5.625% Senior Notes due 2026 (the "Senior Notes") under an indenture, dated as of August 3, 2016 (the "Indenture"), by and among the Issuers, FAGE Dairy Industry S.A. ("FAGE Greece"), as guarantor, The Bank of New York Mellon, acting through its London Branch, as trustee, The Bank of New York Mellon, as paying and transfer agent, and The Bank of New York Mellon (Luxembourg) S.A., as registrar. Net proceeds from the sale of the Senior Notes will be used to redeem all of the Issuers' outstanding 9⅞% Senior Notes due 2020. In connection with the issuance of the Senior Notes, the Issuers have given irrevocable notice to redeem, on September 2, 2016, all of the $400.0 million aggregate principal amount of their outstanding 9⅞% Senior Notes due 2020.

The Senior Notes have not been, nor will they be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Senior Notes were offered and sold only to "Qualified Institutional Buyers" (as defined in Rule 144A under the Securities Act) and pursuant to offers and sales occurring outside the United States within the meaning of Regulation S under the Securities Act. The Indenture is not required to be, nor will it be, qualified under the U.S. Trust Indenture Act of 1939, as amended.

A copy of the Indenture is available from FAGE International upon request. This Half-Yearly Report is being provided to Holders of the Senior Notes pursuant to Section 4.02 of the Indenture.

FAGE International is a public limited company (*société anonyme*) incorporated under the laws of Luxembourg on September 25, 2012. Its registered office is located at 5 rue des Primeurs, L-2361 Strassen, Grand Duchy of Luxembourg. FAGE International has a share capital of $1,000,000 and is registered with the Luxembourg Register of Commerce and Companies under number B 171651. FAGE International's website is fage.eu. The reference to this website is an inactive textual reference only and none of the information contained on this website is incorporated into this Half-Yearly Report. References to the FAGE Group include, unless the context requires otherwise, FAGE International S.A. and its consolidated subsidiaries (FAGE Dairy Industry S.A., FAGE U.K. Limited, FAGE USA Holdings, Inc., FAGE USA, Corp., FAGE USA Dairy Industry, Inc., FAGE Italia S.r.l. and FAGE Deutschland GmbH). The FAGE Group operates principally in the United States, the Hellenic Republic, also known as Greece, and, through its subsidiaries, elsewhere in Europe.

FAGE USA is a corporation which is organized under the laws of the State of New York and was incorporated on February 17, 2005. Its principal place of business is 1 Opportunity Drive, Johnstown Industrial Park, Johnstown, New York 12095, U.S.A. FAGE USA's U.S. Employer Identification Number is 83-0419718. FAGE USA is wholly owned by FAGE USA Holdings, Inc., a New York corporation, which in turn is wholly owned by FAGE International.

FAGE Greece is a *société anonyme* which is organized under the laws of the Hellenic Republic and was incorporated on December 30, 1977. Its principal place of business is located at 35 Hermou Street, 144 52 Metamorfossi, Athens, Greece. FAGE Greece's Greek tax identification number is 094061540.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Half-Yearly Report contains forward-looking statements. The following cautionary statements identify important factors that could cause our actual results to differ materially from those projected in the forward-looking statements made in this Half-Yearly Report. Any statements that are not statements of historical fact, including statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance, are forward-looking in nature. These forward-looking statements include statements regarding: our financial position; our expectations concerning future operations, strategy, margins, profitability, liquidity and capital resources; other plans and objectives for future operations; and all other statements that are not historical facts. These statements are often, but not always, made through the use of words or phrases such as "will likely result," "are expected to," "will continue," "believe," "is anticipated," "estimated," "intends," "expects," "plans," "seek," "projection," "future," "objective," "probable," "target," "goal," "potential," "outlook" and similar expressions. These statements involve estimates, assumptions and uncertainties which could cause actual results to differ materially from those expressed. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that these statements are based on reasonable assumptions, they are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected. It is also possible that any or all of the events described in forward-looking statements may not occur.

Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this Half-Yearly Report. Among the key factors that may have a direct bearing on our results of operations are:

- risks associated with our high leverage and debt service obligations;
- the impact of restrictive debt covenants on our operating flexibility;
- uncertainties associated with general economic and political conditions in Greece, across Europe and in the United States;
- factors affecting our ability to compete in a competitive market;
- consumer demand for our products and loyalty to our brands;
- prices of raw materials that we use in our products;
- currency exchange rates and their effects on our financial condition, business and results of operations;
- the impact of present or future government regulations affecting our operations in the countries where we operate;
- uncertainties associated with our ability to implement our business strategy, including our expansion in the United States; and
- any event that could have a material adverse effect on our brands or reputation, such as product contamination or protracted quality control difficulties.

Because the risk factors referred to in this Half-Yearly Report could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this Half-Yearly Report by us or on our behalf, you should not place undue reliance on any of these forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors will emerge in the future, and it is not possible for us to predict which factors they will be. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements.

In addition, this Half-Yearly Report contains certain information concerning the Greek, EU and U.S. markets for dairy products that is forward-looking in nature and is based on a variety of assumptions regarding the ways and trends in which these markets will develop in the future. In certain cases, these assumptions have been derived from

independent market research referred to in this Half-Yearly Report. Some market information is also based on our good faith estimates or derived from our review of internal surveys and statistics and our own knowledge of market conditions. If any of the assumptions regarding the dairy markets in which we operate are incorrect, actual market results could be different from those predicted. Although we do not know what impact any such differences may have on our business, our future results of operations and financial condition could be materially and adversely affected. Any statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Investors are urged to review carefully and consider the various disclosures made in this Half-Yearly Report that attempt to advise them of the factors affecting our business.

DEFINITIONS

The following terms used in this Half-Yearly Report have the meanings assigned to them below:

"2015 Senior Notes"	The 7½% Senior Notes due 2015 issued by FAGE International (as successor to FAGE Greece).
"2020 Senior Notes"	The 9⅞% Senior Notes due 2020 issued by FAGE International (as successor to FAGE Greece) and FAGE USA.
"Euro," "euro," "EUR" or "€"	Euro, the currency of the European Union member states participating in the European Monetary Union.
"FAGE International"	FAGE International S.A., one of the Issuers of the Senior Notes.
"FAGE Greece".....	FAGE Dairy Industry S.A., the Guarantor of the Senior Notes.
"FAGE Group," "Group," "we," "us" and "our".....	FAGE International S.A., one of the Issuers of the Senior Notes and its consolidated subsidiaries (including any of their predecessors) described collectively as a corporate group except where the context requires otherwise.
"FAGE USA".....	FAGE USA Dairy Industry, Inc., one of the Issuers of the Senior Notes.
"Guarantor".....	FAGE Greece.
"IFRS".....	International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.
"Indenture".....	The indenture governing the Senior Notes.
"Issuers"	FAGE International and FAGE USA.
"pounds," "GBP" or "£".....	Pounds sterling, the currency of the United Kingdom.
"Senior Notes"	The $420,000,000 principal amount of 5.625% Senior Notes due 2026 issued by FAGE International and FAGE USA on August 3, 2016 pursuant to the Indenture.
"U.S. dollar," "USD," "$" or "U.S.$".....	United States dollar, the currency of the United States of America.
"U.S. GAAP".....	Accounting principles generally accepted in the United States of America.

PRESENTATION OF FINANCIAL AND OTHER DATA

Internal Restructuring

On October 1, 2012, the FAGE Group completed an internal restructuring designed to enhance the efficiency of its corporate structure and to better reflect the increasingly international nature of our business. As a result of the restructuring, FAGE International S.A. ("Old FAGE Parent"), which was incorporated on September 25, 2012 in Luxembourg and was beneficially owned and controlled by Messrs. Ioannis and Kyriakos Filippou, became the parent company for all of our subsidiaries. Our operations in Greece are conducted through our Greek subsidiary, FAGE Greece (our former parent company). Until September 30, 2014, our operations outside of Greece were conducted through our Luxembourg subsidiary, FAGE Luxembourg.

In connection with the restructuring, Old FAGE Parent became one of the two primary obligors (together with FAGE USA) of the 2020 Senior Notes. FAGE Greece, our principal Greek subsidiary, and FAGE Luxembourg entered into guarantees by which they fully and unconditionally guaranteed the obligations under the 2020 Senior Notes.

On September 30, 2014, Old FAGE Parent merged with and into FAGE Luxembourg. Simultaneously with the merger, FAGE Luxembourg (the surviving company in the merger) changed its name to FAGE International S.A. ("FAGE International"). In connection with the merger, FAGE International has expressly assumed all of the obligations of Old FAGE Parent and became one of the primary obligors of the 2020 Senior Notes.

FAGE International and FAGE USA are the two primary obligors of the Senior Notes. In connection with the issuance of the Senior Notes on August 3, 2016, the Issuers have given irrevocable notice to redeem, on September 2, 2016, all of the $400.0 million aggregate principal amount of their outstanding 9⅞% Senior Notes due 2020.

FAGE USA

FAGE USA, one of the Issuers of the Senior Notes, is an indirect, wholly owned subsidiary of FAGE International, the other issuer. FAGE USA is a corporation incorporated in the State of New York that engages in the production and distribution of dairy products. This Half-Yearly Report does not include separate financial statements for FAGE USA. The financial information of FAGE USA is fully consolidated into our consolidated financial statements, which are included elsewhere in this Half-Yearly Report.

Financial Information

Unless otherwise indicated, financial information in this Half-Yearly Report has been presented on a consolidated basis. For periods prior to the restructuring, the consolidated financial statements of the FAGE Group reflect the consolidation of FAGE Dairy Industry S.A. (our former parent company) and its subsidiaries. Beginning with the restructuring on October 1, 2012, the consolidated financial statements of the FAGE Group reflect the consolidation of FAGE International S.A. (both before and after the September 30, 2014 internal merger) and its subsidiaries. The effects of the restructuring on our consolidated financial statements were mainly related to (i) additional operating expenses for FAGE International, (ii) the tax liability for FAGE International and FAGE Luxembourg, (iii) the effect on our consolidated equity of share capital paid in the FAGE Group and certain reclassifications within equity to reflect the new legal structure and (iv) the recognition of a deferred tax asset relating to an increase in the tax basis of our intellectual property that was recognized in connection with the restructuring.

The consolidated financial information for the FAGE Group has been presented as of and for the three months ended June 30, 2016 and 2015, and presents the consolidated net assets, financial position and results of operations of the FAGE Group during the periods presented. The consolidated financial statements of the FAGE Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union. You should read the consolidated financial statements of the FAGE Group included at the end of this Half-Yearly Report, including the notes thereto (collectively, the "Consolidated Financial Statements"), together with "Management's Discussion and Analysis of Financial Condition and Results of Operations." Some financial information in this Half-Yearly Report has been rounded and, as a result, the numerical figures shown as totals in this Half-Yearly Report may vary slightly from the exact arithmetic aggregation of the figures that precede them.

The FAGE Group adopted the U.S. dollar as its reporting currency effective October 1, 2012 and FAGE International S.A. adopted the U.S. dollar as its reporting and functional currency effective October 1, 2012. Solely for your convenience, this Half-Yearly Report contains translations of certain euro amounts into U.S. dollars at specified rates. These U.S. dollar amounts do not represent actual U.S. dollar amounts, nor could such euro amounts

necessarily have been converted into U.S. dollars at the rates indicated. Unless otherwise indicated, euro amounts have been translated into U.S. dollars at the rate of U.S. $1.1102 per euro, which was the equivalent rate of the euro as reported by the European Central Bank in its foreign exchange rates report as at June 30, 2016.

If you are in the United States or otherwise familiar with U.S. GAAP but not familiar with IFRS, you should consult your own professional advisors for an understanding of the differences between IFRS and U.S. GAAP and how those differences could affect the financial information contained in this Half-Yearly Report.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in the financial statements.

The Consolidated Financial Statements have been prepared as of and for the six months ended June 30, 2016 and 2015, and are presented in U.S. dollars rounded to the nearest thousand. The Consolidated Financial Statements have been prepared under the historical cost convention except for available-for-sale financial assets, derivative financial instruments and land, which are measured at fair value.

The accounting policies set out in the notes to the Consolidated Financial Statements have been consistently applied to all periods presented except for changes arising through amendments or revisions to IFRS and the issuance of new accounting pronouncements. The amendments and revisions to IFRS as well as the new accounting pronouncements did not have a material effect on the Consolidated Financial Statements.

Industry Data

This Half-Yearly Report contains information concerning the U.S. market for yogurt, the Greek dairy market and the dairy markets of certain other countries in which we conduct business. We operate in an industry in which it is difficult to obtain precise industry and market information. We have obtained the market and competitive position data in this Half-Yearly Report from industry publications and from surveys or studies conducted by third parties that we believe to be reliable, including research information produced by AC Nielsen Retail Measurement Services, a division of The Nielsen Company, for the U.S., Greek and U.K. markets and Information Resources International for the Italian market. We cannot assure you of the accuracy and completeness of such information, and we have not independently verified the market and competitive position data contained in this Half-Yearly Report. In addition, in many cases, statements in this Half-Yearly Report regarding the dairy industry and our competitive position in the dairy industry are based on our experience and our own investigation of market conditions. There can be no assurance that any of these assumptions are accurate or correctly reflect our competitive position in the industry, and none of these internal surveys or information have been verified by independent sources, which may have estimates or opinions regarding industry-related information which differ from ours.

ENFORCEABILITY OF CIVIL LIABILITIES

FAGE International is a public limited company (*société anonyme*) incorporated under the laws of Luxembourg and FAGE Greece is organized under the laws of Greece. Certain executive officers and directors of the Issuers and the Guarantor and certain experts named herein presently reside outside of the United States, principally in Greece. As a result, it will be necessary for investors to comply with Luxembourg or Greek law in order to obtain an enforceable judgment against any such foreign resident persons or assets of such entities, including an order to foreclose upon such assets. Although we have agreed under the terms of the Indenture pursuant to which the Senior Notes were issued to accept service of process in the United States by an agent designated for such purpose, it may not be possible for investors to (i) effect service of process within the United States upon our officers, directors and certain experts named herein and (ii) enforce any judgments in the United States against such persons obtained in U.S. courts predicated upon civil liabilities of such persons, including any judgments predicated upon U.S. federal securities laws, to the extent such judgments exceed such person's U.S. assets.

We have been advised by Loyens & Loeff, our Luxembourg counsel, that although there is no treaty between Luxembourg and the United States regarding the reciprocal enforcement of judgments, a valid, final and conclusive judgment against FAGE International obtained from a state or federal court of the United States, which remains in full force and effect, may be enforced through a court of competent jurisdiction in Luxembourg, subject to compliance with the following enforcement procedures (*exequatur*) set out in the relevant provisions of the Luxembourg New Code of Civil Procedure (*Nouveau Code de Procédure Civile*) and Luxembourg case law:

- the foreign court must properly have had jurisdiction to hear and determine the matter, both according to its own laws and to the Luxembourg international private law conflict of jurisdiction rules;

- the foreign court must have applied the law which is designated by the Luxembourg conflict of laws rules or, at least, the order must not contravene the principles underlying those rules (although some first instance decisions rendered in Luxembourg—which have not been confirmed by the Luxembourg Court of Appeal—no longer apply this condition);

- the decision of the foreign court must be enforceable in the jurisdiction in which it was rendered;

- the foreign court has acted in accordance with its own procedural laws;

- the judgment was obtained in compliance with the rights of the defendant (*i.e.*, following proceedings where the defendant had the opportunity to appear, was granted the necessary time to prepare its case and, if the defendant appeared, could present a defense);

- the decision of the foreign court must not have been obtained by fraud; and

- the decisions and the considerations of the foreign court must not be contrary to Luxembourg international public policy rules or have been given in proceedings of a tax, penal or criminal nature (which would include awards of damages made under civil liabilities provisions of the U.S. federal securities laws, or other laws, to the extent that the same would be classified by Luxembourg courts as being of a penal or punitive nature (for example, fines or punitive damages)) or rendered subsequent to an evasion of Luxembourg law (*fraude à la loi*). Ordinarily an award of monetary damages would not be considered as a penalty, but if the monetary damages include punitive damages such punitive damages may be considered as a penalty.

If an original action is brought in Luxembourg, without prejudice to specific conflict of law rules, Luxembourg courts may refuse to apply the designated law (i) if the choice of such foreign law was not made bona fide or (ii) if the foreign law was not pleaded and proved or (iii) if pleaded and proved, such foreign law was contrary to mandatory Luxembourg laws or incompatible with Luxembourg public policy rules. In an action brought in Luxembourg on the basis of U.S. federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought.

We have been advised by G.S. Kostakopoulos & Associates, Greek counsel to the FAGE Group, that, although there is no treaty between Greece and the United States regarding the reciprocal enforcement of judgments, a valid, final and conclusive judgment for a definite amount (both in respect of principal and interest) against FAGE Greece and/or its officers and directors from a state or federal court of the United States, which judgment remains in full force and effect, may be enforced without a further review on the merits through a court of competent jurisdiction in Greece, subject to compliance with the following enforcement procedures of Articles 323 and 905 of the Greek Code of Civil Procedure:

- the judgment is also enforceable under the laws of the jurisdiction concerned;

- the judgment is not contrary to mandatory provisions of Greek law, the principles of *bonos mores* or public order and international public policy, and the U.S. court has not applied laws held by Greek courts to be of a tax, penal, criminal or punitive nature. On this last point there is no precedent under Greek law; however, there is precedent with lower courts that have refused to declare U.S. judgments awarding punitive damages enforceable in Greece, in circumstances other than under U.S. securities laws, and have reduced the amount of damages enforceable in Greece to a figure deemed in the opinion of the Greek court to be compensatory;

- the judgment was issued by a competent court of the jurisdiction concerned, both according to Greek and U.S. law, and was confirmed by a competent Greek court, pursuant to the general principles of the Greek Code of Civil Procedure;

- it was established that the unsuccessful litigant in the proceedings leading to the judgment had not been deprived of its rights to participate in such proceedings other than by the application of the procedural rules of the jurisdiction concerned that apply to nationals and non-nationals of that jurisdiction; and

- the judgment is not contrary to a previous judgment issued by a competent Greek court involving the same dispute and constituting *res judicata*.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Recent Developments

On July 28, 2016, FAGE International announced that it plans to build a new yogurt manufacturing facility in Luxembourg by the end of 2018. The new facility will provide additional production capacity to serve the FAGE Group's markets outside of the Americas. The Luxembourg facility will supplement the capacity provided by the FAGE Group's existing facilities in Greece, where the FAGE Group's business began in 1926 and where manufacturing operations will continue. The FAGE Group expects to invest approximately $100,000,000 in the new facility over the next two years, all or substantially all of which will be funded through operating cash flows. When fully operational, the FAGE Group expects that the new facility initially will contribute an additional 40,000 tons of yogurt production capacity annually.

On August 3, 2016, FAGE International and FAGE USA issued the Senior Notes under the Indenture. Net proceeds from the sale of the Senior Notes will be used to redeem all of the Issuers' outstanding 2020 Senior Notes. In connection with the issuance of the Senior Notes, the Issuers have given irrevocable notice to redeem, on September 2, 2016, all of the $400.0 million aggregate principal amount of their outstanding 2020 Senior Notes.

Results of Operations for the FAGE Group for the Six Months Ended June 30, 2016 and 2015

The following table sets forth, for the periods indicated, certain items in the FAGE Group's consolidated statements of profit or loss expressed as percentages of sales:

	Six months ended June 30,					
	2016			2015		
	Continuing Operations	Discontinued Operations	Total results	Continuing Operations	Discontinued Operations	Total results
Sales…….	100%	100%	100%	100%	100%	100%
Cost of sales……	(48.7)	(77.0)	(49.3)	(50.6)	(80.8)	(51.7)
Gross profit……..	51.3	23.0	50.7	49.4	19.2	48.3
Selling, general and administrative expenses..	(31.7)	(16.2)	(31.4)	(30.7)	(16.6)	(30.2)
Other income……..	0.2	-	0.2	0.0	-	-
Other expenses……	(0.2)	-	(0.2)	(1.1)	(1.9)	(1.1)
Profit from operations.	19.6	6.8	19.3	17.6	0.7	17.0
Financial income/(expenses), net.	(6.6)	(0.1)	(6.5)	(6.9)	(0.3)	(6.7)
Impairment loss…….	-	(16.2)	(0.3)	-	-	-
Impairment loss on available for sale financial assets……..	-	-	-	(0.0)	-	(0.0)
Foreign exchange gains/(losses), net……	(0.5)	-	(0.4)	1.0	-	1.0
Profit/(loss) before income taxes…….	12.5	(9.5)	12.1	11.7	0.4	11.3
Income tax(expense)/benefit	(3.5)	3.3	(3.4)	(3.8)	(0.1)	(3.7)
Net profit/(loss)……	9.0%	(6.2)%	8.7%	7.9%	0.3%	7.6%

Six months ended June 30, 2016 compared to six months ended June 30, 2015

Sales. Our sales in value for the six months ended June 30, 2016 were $339.2 million, an increase of $11.6 million, or 3.5%, compared to sales in value of $327.6 million for the six months ended June 30, 2015. This resulted from increases in sales in value in the United States, the United Kingdom and Italy by 4.3%, 11.3% and 18.9%, respectively, which were offset by a decrease of 9.9% in sales in value in Greece. Our sales in value in markets outside of Greece, including the United States, collectively increased by 6.4% on average for the six months ended June 30, 2016, as compared to the six months ended June 30, 2015.

Our sales in volume for the six months ended June 30, 2016 increased by 0.7% as compared to the six months ended June 30, 2015. This resulted from increases in sales in volume in the United States, the United Kingdom and Italy by 3.3%, 23.1% and 17.4%, respectively, which were offset by a decrease of 18.5% in sales in volume in Greece.

This growth of our sales in value and in volume outside of Greece is attributable to the expansion of our existing product range, the change of our overall product mix towards new higher value products, increasing household penetration and broader distribution.

The main reasons for the decrease in our sales in value and in volume in the Greek market were the sustained economic crisis in Greece, which has worsened since the imposition of capital controls on June 26, 2015, and its impact on consumer demand, our decision to reduce sales to less creditworthy clients in an attempt to reduce our credit exposure and our announcement to customers in the Greek market of our intention to withdraw from the milk business.

Comparing the six months ended June 30, 2016 with the respective period of 2015, the higher increase in sales in value (3.5%) compared to the increase in sales in volume (0.7%) is mainly due to the fact that the decrease in sales of the milk business had a greater impact on sales in volume than sales in value since the selling price per kilogram for milk products is much lower than for other products.

Gross profit. Gross profit for the six months ended June 30, 2016 was $172.0 million, an increase of $13.8 million, or 8.7%, from $158.2 million for the six months ended June 30, 2015. Gross profit as a percentage of sales for the six months ended June 30, 2016 was 50.7%, compared to 48.3% for the six months ended June 30, 2015. The main reasons for this increase were the change of our overall product mix towards new higher value products and the decrease in the prices of milk used both in the U.S. facility and the Greek facilities by 3.4% and 16.3%, respectively, comparing the six months ended June 30, 2016 and 2015.

*Selling, general and administrative expenses. S*elling, general and administrative expenses ("SG&A") for the six months ended June 30, 2016 were $106.5 million, an increase of $7.6 million, or 7.7%, from $98.9 million for the six months ended June 30, 2015. As a percentage of sales, SG&A represented 31.4% for the six months ended June 30, 2016 and 30.2% for the six months ended June 30, 2015. This increase is mainly due to the increase in advertising.

Other income/(expenses), net. Net other income for the six months ended June 30, 2016 was $0.1 million. Net other expenses for the six months ended June 30, 2015 were $(3.6) million, mainly due to write-offs of obsolete equipment.

Profit from operations. Profit from operations for the six months ended June 30, 2016 was $65.6 million, an increase of $10.0 million, or 18.0%, as compared to profit from operations of $55.6 million for the six months ended June 30, 2015. As a percentage of sales, profit from operations was 19.3% for the six months ended June 30, 2016, as compared to 17.0% for the six months ended June 30, 2015. This is mainly due to the increase in gross profit.

Financial income/(expenses), net. Net financial expenses were $21.8 million for each of the six months ended June 30, 2016 and 2015. Financial income/(expenses), net as a percentage of sales was 6.5% for the six months ended June 30, 2016 and 6.7% for the six months ended June 30, 2015.

Impairment loss. Impairment loss for the six months ended June 30, 2016 was $1.1 million. This is due to the impairment of the assets held for sale related to the milk business. There was no impairment loss for the six months ended June 30, 2015.

Impairment loss on available for sale financial assets. There was no impairment loss on available for sale financial assets for the six months ended June 30, 2016. Impairment loss on available for sale financial assets for the six months ended June 30, 2015 was $0.1 million.

Foreign exchange (losses)/gains, net. Net foreign exchange losses for the six months ended June 30, 2016 were $1.7 million compared to net foreign exchange gains for the six months ended June 30, 2015 of $3.3 million.

Profit before income taxes. Profit before income taxes for the six months ended June 30, 2016 was $40.9 million, as compared to profit before income taxes of $37.0 million for the six months ended June 30, 2015. The main reason for this improvement was the increase in gross profit.

Income tax expense. Income tax expense for the six months ended June 30, 2016 was $11.3 million, as compared to $12.0 million for the six months ended June 30, 2015.

Net profit. Net profit for the six months ended June 30, 2016 was $29.6 million, as compared to net profit of $25.0 million for the six months ended June 30, 2015. This improvement is mainly due to the increase in gross profit.

Six months ended June 30, 2016 compared to six months ended June 30, 2015: Continuing operations as compared to discontinued operations

Continuing operations. Our sales from continuing operations (milk business excluded) for the six months ended June 30, 2016 were $332.4 million, an increase of 5.2% or $16.3 million, as compared to sales of $316.1 million for the six months ended June 30, 2015. This increase is mainly due to the increase in sales in volume by 5.8% comparing the two periods. The increase in sales in volume (5.8%) is higher than the increase in sales in value (5.2%) due to the weakening of the British pound against the U.S. dollar from £1= US$1.5282 to £1= US$1.4190 comparing the six months ended June 30, 2015 and 2016.

The gross profit of the continuing operations for the six months ended June 30, 2016 was $170.4 million, as compared to $156.0 million for the six months ended June 30, 2015. Gross profit as a percentage of sales was 51.3% for the six months ended June 30, 2016 and 49.4% for the six months ended June 30, 2015. This increase is mainly due to the change of our overall product mix towards new higher value products and the decrease in the prices of milk used both in the U.S. facility and the Greek facilities by 3.4% and 16.3%, respectively, comparing the six months ended June 30, 2016 and 2015.

Profit before income taxes for the six months ended June 30, 2016 was $41.6 million, as compared to $36.9 million for the six months ended June 30, 2015, an increase of $4.7 million, or 12.7%. The main reason for this increase was the improvement in gross profit.

Discontinued operations. Our sales from discontinued operations (milk business) for the six months ended June 30, 2016 were $6.9 million, as compared to $11.6 million for the six months ended June 30, 2015, a decrease of $4.7 million or 40.5%. This decrease is mainly due to the decrease in sales in volume comparing the two periods.

The gross profit of the discontinued operations for the six months ended June 30, 2016 was $1.6 million, as compared to $2.2 million for the six months ended June 30, 2015. The loss before income taxes for the discontinued operations for the six months ended June 30, 2016 was $0.7 million, as compared to profit before income taxes of $0.1 million for the six months ended June 30, 2015, due mainly to the impairment of the assets held for sale relating to the milk business.

Results of Operations for the FAGE Group for the Three Months Ended June 30, 2016 and 2015

The following table sets forth, for the periods indicated, certain items in the FAGE Group's consolidated statements of profit or loss expressed as percentages of sales:

	Three months ended June 30,					
	2016			2015		
	Continuing Operations	Discontinued Operations	Total results	Continuing Operations	Discontinued Operations	Total results
Sales…….	100%	100%	100%	100%	100%	100%
Cost of sales…….	(48.5)	(82.5)	(49.0)	(50.5)	(78.6)	(51.5)
Gross profit……..	51.5	17.5	51.0	49.5	21.4	48.5
Selling, general and administrative expenses….	(32.1)	(16.7)	(31.9)	(30.1)	(16.8)	(29.6)
Other income……	0.2	-	0.3	0.1	-	0.1
Other expenses……	(0.2)	-	(0.2)	(2.1)	(3.4)	(2.2)
Profit from operations….	19.4	0.8	19.2	17.4	1.2	16.8
Financial income/(expenses), net…	(6.5)	-	(6.4)	(6.5)	(0.2)	(6.3)
Impairment loss……..	-	(22.3)	(0.3)	-	-	-
Impairment loss on available for sale financial assets……	-	-	-	-	-	-
Foreign exchange gains/(losses), net…….	(0.3)	-	(0.4)	1.4	-	1.4
Profit/(loss) before income taxes……..	12.6	(21.5)	12.1	12.3	1.0	11.9
Income tax(expense)/benefit	(3.5)	7.8	(3.3)	(3.4)	(0.3)	(3.3)
Net profit/(loss)……	9.1%	(13.7)%	8.8%	8.9%	0.7%	8.6%

Three months ended June 30, 2016 compared to three months ended June 30, 2015

Sales. Our sales in value for the three months ended June 30, 2016 were $174.0 million, an increase of $1.5 million, or 0.9%, as compared to sales in value of $172.5 million for the three months ended June 30, 2015. This resulted from increases in sales in value in the United States, the United Kingdom and Italy by 1.6%, 5.1% and 20.9%, respectively, which were offset by a decrease of 18.2% in sales in value in Greece. Our sales in value in markets outside of Greece, including the United States, collectively increased by 5.2% on average for the three months ended June 30, 2016, as compared to the three months ended June 30, 2015.

Our sales in volume for the three months ended June 30, 2016 decreased by 3.8% as compared to the three months ended June 30, 2015. This resulted from increases in sales in volume in the United States, the United Kingdom and Italy by 0.7%, 19.1% and 13.5%, respectively, which were offset by a decrease of 28.4% in sales in volume in Greece.

This growth of our sales in value and in volume outside of Greece is attributable to the expansion of our existing product range, the change of our overall product mix towards new higher value products, increasing household penetration and broader distribution.

The main reasons for the decrease in our sales in value and in volume in the Greek market were the sustained economic crisis in Greece, which has worsened since the imposition of capital controls on June 26, 2015, and its impact on consumer demand, our decision to reduce sales to less creditworthy clients in an attempt to reduce our credit exposure and our announcement to customers in the Greek market of our intention to withdraw from the milk business.

Comparing the three months ended June 30, 2016 with the respective period of 2015, the decrease in sales in volume, despite the increase in sales in value, was due to the fact that the decrease in sales of the milk business had a greater impact on sales in volume than sales in value since the selling price per kilogram for milk products is much lower than for other products.

Gross profit. Gross profit for the three months ended June 30, 2016 was $88.7 million, an increase of $5.1 million, or 6.1%, from $83.6 million for the three months ended June 30, 2015. Gross profit as a percentage of sales for the three months ended June 30, 2016 was 51.0%, compared to 48.5% for the three months ended June 30, 2015. The main reasons for this increase were the change of our overall product mix towards new higher value products and the decrease in the prices of milk used both in the U.S. facility and the Greek facilities by 4.1% and 7.0%, respectively, comparing the three months ended June 30, 2016 and 2015.

Selling, general and administrative expenses. SG&A for the three months ended June 30, 2016 were $55.5 million, an increase of $4.4 million, or 8.6%, from $51.1 million for the three months ended June 30, 2015. As a percentage of sales, SG&A were 31.9% for the three months ended June 30, 2016 and 29.6% for the three months ended June 30, 2015. This increase is mainly due to the increase in advertising.

Other income/(expenses), net. Net other income for the three months ended June 30, 2016 was $0.1 million. Net other expenses for the three months ended June 30, 2015 were $(3.5) million, mainly due to write-offs of obsolete equipment.

Profit from operations. Profit from operations for the three months ended June 30, 2016 was $33.3 million, an increase of $4.4 million, or 15.2%, as compared to profit from operations of $28.9 million for the three months ended June 30, 2015. As a percentage of sales, profit from operations was 19.2% for the three months ended June 30, 2016, as compared to 16.8% for the three months ended June 30, 2015. This is mainly due to the increase in gross profit.

Financial income/(expenses), net. Net financial expenses increased by $0.1 million from $10.9 million for the three months ended June 30, 2015 to $11.0 million for the three months ended June 30, 2016. Financial income/(expenses), net as a percentage of sales was 6.4% for the three months ended June 30, 2016 and 6.3% for the three months ended June 30, 2015.

Impairment loss. Impairment loss for the three months ended June 30, 2016 was $0.6 million. This is due to the impairment of the assets held for sale related to the milk business. There was no impairment loss for the three months ended June 30, 2015.

Impairment loss on available for sale financial assets. There was no impairment loss on available for sale financial assets for each of the three months ended June 30, 2016 and 2015.

Foreign exchange (losses)/gains, net. Net foreign exchange losses for the three months ended June 30, 2016 were $0.7 million, as compared to net foreign exchange gains for the three months ended June 30, 2015 of $2.5 million.

Profit before income taxes. Profit before income taxes for the three months ended June 30, 2016 was $21.0 million, as compared to profit before income taxes of $20.6 million for the three months ended June 30, 2015.

Income tax expense. Income tax expense for the three months ended June 30, 2016 was $5.8 million, as compared to $5.7 million for the three months ended June 30, 2015.

Net profit. Net profit for the three months ended June 30, 2016 was $15.2 million, as compared to net profit of $14.9 million for the three months ended June 30, 2015. This improvement is mainly due to the increase in gross profit.

Three months ended June 30, 2016 compared to three months ended June 30, 2015: Continuing operations as compared to discontinued operations

Continuing operations. Our sales from continuing operations (milk business excluded) for the three months ended June 30, 2016 were $171.5 million, an increase of 3.1% or $5.2 million, as compared to sales of $166.3 million for the three months ended June 30, 2015. This increase is mainly due to the increase in sales in volume by 3.1% comparing the two periods. The increase in sales in volume (3.1%) is the same with the increase in sales in value (3.1%) due to the weakening of the British pound against the U.S. dollar from £1= US$1.5473 to £1= US$1.4203 comparing the three months ended June 30, 2015 and 2016.

The gross profit of the continuing operations for the three months ended June 30, 2016 was $88.3 million, as compared to $82.2 million for the three months ended June 30, 2015. Gross profit as a percentage of sales was 32.1% for the three months ended June 30, 2016 and 30.1% for the three months ended June 30, 2015. This increase is mainly due to the change of our overall product mix towards new higher value products and the decrease in the

prices of milk used both in the U.S. facility and the Greek facilities by 4.1% and 7.0%, respectively, comparing the three months ended June 30, 2016 and 2015.

Profit before income taxes for the three months ended June 30, 2016 was $21.6 million, as compared to $20.5 million for the three months ended June 30, 2015, an increase of $1.1 million, or 5.4%. The main reason for this increase was the improvement in gross profit.

Discontinued operations. Our sales from discontinued operations (milk business) for the three months ended June 30, 2016 were $2.5 million, as compared to $6.2 million for the three months ended June 30, 2015, a decrease of $3.7 million or 59.7%. This decrease is mainly due to the decrease in sales in volume comparing the two periods.

The gross profit of the discontinued operations for the three months ended June 30, 2016 was $0.4 million, as compared to $1.3 million for the three months ended June 30, 2015. The loss before income taxes for the discontinued operations for the three months ended June 30, 2016 was $0.5 million, as compared to profit before income taxes of $0.1 million for the three months ended June 30, 2015, due mainly to the impairment of the assets held for sale relating to the milk business.

Liquidity and Capital Resources

Our principal sources of liquidity are existing cash balances, cash flow from operations, debt raised from capital markets (including the Senior Notes) and available amounts under our various lines of credit maintained with several banks. Our principal liquidity needs are debt service, including with respect to the Senior Notes, capital expenditures and working capital. We also use cash from time to time to pay dividends to our shareholders. We believe that our available capital resources will be sufficient to fund our liquidity needs.

Sources of capital. We fund our operating costs through cash from operations and short-term borrowings under various lines of credit. The available credit lines for the FAGE Group as of June 30, 2016 amounted to $46.1 million, of which $35.0 million is provided by Citibank, N.A. in the United States and secured by accounts receivable and certain inventory of FAGE USA Dairy Industry, Inc. and €10.0 million ($11.1 million equivalent) was provided by a revolving credit line with Alpha Bank in Greece. Out of the available credit lines as of June 30, 2016, the unused portion amounted to $35.0 million (see Note 18). The available credit lines for the Group as of December 31, 2015 amounted to $41.5 million.

Cash at banks and cash equivalents as of June 30, 2016 amounted to $97.0 million compared to $78.2 million on December 31, 2015 (See Note 15).

We believe that this amount of our cash at banks and cash equivalents ($97.0 million), together with the lines of credit, is sufficient to finance both the operations and the investment program of the FAGE Group.

Cash flow data

	Six months ended June 30,	
	2016	**2015**
	($ thousands)	
Cash flow from/(used in) operating activities	60,191	57,524
Cash flow from/(used in) investing activities	(12,499)	(16,891)
Cash flow from/(used in) financing activities	(28,751)	(30,153)
Effect of exchange rates changes on cash	(153)	(7,427)
Cash and cash equivalents at beginning of period	78,247	56,086
Cash and cash equivalents at period-end	**97,035**	**59,139**

Cash flow from/(used in) operating activities. Net cash from operating activities for the six months ended June 30, 2016 was $60.2 million, compared to net cash from operating activities of $57.5 million for the six months ended June 30, 2015. This is mainly due to the working capital changes, which decreased from $(16.8) million for the six months ended June 30, 2015 to $(4.5) million for the six months ended June 30, 2016. This decrease is mainly due to the decrease in trade and other receivables, the decrease in amounts due from related companies and the increase in amounts due to related companies. This improvement was partially offset by the increase in inventories, the decrease in trade accounts payable and the increase in income taxes paid.

Cash flow from/(used in) investing activities. Net cash used in investing activities amounted to $12.5 million and $16.9 million for the six months ended June 30, 2016 and 2015, respectively. Out of the capital expenditures of $12.5 million in the first six months of 2016, an amount of $2.9 million related to capital expenditures (primarily maintenance) for the facilities in Greece and $9.6 million related to clapital expenditures for the expansion of the U.S. facility.

Cash flow from/(used in) financing activities. Net cash used in financing activities for the six months ended June 30, 2016 was $28.8 million. This resulted from $11.1 million of proceeds from short-term borrowings, $19.9 million of interest paid and $20.0 million of dividends. Net cash used in financing activities for the six months ended June 30, 2015 was $30.2 million, which reflects $20.2 million of interest paid and $10.0 million of dividends.

Other Financial Data

EBITDA (net profit/(loss) plus income tax (expense)/benefit, financial income/(expenses), net and depreciation and amortization) for the six months ended June 30, 2016 amounted to $78.4 million, as compared to $74.2 million for the six months ended June 30, 2015. The reconciliation of net profit to EBITDA is as follows:

	Six months ended June 30,	
	2016	**2015**
	($ thousands)	
Net profit	29,634	25,032
Income tax expense	11,271	11,955
Financial (income)/expenses, net	21,845	21,836
Depreciation and amortization	15,668	15,405
EBITDA	**78,418**	**74,228**

EBITDA serves as an additional indicator of our operating performance and not as a replacement for measures such as cash flows from operating activities and operating income. We believe that EBITDA is useful to investors as a measure of operating performance because it eliminates variances caused by the amounts and types of capital employed and amortization policies and helps investors evaluate the performance of our underlying business. In addition, we believe that EBITDA is a measure commonly used by analysts and investors in our industry. Accordingly, we have disclosed this information to permit a more complete analysis of our operating performance. Other companies may calculate EBITDA in a different way. EBITDA is not a measurement of financial performance under IFRS and should not be considered an alternative to cash flow provided by or used in operating activities or as a measure of liquidity or an alternative to net profit/(loss) as an indicator of our operating performance or any other measure of performance derived in accordance with IFRS.

The net debt (short-term borrowings plus long-term interest-bearing loans and borrowings less unamortized debt issuance costs, cash and cash equivalents and restricted cash) of the Group as of June 30, 2016 amounted to $298.6 million, as compared to $304.6 million as of December 31, 2015.

Principal Risks and Uncertainties for the Remaining Six Months of 2016

Risk assessment and evaluation is an integral part of the management process throughout the FAGE Group. Risks are identified and evaluated and appropriate risk management strategies are implemented at each level. The key business risks are identified by the senior management team. The Board of Directors in conjunction with senior management identifies major business risks faced by the Group and determines the appropriate course of action to manage these risks.

The principal risks and uncertainties faced by the FAGE Group are summarized below:

- first, we are exposed to aggressive competition in the domestic Greek market;
- second, we are exposed to currency exchange rate fluctuations, particularly in relation to the Euro(€) and the U.K. sterling (£);
- third, price fluctuations in raw materials could adversely affect the Group's manufacturing costs; and
- fourth, the current economic crisis could continue to adversely affect consumer spending for the Group's products, particularly in Greece, Italy, the United Kingdom and the United States.

The Board of Directors regularly monitors all of the above risks and appropriate actions are taken to mitigate those risks or address the potential adverse consequences.

Related Party Transactions

The FAGE Group purchases goods and services from and makes sales of goods to certain related companies in the ordinary course of business. Such related companies consist of affiliates or companies, which are controlled by members of the Filippou family.

Account balances with related companies are as follows:

	June 30, 2016	December 31, 2015
	($ thousands)	
Due from:		
- Ioannis Nikolou ULP	478	466
- Evga S.A.	-	10
- Agan S.A.	-	3,912
- Hellenic Quality Foods S.A.	48	6,521
- Mornos S.A.	32	2,366
	558	**13,275**
Due to:		
- Mornos S.A.	191	186
- Vis S.A.	114	18
- Agan S.A.	51	-
- G. S. Kostakopoulos & Associates	-	3
- Alpha Phi S.à r.l.	300	351
- Theta Phi S.à r.l.	300	351
	956	**909**

Transactions with related companies for the six months ended June 30, 2016 and 2015, are analyzed as follows:

	Purchases from related parties		Sales to related parties	
	2016	2015	2016	2015
	($ thousands)			
Inventories, materials and supplies	23,717	18,825	111	990
Advertising and media	-	2,640	-	-
Other services	3,827	3,767	-	-
	27,544	**25,232**	**111**	**990**

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FAGE INTERNATIONAL S.A.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016
(All amounts in thousands of U.S. dollars, except share and per share data)

(UNAUDITED)

		Six-month period ended June 30,					
	Notes	**2016**			**2015**		
		Continuing Operations	**Discontinued Operations**	**Total results**	**Continuing Operations**	**Discontinued Operations**	**Total results**
Sales		332,365	6,871	339,236	316,061	11,552	327,613
Cost of sales		(161,959)	(5,291)	(167,250)	(160,078)	(9,336)	(169,414)
Gross profit		**170,406**	**1,580**	**171,986**	**155,983**	**2,216**	**158,199**
Selling, general and administrative expenses	(6)	(105,347)	(1,110)	(106,457)	(97,017)	(1,920)	(98,937)
Other income		754	-	754	129	-	129
Other expenses		(700)	-	(700)	(3,536)	(210)	(3,746)
PROFIT FROM OPERATIONS		**65,113**	**470**	**65,583**	**55,559**	**86**	**55,645**
Financial expenses	(7)	(21,877)	(6)	(21,883)	(21,815)	(36)	(21,851)
Financial income	(7)	38	-	38	15	-	15
Impairment loss	(3)	-	(1,115)	(1,115)	-	-	-
Impairment loss on available for sale financial assets	(10)	-	-	-	(74)	-	(74)
Foreign exchange gains/(losses), net		(1,718)	-	(1,718)	3,252	-	3,252
PROFIT/(LOSS) FROM OPERATIONS		**41,556**	**(651)**	**40,905**	**36,937**	**50**	**36,987**
Income tax (expense)/benefit	(8)	(11,499)	228	(11,271)	(11,941)	(14)	(11,955)
NET PROFIT/(LOSS)		**30,057**	**(423)**	**29,634**	**24,996**	**36**	**25,032**
Attributable to:							
Equity holders of the parent		30,057	(423)	29,634	24,996	36	25,032
		30,057	**(423)**	**29,634**	**24,996**	**36**	**25,032**
Earnings/(loss) per share							
Basic and diluted		30.06	(0.42)	29.63	25.00	0.04	25.03
Weighted average number of shares, basic and diluted		**1,000,000**	**1,000,000**	**1,000,000**	**1,000,000**	**1,000,000**	**1,000,000**

The accompanying notes are an integral part of these financial statements.

FAGE INTERNATIONAL S.A.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2016
(All amounts in thousands of U.S. dollars, except share and per share data)

(UNAUDITED)

	Notes	Three-month period ended June 30,					
		2016			2015		
		Continuing Operations	Discontinued Operations	Total results	Continuing Operations	Discontinued Operations	Total results
Sales		171,465	2,507	173,972	166,261	6,200	172,461
Cost of sales		(83,192)	(2,068)	(85,260)	(84,018)	(4,874)	(88,892)
Gross profit		**88,273**	**439**	**88,712**	**82,243**	**1,326**	**83,569**
Selling, general and administrative expenses	(6)	(55,052)	(420)	(55,472)	(50,074)	(1,042)	(51,116)
Other income		352	-	352	87	-	87
Other expenses		(261)	-	(261)	(3,384)	(210)	(3,594)
PROFIT FROM OPERATIONS		**33,312**	**19**	**33,331**	**28,872**	**74**	**28,946**
Financial expenses	(7)	(11,078)	-	(11,078)	(10,881)	(15)	(10,896)
Financial income	(7)	30	-	30	6	-	6
Impairment loss	(3)	-	(559)	(559)	-	-	-
Impairment loss on available for sale financial assets	(10)	-	-	-	-	-	-
Foreign exchange gains/(losses), net		(695)	-	(695)	2,518	-	2,518
PROFIT/(LOSS) FROM OPERATIONS		**21,569**	**(540)**	**21,029**	**20,515**	**59**	**20,574**
Income tax (expense)/benefit	(8)	(6,001)	197	(5,804)	(5,679)	(16)	(5,695)
NET PROFIT/(LOSS)		**15,568**	**(343)**	**15,225**	**14,836**	**43**	**14,879**
Attributable to:							
Equity holders of the parent		15,568	(343)	15,225	14,836	43	14,879
		15,568	**(343)**	**15,225**	**14,836**	**43**	**14,879**
Earnings/(loss) per share							
Basic and diluted		15.57	(0.34)	15.23	14.84	0.04	14.88
Weighted average number of shares, basic and diluted		**1,000,000**	**1,000,000**	**1,000,000**	**1,000,000**	**1,000,000**	**1,000,000**

The accompanying notes are an integral part of these financial statements.

FAGE INTERNATIONAL S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/LOSS
FOR THE SIX AND THREE-MONTH PERIODS ENDED JUNE 30, 2016
(All amounts in thousands of U.S. dollars)

(UNAUDITED)

		Six-month period ended June 30,		Three-month period ended June 30,	
	Notes	**2016**	**2015**	**2016**	**2015**
Net profit for the period		**29,634**	**25,032**	**15,225**	**14,879**
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:					
Effect of change of income tax rate on deferred income tax on land revaluation surplus		-	(844)	-	(844)
Exchange gains/(losses) on translation of foreign operations		2,970	(15,499)	(4,545)	5,805
Net unrealized gains/(losses) on available for sale financial assets		23	106	4	153
Deferred income taxes on unrealized gains/(losses) on available for sale financial assets		(7)	(31)	(1)	(43)
	10	16	75	3	110
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		**2,986**	**(16,268)**	**(4,542)**	**5,071**
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:					
Net actuarial gains		56	67	12	33
Deferred income taxes on net actuarial gains		(16)	(19)	(3)	(10)
		40	48	9	23
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**40**	**48**	**9**	**23**
Other comprehensive income/(loss) for the period, net of deferred income taxes		**3,026**	**(16,220)**	**(4,533)**	**5,094**
Total comprehensive income/(loss) for the period, net of deferred income taxes		**32,660**	**8,812**	**10,692**	**19,973**
Attributable to:					
Equity holders of the parent		32,660	8,812	10,692	19,973
		32,660	**8,812**	**10,692**	**19,973**

The accompanying notes are an integral part of these financial statements.

FAGE INTERNATIONAL S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2016
(All amounts in thousands of U.S. dollars)

	Notes	June 30, 2016 (UNAUDITED)	December 31, 2015 (AUDITED)
ASSETS			
Non-Current Assets			
Property, plant and equipment		403,779	403,634
Intangible assets		2,555	2,771
Goodwill	9	3,022	3,120
Available for sale financial assets	10	98	96
Other non-current assets	11	664	745
Deferred income taxes		54,226	55,761
Total non-current assets		**464,344**	**466,127**
Current Assets:			
Inventories	12	41,135	36,167
Trade and other receivables	13	87,405	76,168
Due from related companies	14	558	13,275
Prepaid income taxes		43	5,318
Available for sale financial assets	10	518	485
Cash and cash equivalents	15	97,035	78,247
Restricted cash	15	1,200	1,200
Total current assets		**227,894**	**210,860**
Assets held for sale	**3**	**4,907**	**7,626**
TOTAL ASSETS		**697,145**	**684,613**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent Company			
Share capital		1,000	1,000
Share premium		30,778	50,778
Other reserves		459	459
Land revaluation surplus		37,068	37,068
Reversal of fixed assets statutory revaluation surplus		(44,410)	(44,410)
Legal, tax free and special reserves		37,545	37,545
Retained earnings		133,668	104,034
Other components of equity		(29,889)	(32,915)
Total Equity		**166,219**	**153,559**
Non-Current Liabilities			
Interest-bearing loans and borrowings	16	385,755	384,067
Provision for staff retirement indemnities		3,627	3,348
Deferred income taxes		49,236	50,354
Other non-current liabilities		39	43
Total non-current liabilities		**438,657**	**437,812**
Current Liabilities:			
Trade accounts payable	17	36,054	37,692
Due to related companies	14	956	909
Short-term borrowings	18	11,102	-
Income taxes payable		2,857	11,957
Accrued and other current liabilities	19	39,689	37,307
Total current liabilities		**90,658**	**87,865**
Total liabilities		**529,315**	**525,677**
Liabilities directly associated with the assets held for sale	**3**	**1,611**	**5,377**
TOTAL EQUITY AND LIABILITIES		**697,145**	**684,613**

The accompanying notes are an integral part of these financial statements.

FAGE INTERNATIONAL S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016
(All amounts in thousands of U.S. dollars)

	Share capital	Share premium	Land revaluation surplus	Reversal of fixed assets statutory revaluation surplus	Legal, tax free and special reserves	Other reserves	Retained earnings	Unrealized gains/(losses) on available for sale financial assets	Actuarial gains/ (losses)	Foreign exchange gains/ (losses)	Total equity
Balance December 31, 2015 (audited)	**1,000**	**50,778**	**37,068**	**(44,410)**	**37,545**	**459**	**104,034**	**105**	**(207)**	**(32,813)**	**153,559**
Profit for the period	-	-	-	-	-	-	29,634	-	-	-	29,634
Other comprehensive income	-	-	-	-	-	-	-	16	40	2,970	3,026
Total comprehensive income (unaudited)	**-**	**-**	**-**	**-**	**-**	**-**	**29,634**	**16**	**40**	**2,970**	**32,660**
Dividends	-	(20,000)	-	-	-	-	-	-	-	-	(20,000)
Balance, June 30, 2016 (unaudited)	**1,000**	**30,778**	**37,068**	**(44,410)**	**37,545**	**459**	**133,668**	**121**	**(167)**	**(29,843)**	**166,219**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015
(All amounts in thousands of U.S. dollars)

	Share capital	Share premium	Land revaluation surplus	Reversal of fixed assets statutory revaluation surplus	Legal, tax free and special reserves	Other reserves	Retained earnings	Unrealized gains/(losses) on available for sale financial assets	Actuarial gains/ (losses)	Foreign exchange gains/ (losses)	Total equity
Balance December 31, 2014 (audited)	**1,000**	**50,778**	**37,912**	**(44,410)**	**46,334**	**459**	**90,502**	**35**	**(606)**	**(12,392)**	**169,612**
Profit for the period	-	-	-	-	-	-	25,032	-	-	-	25,032
Other comprehensive income/(loss)	-	-	(844)	-	-	-	-	75	48	(15,499)	(16,220)
Total comprehensive income/(loss) (unaudited)	**-**	**-**	**(844)**	**-**	**-**	**-**	**25,032**	**75**	**48**	**(15,499)**	**8,812**
Dividends	-	-	-	-	-	-	(10,000)	-	-	-	(10,000)
Distribution of special reserves	-	-	-	-	(8,887)	-	8,887	-	-	-	-
Increase of legal reserves	-	-	-	-	98	-	(98)	-	-	-	-
Balance, June 30, 2015 (unaudited)	**1,000**	**50,778**	**37,068**	**(44,410)**	**37,545**	**459**	**114,323**	**110**	**(558)**	**(27,891)**	**168,424**

The accompanying notes are an integral part of these financial statements.

FAGE INTERNATIONAL S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016
(All amounts in thousands of U.S. dollars)
(UNAUDITED)

	Notes	June 30, 2016	June 30, 2015
Profit before income taxes from continuing operations		41,556	36,937
Loss before income taxes from discontinued operations		(651)	50
		40,905	36,987
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation and amortization	5	15,668	15,405
Provision for staff retirement indemnities		292	23
Provision for doubtful accounts receivable		110	703
Financial income	7	(38)	(15)
Financial expenses	7	21,871	21,840
Interest on financial leasing	7	12	11
(Gain)/loss from valuation of non-current assets on fair value		(18)	35
(Gain)/loss on disposal of property, plant and equipment		(56)	2,747
Impairment loss on available for sale financial assets		-	74
Impairment loss	3	1,115	-
Operating profit before working capital changes		**79,861**	**77,810**
(Increase)/Decrease in:			
Inventories		(4,025)	5
Trade and other receivables		(10,667)	(13,102)
Due from related companies		12,717	(9,527)
Increase/(Decrease) in:			
Trade accounts payable		(2,925)	7,772
Due to related companies		47	(6,385)
Accrued and other current liabilities		319	4,446
Working capital changes		**(4,534)**	**(16,791)**
Income taxes paid		(14,979)	(3,544)
Payment of staff indemnities		(252)	(23)
(Increase)/decrease in other non-current assets		99	72
Increase/(decrease) in other non-current liabilities		(4)	-
Net Cash from Operating Activities		**60,191**	**57,524**
Investing Activities:			
Capital expenditure for property, plant and equipment		(12,509)	(16,781)
Additions to intangible assets		(84)	(167)
Proceeds from disposal of property, plant and equipment		56	42
Interest and other related income received	7	38	15
Net Cash used in Investing Activities		**(12,499)**	**(16,891)**
Financing Activities:			
Proceeds from short and long-term borrowings		11,102	-
Interest paid		(19,853)	(20,153)
Dividends paid to equity holders of the parent		(20,000)	(10,000)
Net Cash used in Financing Activities		**(28,751)**	**(30,153)**
Net increase/(decrease) in cash and cash equivalents		**18,941**	**10,480**
Effect of exchange rates changes on cash		(153)	(7,427)
Cash and cash equivalents at beginning of period	15	78,247	56,086
Cash and cash equivalents at June 30	15	**97,035**	**59,139**

Included in the above cash flow statements are the following cash flows from discontinued operations:

	June 30, 2016	June 30, 2015
Net Cash from/(used in) Operating Activities	(1,240)	684
Net Cash from Investing Activities	-	-
Net Cash from Financing Activities	-	-
	(1,240)	**684**

The accompanying notes are an integral part of these financial statements.

1. CORPORATE INFORMATION:

FAGE International S.A. ("FAGE International") is a corporation organized under the laws of the Grand Duchy of Luxembourg on September 25, 2012. Its registered office is located at 5 rue des Primeurs, L-2361Strassen, Grand Duchy of Luxembourg. FAGE International has a share capital of $1,000 and is registered with the Luxembourg Register of Commerce and Companies under number B 171645.

References to the Group include, unless the context requires otherwise, FAGE International and its consolidated subsidiaries (FAGE USA Holdings Inc., FAGE USA Corp., FAGE USA Dairy Industry Inc., FAGE U.K. Limited, FAGE Italia S.r.l, FAGE Deutschland GmbH and FAGE Dairy Industry S.A.). FAGE International operates principally in the United States, the Hellenic Republic, also known as Greece and, through its subsidiaries, elsewhere in Europe.

On October 1, 2012, the Group completed an internal restructuring designed to enhance the efficiency of its corporate structure and to better reflect the increasingly international nature of its business.

As a result of the restructuring, FAGE International S.A. ("Old FAGE Parent") became the parent company for all of the Group's subsidiaries. Management concluded that, as the beneficial owners of the Group remained the same, the Group with Old FAGE Parent as the parent was a continuation of the Group which had FAGE Dairy Industry S.A. as its parent. Since October 1, 2012, the Group's operations in Greece are conducted through the Greek subsidiary, FAGE Dairy Industry S.A. (the former parent company). Until September 30, 2014, the Group's operations outside of Greece were conducted through a Luxembourg subsidiary, FAGE Luxembourg S.A. (f/k/a FAGE Luxembourg S.à r.l.) ("FAGE Luxembourg").

On September 30, 2014, Old FAGE Parent merged with and into FAGE Luxembourg. Simultaneously with the merger, FAGE Luxembourg (the surviving company in the merger) changed its name to FAGE International S.A.

The Group's total number of employees as of June 30, 2016 and 2015, was approximately 1,031 and 1,036, respectively.

2. BASIS OF PRESENTATION:

(a) ***Basis of Preparation of Financial Statements:*** The accompanying interim condensed consolidated financial statements have been prepared under the historical cost convention, except for the valuation of available for sale financial assets and derivative financial instruments and land, which have been measured at fair value. The carrying values of recognized assets and liabilities that are hedged items in fair value hedges that would otherwise be carried at cost are adjusted to record changes in the fair values attributable to the risks that are being hedged. These interim condensed consolidated financial statements have been prepared by management in accordance with IAS 34 (Interim Financial Reporting). The interim condensed consolidated financial statements do not include all the information and disclosure required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2015. The interim condensed consolidated financial statements are presented in thousands of U.S. dollars, except when otherwise indicated.

(b) ***Use of Estimates:*** The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may ultimately differ from those estimates.

(c) ***Significant Accounting Policies:*** The interim condensed consolidated financial statements have been prepared using accounting policies consistent with those adopted for the preparation of the Group's annual consolidated financial statements as of and for the year ended December 31, 2015 and which are comprehensively presented in the notes of the annual financial statements, except for the adoption of new or amended IFRIC Standards and interpretations effective as of January 1, 2016. These changes are as follows:

• IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization

The amendment provides additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. This amendment clarifies the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed

through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

- **IAS 19 Defined Benefit Plans (Amended): Employee Contributions**

The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

- **IFRS 11 Joint Arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations**

IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions.

- **IAS 27 Separate Financial Statements (amended)**

This amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and will help some jurisdictions move to IFRS for separate financial statements, reducing compliance costs without reducing the information available to investors.

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

The amendments address three issues arising in practice in the application of the investment entities consolidation exception. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Also, the amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Finally, the amendments to *IAS 28 Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

- **IAS 1: Disclosure Initiative (Amendments)**

The amendments to IAS 1 *Presentation of Financial Statements* further encourage companies to apply professional judgment in determining what information to disclose and how to structure such information in their financial statements. The narrow-focus amendments to IAS clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income arising from equity accounted investments.

- The **IASB issued the Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs.

  - ***IFRS 2 Share-Based Payment:*** This improvement amends the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition" (which were previously part of the definition of "vesting condition").
  - ***IFRS 3 Business Combinations:*** This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.
  - ***IFRS 8 Operating Segments:*** This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
  - ***IFRS 13 Fair Value Measurement:*** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
  - ***IAS 16 Property, Plant and Equipment:*** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
  - ***IAS 24 Related Party Disclosures:*** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

- ***IAS 38 Intangible Assets:*** The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

- The **IASB issued the Annual Improvements to IFRSs 2012 – 2014 Cycle,** which is a collection of amendments to IFRSs.

  - ***IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations***: The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
  - ***IFRS 7 Financial Instruments***: ***Disclosures***: The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.
  - ***IAS 19 Employee Benefits***: The amendment clarifies that market depth of high-quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
  - ***IAS 34 Interim Financial Reporting:*** The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The IASB specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

(d) **Standards issued but not yet effective or early adopted:**

- **Clarifications to IFRS 15, Revenue from Contracts with Customers**
  The amendments add clarifications in the following areas: (i) identifying performance obligations; (ii) principal versus agent considerations; and (iii) licensing application guidance. The amendments do not change the underlying principles of the standard, rather they clarify and offer some additional transition relief. The amendments introduce additional practical expedients for entities transitioning to IFRS 15 on (i) contract modifications that occurred prior to the beginning of the earliest period presented and (ii) contracts that were completed at the beginning of the earliest period presented. The amendments are effective for annual reporting periods beginning on or after January 1, 2018, with earlier application permitted. The clarifications to IFRS 15 have not been endorsed by the European Union. The Group does not expect that these clarifications will have an impact on its consolidated financial position or results of operations.

- **Amendments to IFRS 2, Share-Based Payment**

  The International Accounting Standards Board (IASB) has published final amendments to IFRS 2 "Share-Based Payment" that clarify the classification and measurement of share-based payment transactions. The amendments to IFRS 2 contain clarifications and amendments to:

  - the accounting for cash-settled share-based payment transactions that include a performance condition;
  - the classification of share-based payment transactions with net settlement features; and
  - the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

  The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted and the amendments are to be applied prospectively. The amendments to IFRS 2 have not yet been endorsed by the European Union. The Group does not expect that these amendments will have an impact on its consolidated financial position or results of operations.

3. ASSETS AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE:

In December 2015, the Company, in the context of its efforts to improve its profitability, decided to withdraw from the milk business since this operation was highly unprofitable. The Group has commenced negotiations with various companies to sell all of the property, plant and equipment related to the Amyntaio milk facility.

In accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations," property, plant and equipment and goodwill related to the milk business, which have been classified as of December 31, 2015, as held for sale, are carried at the lower of their carrying value ($9,878) and their fair value less costs to sell ($4,359). Accordingly, an impairment loss of $5,600 was recorded in the consolidated statement of profit or loss for the year ended December 31, 2015. Furthermore, the carrying value of goodwill for the Amyntaio facility and inventories of $2,701 have been impaired by $2,344 and $1,318, respectively, and such impairment losses have been recorded in the consolidated statement of profit or loss for the year ended December 31, 2015.

Following management assessment of the carrying value of property, plant and equipment held for sale at June 30, 2016, an impairment loss of $1,115 has been recorded and is included in the accompanying consolidated statement of profit or loss for the six-month period ended June 30, 2016.

Assets held for sale and liabilities directly associated with assets held for sale are analyzed as follows:

	June 30, 2016	December 31, 2015
Assets		
Property, plant and equipment	3,264	4,359
Inventories (Note 12)	457	1,400
Trade and other receivables (Note 13)	1,180	1,861
Cash and cash equivalents (Note 15)	6	6
Assets held for sale	**4,907**	**7,626**
Liabilities		
Provision for staff retirement indemnities	53	292
Deferred taxes	805	1,013
Trade accounts payable (Note 17)	48	1,335
Accrued and other current liabilities (Note 19)	705	2,737
Liabilities directly associated with assets held for sale	**1,611**	**5,377**
Net assets directly associated with disposal group	**3,296**	**2,249**

4. PAYROLL COST:

Payroll cost in the accompanying interim condensed consolidated financial statements is analyzed as follows:

	June 30,	
	2016	2015
Wages and salaries	23,187	21,711
Social security costs	3,529	3,258
Provision for staff retirement indemnities	252	23
Other staff costs	3,694	2,970
Total payroll	**30,662**	**27,962**
Less: amounts charged to cost of production	(16,629)	(14,437)
amounts capitalized to tangible and intangible assets	(212)	(378)
Payroll expensed (Note 6)	**13,821**	**13,147**

Amounts paid to directors and executive officers included in payroll are described in Note 6.

5. DEPRECIATION AND AMORTIZATION:

Depreciation and amortization in the accompanying interim condensed consolidated financial statements is analyzed as follows:

	June 30,	
	2016	**2015**
Depreciation of property, plant and equipment	15,331	15,106
Amortization of intangible assets	337	299
Total depreciation and amortization	**15,668**	**15,405**
Less: amounts charged to cost of production	(12,491)	(12,306)
Depreciation and amortization expensed (Note 6)	**3,177**	**3,099**

6. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:

Selling, general and administrative expenses in the accompanying consolidated financial statements are analyzed as follows:

	June 30,	
	2016	**2015**
Shipping and handling costs	26,566	26,632
Advertising costs	44,057	37,440
Third party fees	13,632	13,588
Payroll (Note 4)	13,821	13,147
Depreciation and amortization (Note 5)	3,177	3,099
Repairs and maintenance	626	585
Travelling and entertainment	737	682
Allowance for doubtful accounts (Note 13)	110	703
Other	3,731	3,061
Total	**106,457**	**98,937**

Compensation paid to directors and executive officers for the six months ended June 30, 2016 and 2015, included in payroll and third party fees, amounted to $5,649 and $5,519, respectively. Of these amounts, $4,106 and $3,943 have been paid to members of the Filippou family for the six months ended June 30, 2016 and 2015, respectively.

7. FINANCIAL INCOME AND EXPENSES:

Financial income/(expense) in the accompanying consolidated financial statements is analyzed as follows:

	June 30,	
	2016	**2015**
Financial expenses on loans and borrowings (Note 16)	(21,437)	(21,261)
Interest on short-term borrowings (Note 16)	(98)	(275)
Finance leasing interest expense	(12)	(11)
Amortization of fees for revolving credit facility	(299)	(177)
Other	(37)	(127)
Total financial expenses	**(21,883)**	**(21,851)**
Interest earned on cash at banks and on time deposits (Note 15)	19	11
Other financial income	19	4
Total financial income	**38**	**15**
Total financial income/(expense), net	**(21,845)**	**(21,836)**

8. INCOME TAXES:

In accordance with Luxembourg tax regulations, the corporate tax rate for fiscal year 2016 is 29.2% (2015: 29.2%).

Income tax expense reflected in the accompanying consolidated statements of profit or loss is analyzed as follows:

	June 30,	
	2016	**2015**
Income taxes:		
Current income tax expense	11,154	9,472
Deferred income tax expense	117	2,483
Total income tax reported in the statements of income	**11,271**	**11,955**

9. CONSOLIDATED SUBSIDIARIES AND GOODWILL

CONSOLIDATED SUBSIDIARIES

On October 1, 2012, the Group completed an internal restructuring designed to enhance the efficiency of the Group's corporate structure and to better reflect the increasingly international nature of the Group's business.

As a result of the restructuring, Old FAGE Parent, a Luxembourg corporation which was incorporated on September 25, 2012 and was beneficially owned and controlled by Messrs. Ioannis and Kyriakos Filippou, became the parent company for all of the Group's subsidiaries. Management concluded that, as the beneficial owners of the Group remained the same, the group of Old FAGE Parent was a continuation of the FAGE Dairy Industry S.A. group. Since October 1, 2012, the Group's operations in Greece are conducted through the Greek subsidiary, FAGE Dairy Industry S.A. (the former parent company). Until September 30, 2014, the Group's operations outside of Greece were conducted through a Luxembourg subsidiary, FAGE Luxembourg.

In connection with the restructuring, on October 1, 2012, Old FAGE Parent became the primary obligor of the 2015 Senior Notes and one of the two primary obligors (together with FAGE USA Dairy Industry, Inc. ("FAGE USA")) of the 2020 Senior Notes. FAGE Dairy Industry S.A., the principal Greek subsidiary ("FAGE Greece"), and FAGE Luxembourg, the principal subsidiary for the non-Greek operations, entered into new guarantees by which they fully and unconditionally guaranteed the obligations under the 2020 Senior Notes.

On September 30, 2014, Old FAGE Parent merged with and into FAGE Luxembourg. Simultaneously with the merger, FAGE Luxembourg (the surviving company in the merger) changed its name to FAGE International S.A. ("FAGE International"). In connection with the merger, FAGE International expressly assumed all of the obligations of Old FAGE Parent, one of the primary obligors of the 2020 Senior Notes.

The consolidated financial statements as at June 30, 2016 and December 31, 2015 include the financial statements of FAGE International S.A. and its subsidiaries listed below:

	Equity interest			
	June 30, 2016	**December 31, 2015**	**Country of incorporation**	
FAGE USA Holdings, Inc. (subgroup analyzed below)	100.0%	100.0%	USA	Holding company of FAGE USA Dairy Industry, Inc., and FAGE USA, Corp.
FAGE Dairy Industry S.A.	100.0%	100.0%	Greece	Greek operating subsidiary with its primary activity being the operation of the Group's Greek production facilities and distribution of its products in Greece.
FAGE Italia S.r.l.	100.0%	100.0%	Italy	Distribution network covering Italy
FAGE U.K. Limited	100.0%	100.0%	United Kingdom	Distribution network covering the United Kingdom
FAGE Deutschland GmbH	100.0%	100.0%	Germany	Distribution network covering Germany

FAGE USA Holdings, Inc. subgroup has the following subsidiaries:

	Equity interest			
	June 30, 2016	**December 31, 2015**	**Country of incorporation**	
FAGE USA Dairy Industry, Inc.	100.0%	100.0%	USA	U.S. operating subsidiary with its primary activity being the operation of the Group's U.S. yogurt production facility and the distribution of its products in the U.S.
FAGE USA, Corp.	100.0%	100.0%	USA	U.S. operating subsidiary with its primary activity being the provision of sales and marketing services to FAGE USA Dairy Industry, Inc.

GOODWILL

During December 2015, the Group decided to withdraw from the milk business and sell all of the property, plant and equipment related to the Amyntaio milk facility. In accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", the carrying value of goodwill for Voras S.A. (Amyntaio facility) amounting to $2,344 was tested for impairment and its carrying value was impaired. An impairment loss was recorded in the consolidated statement of profit or loss for the year ended December 31, 2015.

The carrying value of goodwill reflected in the accompanying consolidated statements of financial position is analyzed as follows:

	June 30, 2016	December 31, 2015
Foods Hellas S.A. (FAGE Dairy Industry S.A.)	1,439	1,411
FAGE Italia S.r.l.	315	309
FAGE U.K. Limited	1,268	1,400
Total	**3,022**	**3,120**

	THE GROUP
Balance at January 1, 2015	**5,966**
Less: Impairment loss (see Note 3)	(2,344)
Less: Foreign currency remeasurement	(502)
Balance at December 31, 2015	**3,120**
Less: Foreign currency remeasurement	(98)
Balance at June 30, 2016	**3,022**

Goodwill is tested annually for impairment in December of each year or more frequently when circumstances indicate that the carrying value maybe impaired. The Group has identified two cash generating units, the European and the U.S.

The annual impairment test for goodwill was based on the value in use approach which was used to determine the recoverable amount of the cash generating units of the Group to which goodwill is allocated. Cash flow projections are based on financial forecasts approved by management covering a five-year period. The pre-tax discount rate applied to cash flow projections was 10.2% and cash flows beyond the five-year period were extrapolated using a 2.0% growth rate, which is the expected average growth rate for the Group's industry.

Management did not identify any impairment at the Group level as a result of this test. As of June 30, 2016, no impairment indications were identified by management.

10. AVAILABLE FOR SALE FINANCIAL ASSETS:

Available for sale financial assets are analyzed as follows:

	June 30, 2016	December 31, 2015
Shares—listed and unlisted:		
Vis S.A. (listed)	344	315
Elbisco Holdings S.A. (unlisted)	174	170
Total Available for Sale Financial Assets in Current Assets	**518**	**485**
Shares—unlisted:		
Packing Hellas Development S.A.	98	96
Total Available for Sale Financial Assets in Non-Current Assets	**98**	**96**

Available for sale financial assets consist of investments in ordinary and preferred shares and, therefore, have no fixed maturity date or coupon rate.

The above-mentioned investments have been classified as available for sale and are carried at their fair value with the difference in the fair values reflected in other comprehensive income/(loss) to be reclassified to profit or loss in a subsequent period, unless a significant or prolonged decline exists, in which case it is included in the consolidated statement of profit or loss.

For the six months ended June 30, 2015, gains of $75 net of deferred income taxes of ($31) were recognized and reported in equity, while losses of $74 were recognized and reported in the statement of profit or loss, as it was determined that the related investments had been impaired. For the six months ended June 30, 2016, gains of $16 net of deferred income taxes of ($7) were recognized and reported in equity.

11. OTHER NON-CURRENT ASSETS:

Other non-current assets are analyzed as follows:

	June 30, 2016	December 31, 2015
Utility deposits	428	420
Other	236	325
	664	**745**

12. INVENTORIES:

Inventories are analyzed as follows:

	June 30, 2016	December 31, 2015
Merchandise	4,717	3,079
Finished and semi-finished products	13,499	15,304
Raw materials and supplies	23,376	19,184
	41,592	37,567
Less assets classified as held for sale (Note 3)	(457)	(1,400)
	41,135	**36,167**

13. TRADE AND OTHER RECEIVABLES:

Trade and other receivables are analyzed as follows:

	June 30, 2016	December 31, 2015
Trade:		
—In U.S. dollars	30,852	29,048
—In foreign currencies	43,455	32,963
	74,307	**62,011**
—Less: allowance for doubtful accounts	(4,034)	(3,856)
	70,273	**58,155**
Other:		
—Value added tax	6,569	8,764
—Prepaid expenses	5,818	1,597
—Advances to suppliers	6,756	9,465
—Various debtors	5,624	6,369
	24,767	**26,195**
—Less: allowance for doubtful accounts	(6,455)	(6,321)
	18,312	**19,874**
	88,585	**78,029**
—Less: assets classified as held for sale (Note 3)	(1,180)	(1,861)
	87,405	**76,168**

The consolidated statements of profit or loss for the six-month period ended June 30, 2016 and 2015, reflect a charge of $110 and $703, respectively, for additional allowance for doubtful accounts.

There was no write-off of accounts receivable during the six-month period ended June 30, 2016 and 2015.

It is the Group's policy to attach liens against the property of most of its delinquent customers. Due to the prolonged and complex legal procedures in Greece, it is not unusual for the collection process to take three to five years before a case is finalized.

14. RELATED PARTIES:

The Group purchases goods and services from and makes sales of goods to certain related companies in the ordinary course of business. Such related companies consist of affiliates or companies which have common ownership and/or management with the Group.

Account balances with related companies are as follows:

	June 30, 2016	December 31, 2015
Due from:		
- Ioannis Nikolou ULP	478	466
- Evga S.A.	-	10
- Agan S.A.	-	3,912
- Hellenic Quality Foods S.A.	48	6,521
- Mornos S.A.	32	2,366
	558	**13,275**
Due to:		
- Mornos S.A.	191	186
- Vis S.A.	114	18
- Agan S.A.	51	-
- G. S. Kostakopoulos & Associates	-	3
- Alpha Phi S.à r.l.	300	351
- Theta Phi S.à r.l.	300	351
	956	**909**

Transactions with related companies for the six-month period ended June 30, 2016 and 2015, are analyzed as follows:

	Purchases from related parties		Sales to related parties	
	Six-month period ended June 30,		Six-month period ended June 30,	
	2016	2015	2016	2015
Inventories, materials and supplies				
- Mornos S.A.	8,447	6,822	36	-
- Vis S.A.	2,052	1,580	23	20
- Hellenic Quality Foods S.A.	8,845	-	-	-
- Iofil S.A.	-	6,915	-	-
- Agan S.A.	4,373	3,508	-	-
- Evga S.A.	-	-	13	48
- Ioannis Nikolou ULP	-	-	39	922
	23,717	**18,825**	**111**	**990**
Advertising and media				
- Iofil S.A.	-	2,640	-	-
	-	**2,640**	-	-
Other services				
- Alpha Phi	1,800	3,600	-	-
- Theta Phi	1,800	167	-	-
- G. S. Kostakopoulos & Associates	155	-	-	-
- Ioannis Nikolou ULP	72	-	-	-
	3,827	**3,767**	-	-
Total	**27,544**	**25,232**	**111**	**990**

Purchases of inventories, materials and supplies from related parties represent approximately 16% and 12% of the Group's total purchases for the six-month period ended June 30, 2016 and 2015, respectively.

Advertising, media buying and other services from related parties represent approximately 8% and 16% of the Group's total respective costs for the six-month period ended June 30, 2016 and 2015, respectively.

15. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are analyzed as follows:

	June 30, 2016	December 31, 2015
Cash in hand	99	79
Cash at banks	96,942	78,174
	97,041	78,253
Less assets classified as held for sale (Note 3)	(6)	(6)
	97,035	**78,247**

Cash at banks earns interest at floating rates based on monthly bank deposit rates. Interest earned on cash at banks and time deposits is accounted for on an accrual basis and amounted to $19 and $11 for the six-month period ended June 30, 2016 and 2015, respectively, and is included in financial income in the accompanying consolidated statements of profit or loss (Note 7).

Cash and cash equivalents for the Group at June 30, 2016, consists of $27,339 denominated in foreign currencies and $69,696 in U.S. dollars ($32,919 and $45,328, respectively, at December 31, 2015).

Restricted cash for the Group at June 30, 2016 and December 31, 2015 consisted of $1,200 relating to a line of credit.

16. INTEREST BEARING LOANS AND BORROWINGS:

Interest bearing loans and borrowings are analyzed as follows:

	June 30, 2016	December 31, 2015
Senior Notes due 2020	400,000	400,000
Total long-term debt	400,000	400,000
Less: Unamortized issuance costs	(14,245)	(15,933)
	385,755	**384,067**

Senior Notes due 2020:

In January 2010, the Group completed the issuance of debt securities (2020 Senior Notes) at an aggregate face amount of $150 million with maturity date on February 1, 2020. The net proceeds of the 2020 Senior Notes, after issuance costs, of approximately $132.9 million were used to (i) redeem $26.4 million of the 2015 Senior Notes and $60.7 million of other long-term debt and (ii) the balance for capital expenditures and other general corporate purposes.

In December 2012, the Group completed the issuance of additional debt securities (2020 Senior Notes) at an aggregate face amount of $250 million with maturity date on February 1, 2020. The net proceeds of these 2020 Senior Notes (after issuance premium and issuance costs) of approximately $239.5 million were used to (i) redeem $138.9 million of the 2015 Senior Notes and the coupon accrued to that date, (ii) repay $22.6 million of short-term borrowings and (iii) the balance for capital expenditures and other general corporate purposes.

The 2020 Senior Notes bore nominal interest at a rate of 9.875% per annum (effective rate 10.75% per annum), payable semi-annually on each February 1 and August 1 commencing on August 1, 2010. The 2020 Senior Notes were redeemable, in whole or in part, at the option of the Group, at any time on or after February 1, 2015. The indebtedness evidenced by the 2020 Senior Notes constituted a general unsecured senior obligation of FAGE International S.A. and ranked *pari passu* in right of payment with all other senior indebtedness and ranked senior in right of payment to all subordinated indebtedness of FAGE International S.A.

The 2020 Senior Notes Indenture contained certain covenants that, among other things, limited the type and amount of additional indebtedness that may be incurred by FAGE International S.A. and its subsidiaries and imposed certain limitations on investments, loans and advances, sales or transfers of assets, liens, dividends and other payments, the ability of FAGE International S.A. and its subsidiaries to enter into sale-leaseback transactions,

certain transactions with affiliates and certain mergers. The Group was in compliance with the terms of the Indenture as of December 31, 2015 and June 30, 2016.

Finance expenses on the Group's interest-bearing loans and borrowings for the six-month period ended June 30, 2016 and 2015, amounted to $21,437 and $21,261, respectively, and are included in financial expenses in the accompanying consolidated statements of profit or loss (Note 7).

The annual principal payments required to be made on all loans subsequent to June 30, 2016 and December 31, 2015 are as follows:

	June 30, 2016	December 31, 2015
2 – 5 years	400,000	400,000
	400,000	**400,000**

17. TRADE ACCOUNTS PAYABLE:

Trade accounts payable are analyzed as follows:

	June 30, 2016	December 31, 2015
Suppliers in U.S. dollars	22,882	21,193
Suppliers in other currencies	13,220	17,834
	36,102	**39,027**
Less liabilities classified as held for distribution (Note 3)	(48)	(1,335)
	36,054	**37,692**

18. SHORT-TERM BORROWINGS:

Short-term borrowings are draw-downs under various lines of credit maintained by the Group with several banks. The use of these facilities is presented below:

	June 30, 2016	December 31, 2015
Credit lines available	46,102	41,532
Unused credit lines	(35,000)	(41,532)
Short-term borrowings	**11,102**	**-**

The weighted average interest rates on short-term borrowings for the six-month period ended June 30, 2016 and 2015, were 3.25% and 2.17%, respectively.

Interest on short-term borrowings for the six-month period ended June 30, 2016 and 2015, totaled $98 and $275, respectively, for the Group and is included in interest expense in the accompanying consolidated statements of profit or loss (Note 7). Amortization of fees for the revolving credit facility of FAGE USA Dairy Industry, Inc. for the six-month period ended June 30, 2016 and 2015, amounted to $299 and $177, respectively, and is included in interest expense in the accompanying consolidated statements of profit or loss (Note 7).

The available credit lines for the FAGE Group as of June 30, 2016 amounted to $46,102 of which $35,000 was provided by Citibank, N.A. in the United States and secured by accounts receivable and certain inventory of FAGE USA Dairy Industry, Inc. and $11,102 was provided by a revolving credit line with Alpha Bank in Greece.

19. ACCRUED AND OTHER CURRENT LIABILITIES:

The amount reflected in the accompanying consolidated statements of financial position is analyzed as follows:

	June 30, 2016	December 31, 2015
Taxes withheld:		
Payroll	638	937
Third parties	364	10
Milk producers	6	5
Other	94	1,043
	1,102	**1,995**
Advances from customers	134	2,943
Accrued interest	16,523	16,491
Social security funds payable	899	1,217
Accrued and other liabilities	21,736	17,398
	39,158	**35,106**
Total	**40,394**	**40,044**
Less liabilities classified as held for sale (Note 3)	(705)	(2,737)
	39,689	**37,307**

20. SEGMENT INFORMATION:

The Group produces dairy products and operates primarily in the United States, Greece and other European countries. Due to the nature of the products and the manner in which they are marketed to customers, the business is operated and managed as one business segment distinguished between the European operations and the U.S. operations. Accordingly, no operating results by individual or group of products are produced and neither are the Group's assets and liabilities analyzed by various product groups. Intra-segment balances and transactions have been eliminated on consolidation.

Segment information for the six-month period ended June 30, 2016 and 2015, is analyzed as follows:

	Six-month period ended June 30, 2016			
	European operations	U.S. operations	Eliminations	Consolidated
Revenues				
Net sales to external customers	122,404	216,832	-	339,236
Inter-segment sales	90,905	-	(90,905)	-
Segment revenues	213,309	216,832	(90,905)	339,236
Results				
Profit/(loss) before income taxes	(20,470)	61,375	-	40,905
Segment result net profit/(loss)	(21,200)	50,834	-	29,634
Other segment information:				
Capital expenditures:				
Tangible and intangible fixed assets	2,955	9,638	-	12,593
Depreciation and amortization	5,107	10,561	-	15,668
Financial expenses	10,645	11,238	-	21,883
Income tax expense	730	10,541	-	11,271

	Six-month period ended June 30, 2015			
	European operations	**U.S. Operations**	**Eliminations**	**Consolidated**
Revenues				
Net sales to external customers	119,671	207,942	-	327,613
Inter-segment sales	63,872	-	(63,872)	-
Segment revenues	183,543	207,942	(63,872)	327,613
Results				
Profit before income taxes	13,299	23,688	-	36,987
Segment result net profit	9,694	15,338	-	25,032
Other segment information:				
Capital expenditures:				
Tangible and intangible fixed assets	3,076	13,872	-	16,948
Depreciation and amortization	5,572	9,833	-	15,405
Financial expenses	10,934	11,013	(96)	21,851
Income tax expense	3,605	8,350	-	11,955

The following table presents segment assets and liabilities of the Group as at June 30, 2016 and December 31, 2015.

June 30, 2016	**European operations**	**U.S. operations**	**Eliminations**	**Consolidated**
Segment assets	361,595	443,149	(107,599)	697,145
Segment liabilities	357,127	279,787	(107,599)	529,315

December 31, 2015	**European operations**	**U.S. operations**	**Eliminations**	**Consolidated**
Segment assets	371,228	412,711	(99,326)	684,613
Segment liabilities	324,917	300,086	(99,326)	525,677

21. CONTINGENCIES AND COMMITMENTS:

(a) Litigation and claims:

(i) From time to time, lawsuits have been filed against FAGE Dairy Industry S.A. by milk producers claiming damages and loss of income due to alleged violations of the rules of Greek anti-trust law relating to the Company's case with the Hellenic Competition Commission, which was irrevocably closed in 2013. There are currently two of these lawsuits pending against FAGE Dairy Industry S.A. before Greek Courts of First Instance, which the Company believes are entirely without merit. The claims of the foregoing plaintiffs so far have been rejected.

(ii) The Group is involved in various other legal proceedings incidental to the conduct of its business. Management does not believe that the outcome of any of these other legal proceedings will have a material adverse effect on the Group's financial condition or results of operations. The Group maintains product liability insurance that it believes is adequate at the present time in light of the Group's prior experience.

(b) Commitments:

(i) Operating Lease Commitments:

As of June 30, 2016 and 2015, the Group has entered into a number of operating lease agreements relating to the rental of buildings and transportation equipment, most of which expire on various dates through 2020.

Rental expense included in the accompanying consolidated statements of profit or loss for the six-month period ended June 30, 2016 and 2015, amounted to $1,343 and $1,280, respectively.

Future undiscounted minimum rentals payable under non-cancelable operating leases as at June 30, 2016 and December 31, 2015, are as follows:

	June 30, 2016	December 31, 2015
Within one year	980	969
1-5 years	2,575	2,590
Over 5 years	80	253
Total	**3,635**	**3,812**

(ii) Finance Lease Commitments:

As of June 30, 2016, the Group has entered into finance leases covering packaging machinery at its facility in Amyntaio, Greece. Future undiscounted minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	June 30, 2016		December 31, 2015	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	84	70	111	90
1-5 years	301	301	323	319
Total minimum lease payments	385	371	434	409
Less amounts representing finance charges	(14)	-	(25)	-
Present value of minimum lease payments	**371**	**371**	**409**	**409**

(iii) Letters of Guarantee:

At June 30, 2016 and December 31, 2015, the Group had outstanding bank letters of guarantee in favor of various parties amounting to $801 and $1,280, respectively. Such guarantees have been provided for the good execution of agreements and for participation in the related biddings.

(iv) Investment in USA:

To meet increasing demand in the U.S. market, the Group is engaged in expanding its production and warehouse capacity. The Group has signed agreements with various suppliers and contractors related to this expansion. Future minimum amounts payable under these agreements as at June 30, 2016 amounted to $13,285, all of which are due within one year. Of the total future amounts payable, $7,199 is denominated in Euro.

22. RISK MANAGEMENT OBJECTIVES AND POLICIES

a) ***Credit Risk:*** The Group's maximum exposure to credit risk, due to the failure of counterparties to perform their obligations as at June 30, 2016 and December 31, 2015, in relation to each class of recognized financial assets, is the carrying amount of those assets as indicated in the accompanying consolidated statement of financial position. Concentrations of credit risks are limited with respect to receivables due to the large number of customers comprising the Group's customer base. The Group generally does not require collateral or other security to support customer receivables. There was no customer that accounted for more than 10% of the Group's revenue or receivables.

b) ***Financial Instruments:*** Set out below is a comparison by category of carrying amounts and fair values of all of the financial instruments that are carried in the interim condensed consolidated financial statements:

	Carrying amount		**Fair value**	
	June 30, 2016	**December 31, 2015**	**June 30, 2016**	**December 31, 2015**
Non financial assets:				
Land	44,169	43,330	44,169	43,330
Financial assets:				
Cash and cash equivalents	97,035	78,247	97,035	78,247
Restricted cash	1,200	1,200	1,200	1,200
Available-for-sale investments	616	581	616	581
Trade and other receivables	87,405	76,168	87,405	76,168
Due from related parties	558	13,275	558	13,275
Financial liabilities:				
Short-term borrowings	11,102	-	11,102	-
Interest-bearing loans and borrowings:				
Fixed-rate borrowings	385,755	384,067	414,000	415,500
Due to related parties	956	909	956	909

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuing technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Fair value		**Fair value hierarchy**
	June 30, 2016	**December 31, 2015**	
Financial assets:			
Available-for-sale investments	344	315	Level 1
Available-for-sale investments	272	266	Level 2
Financial liabilities:			
Fixed-rate borrowings	414,000	415,500	Level 1

23. SUBSEQUENT EVENTS

On July 28, 2016, FAGE International announced that it plans to build a new yogurt manufacturing facility in Luxembourg by the end of 2018. The new facility will provide additional production capacity to serve the FAGE Group's markets outside of the Americas. The Luxembourg facility will supplement the capacity provided by the FAGE Group's existing facilities in Greece, where the FAGE Group's business began in 1926 and where manufacturing operations will continue. The FAGE Group expects to invest approximately $100,000,000 in the

new facility over the next two years, all or substantially all of which will be funded through operating cash flows. When fully operational, the FAGE Group expects that the new facility initially will contribute an additional 40,000 tons of yogurt production capacity annually.

On August 3, 2016, the Group completed the issuance of additional debt securities (the Senior Notes) at an aggregate face amount of $420 million with maturity date on August 15, 2026. The net proceeds of the Senior Notes (after issuance premium and issuance costs) of approximately $413.2 million will be used to redeem all of the outstanding 2020 Senior Notes and the coupon accrued to that date. In connection with the issuance of the Senior Notes, the Group has given irrevocable notice to redeem, on September 2, 2016, all of the outstanding 2020 Senior Notes.