FAGE INTERNATIONAL S.A.

HALF-YEARLY REPORT
For the Six Months
Ended June 30, 2019

August 12, 2019

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, 2019. 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 2018 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.

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 145, Rue du Kiem, L-8030 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 home.fage. 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 USA Holdings, Inc., FAGE USA Dairy Industry, Inc., FAGE USA, Corp., FAGE Dairy Industry S.A., FAGE U.K. Limited, FAGE Italia S.r.l. (prior to its merger with and into FAGE International S.A. on October 15, 2018) and FAGE Deutschland GmbH (prior to its liquidation on September 27, 2018)). The FAGE Group operates principally in the United States, the Hellenic Republic, also known as Greece, the Grand Duchy of Luxembourg and the United Kingdom.

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:

"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 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) as 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

FAGE International and FAGE USA are the two primary obligors of the Senior Notes.

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

The consolidated financial information for the FAGE Group has been presented as of and for the six months ended June 30, 2019 and 2018, 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 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. $1.1380 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, 2019.

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, 2019 and 2018, 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 Information Resources International ("IRI"). 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 Luxembourg and 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 Theo V. Sioufas & Co, 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

Results of Operations for the FAGE Group for the Six Months Ended June 30, 2019 and 2018

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,		Three months ended June 30,	
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
Sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	(59.9)	(54.3)	(59.8)	(55.1)
Gross profit	40.1	45.7	40.2	44.9
Selling, general and administrative expenses	(27.6)	(29.6)	(27.5)	(29.3)
Other income	0.1	0.2	-	0.2
Other expenses	(0.3)	(0.2)	(0.1)	(0.2)
Operating profit for the period	12.3	16.1	12.6	15.6
Financial income/(expenses), net	(4.8)	(4.1)	(4.8)	(3.9)
Foreign exchange gains/(losses), net	(0.7)	(0.4)	(0.3)	(1.9)
Profit before income taxes	6.8	11.6	7.5	9.8
Income tax expense	(1.3)	(2.8)	(0.5)	(2.5)
Net profit	5.5%	8.8%	7.0%	7.3%

Six months ended June 30, 2019 compared to six months ended June 30, 2018

Sales. Our sales in value for the six months ended June 30, 2019 amounted to $258.3 million, a decrease of $36.6 million, or 12.4%, compared to sales in value of $294.9 million for the six months ended June 30, 2018. This resulted mainly from decreases in sales in value in the United States, Greece and the United Kingdom by 14.2%, 18.5% and 5.5%, respectively. This was partially offset by an increase of 0.8% in sales in Italy.

This decrease in sales in value for the six months ended June 30, 2019, as compared to the six months ended June 30, 2018, is mainly due to: first, the decrease in our sales in volume by 5.2%; second, the decrease in the average net selling price across all markets by 4.5%; and third, the negative impact of 2.7% due to the strengthening of the U.S. dollar against the Euro and the British Pound (the exchange rates the six months ended June 30, 2019 and 2018, were 1€ = $1.1315 and 1€ = $1.2071 and 1£ = $1.2960 and 1£ = $1.3716, respectively).

Our sales in volume for the six months ended June 30, 2019 decreased by 5.2% as compared to the six months ended June 30, 2018. This resulted mainly from decreases in sales in volume in the United States and Greece by 11.6% and 0.9%, respectively, which were partially offset by increases in sales in volume in Italy and the United Kingdom by 9.5% and 7.6%, respectively.

Our sales in value outside of Greece accounted for 85.3% of our total sales in value for the six months ended June 30, 2019, as compared to 84.2% for the six months ended June 30, 2018.

Gross profit. Gross profit for the six months ended June 30, 2019 was $103.5 million, a decrease of $31.4 million, or 23.3%, from $134.9 million for the six months ended June 30, 2018. Gross profit as a percentage of sales for the six months ended June 30, 2019 was 40.1%, compared to 45.7% for the six months ended June 30, 2018. The main reason for this decrease was the increase in the prices of milk used in both the U.S. facility and the European facilities by 15.4% and 34.5%, respectively.

*Selling, general and administrative expenses. S*elling, general and administrative expenses ("SG&A") for the six months ended June 30, 2019 were $ 71.3 million, a decrease of $ 15.9 million, or 18.2%, from $87.2 million for the six months ended June 30, 2018. This decrease is mainly due to the decrease in advertising expenses. As a percentage of sales, SG&A was 27.6% for the six months ended June 30, 2019 and 29.6% for the six months ended June 30, 2018.

Other income/(expenses), net. Net other expenses for the six months ended June 30, 2019 amounted to $0.5 million. Net other income for the six months ended June 30, 2018 amounted to $1,000 (one thousand U.S. $).

Operating profit. Operating profit for the six months ended June 30, 2019 was $31.7 million, a decrease of $16.0 million, or 33.5 %, as compared to operating profit of $47.7 million for the six months ended June 30, 2018. As a percentage of sales, operating profit was 12.3% for the six months ended June 30, 2019 as compared to 16.1% for the six months ended June 30, 2018. This is mainly due to the decrease in gross profit, which was partially offset by the decrease in SG&A.

Financial income/(expenses), net. Net financial expenses for the six months ended June 30, 2019 were $12.4 million compared to $12.0 million for the six months ended June 30, 2018. Financial income/(expenses), net as a percentage of sales was 4.8% for the six months ended June 30, 2019 and 4.1% for the six months ended June 30, 2018.

Foreign exchange (losses)/gains, net. Net foreign exchange losses for the six months ended June 30, 2019 were $1.7 million compared to $1.4 million for the six months ended June 30, 2018.

Profit before income taxes. Profit before income taxes for the six months ended June 30, 2019 was $17.6 million, as compared to $34.3 million for the six months ended June 30, 2018.

Income tax expense. Income tax expense for the six months ended June 30, 2019 was $3.4 million, as compared to $8.3 million for the six months ended June 30, 2018.

Net profit. Net profit for the six months ended June 30, 2019 was $14.2 million, as compared to net profit of $26.0 million for the six months ended June 30, 2018.

Three months ended June 30, 2019 compared to three months ended June 30, 2018

Sales. Our sales in value for the three months ended June 30, 2019 amounted to $130.5 million, a decrease of $17.3 million, or 11.7%, compared to sales in value of $147.8 million for the three months ended June 30, 2018. This resulted mainly from decreases in sales in value in the United States, Greece and the United Kingdom by 14.5%, 16.0% and 7.5%, respectively, which were partially offset by an increase in sales in value in Italy by 5.3%.

This decrease in sales in value for the three months ended June 30, 2019, as compared to the three months ended June 30, 2018, is mainly due to: first, the decrease in our sales in volume by 5.3%; second, the decrease in the average net selling price across all markets by 4.2%; and third, the negative impact of 2.2% due to the strengthening of the U.S. dollar against the Euro and the British Pound (the exchange rates for the three months ended June 30, 2019 and 2018, were 1€ = $1.1250 and 1€ = $1.1812 and 1£ = $1.2755 and 1£ = $1.3410, respectively).

Our sales in volume for the three months ended June 30, 2019 decreased by 5.3% as compared to the three months ended June 30, 2018. This resulted mainly from a decrease in sales in volume in the United States by 11.6%, which was partially offset by increases in sales in volume in Italy, the United Kingdom and Greece by 7.2%, 3.6% and 2.0%, respectively.

Our sales in value outside of Greece accounted for 84.6% of our total sales in value for the three months ended June 30, 2019, as compared to 83.8% for the three months ended June 30, 2018.

Gross profit. Gross profit for the three months ended June 30, 2019 was $52.4 million, a decrease of $13.9 million, or 21.0%, from $66.3 million for the three months ended June 30, 2018. Gross profit as a percentage of sales for the three months ended June 30, 2019 was 40.2%, compared to 44.9% for the three months ended June 30, 2018. The main reason for this decrease was the increase in the prices of milk used in both the U.S. facility and the European facilities by 13.1% and 35.1%, respectively.

*Selling, general and administrative expenses. S*elling, general and administrative expenses ("SG&A") for the three months ended June 30, 2019 were $35.9 million, a decrease of $7.3 million, or 16.9%, from $43.2 million for the three months ended June 30, 2018. This decrease is mainly due to the decrease in advertising expenses. As a percentage of sales, SG&A was 27.5% for the three months ended June 30, 2019 and 29.3% for the three months ended June 30, 2018.

Other income/(expenses), net. Net other expenses for both the three months ended June 30, 2019 and 2018, amounted to $0.1 million.

Operating profit. Operating profit for the three months ended June 30, 2019 was $16.5 million, a decrease of $6.5 million, or 28.3%, as compared to operating profit of $23.0 million for the three months ended June 30, 2018. As a percentage of sales, operating profit was 12.6% for the three months ended June 30, 2019 as compared to 15.6% for the three months ended June 30, 2018. This is mainly due to the decrease in gross profit, which was partially offset by the decrease in SG&A.

Financial income/(expenses), net. Net financial expenses amounted to $6.2 million for the three months ended June 30, 2019, an increase of $0.5 million from $5.7 million for the three months ended June 30, 2018. Financial income/(expenses), net as a percentage of sales was 4.8% for the three months ended June 30, 2019 and 3.9% for the three months ended June 30, 2018.

Foreign exchange (losses)/gains, net. Net foreign exchange losses for the three months ended June 30, 2019 were $0.5 million compared to $2.8 million for the three months ended June 30, 2018.

Profit before income taxes. Profit before income taxes for the three months ended June 30, 2019 was $9.8 million, as compared to profit before income taxes of $14.5 million for the three months ended June 30, 2018.

Income tax expense. Income tax expense for the three months ended June 30, 2019 was $0.7 million, as compared to income tax expenses of $3.7 million for the three months ended June 30, 2018.

Net profit. Net profit for the three months ended June 30, 2019 was $9.1 million, as compared to net profit of $10.8 million for the three months ended June 30, 2018.

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 (primarily interest on the Senior Notes), shareholder payments, capital expenditures and working capital. 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, 2019 amounted to $46.4 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 and €10.0 million ($11.4 million equivalent) was provided by a revolving credit line with Alpha Bank in Greece. Out of the available credit lines as of June 30, 2019, the unused portion amounted to $46.4 million (see Note 18). The available credit lines for the Group as of December 31, 2018 amounted to $46.5 million.

Cash at banks and cash equivalents as of June 30, 2019 amounted to $127.9 million compared to $129.8 million as of December 31, 2018 (See Note 15).

We believe that this amount of our cash at banks and cash equivalents ($127.9 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,	
	2019	**2018**
	($ thousands)	
Cash flow from/(used in) operating activities	36,069	68,135
Cash flow from/(used in) investing activities	(6,003)	(22,260)
Cash flow from/(used in) financing activities	(32,545)	(44,178)
Effect of exchange rates changes on cash	635	(501)
Cash and cash equivalents at beginning of period	129,787	128,452
Cash and cash equivalents at period-end	**127,943**	**129,648**

Cash flow from/(used in) operating activities. Net cash from operating activities for the six months ended June 30, 2019 was $36.1 million, compared to net cash from operating activities of $68.1 million for the six months ended June 30, 2018. This is mainly due to: first, the decrease in the profit before taxes; and second, the working capital changes, which decreased from $7.9 million in the six months ended June 30, 2018 to $(9.3) million in the six months ended June 30, 2019. This decrease is mainly due to the decrease in trade accounts payable and accrued and other current liabilities.

Cash flow from/(used in) investing activities. Net cash used in investing activities amounted to $6.0 million and $22.3 million for the six months ended June 30, 2019 and 2018, respectively. Out of the capital expenditures of $10.6 million in the first six months of 2019, $7.2 million is related to capital expenditures for the U.S. facility, $1.6 million is related to capital expenditures (primarily maintenance) for the facilities in Greece and $1.8 million is related to our new manufacturing facility in Luxembourg.

Cash flow from/(used in) financing activities. Net cash used in financing activities for the six months ended June 30, 2019 was $32.5 million, which mainly reflects $12.0 million of interest paid and $20.0 million of dividends and share premium paid. Net cash used in financing activities for the six months ended June 30, 2018 was $44.2 million. This resulted from $12.1 million of interest paid, $12.1 million of repayment of short-term borrowings and $20.0 million of dividends and share premium paid.

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, 2019 amounted to $46.8 million, as compared to $61.5 million for the six months ended June 30, 2018. The reconciliation of net profit to EBITDA is as follows:

	Six months ended June 30,	
	2019	**2018**
	($ thousands)	
Net profit	14,187	25,989
Income tax expense	3,387	8,305
Financial (income)/expenses, net	12,420	12,033
Depreciation and amortization	16,772	15,139
EBITDA................................	**46,766**	**61,466**

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 cash and cash equivalents) of the Group as of June 30, 2019 amounted to $284.3 million, as compared to $282.0 million as of December 31, 2018.

Principal Risks and Uncertainties for the Remaining Six Months of 2019

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 our primary markets;
- 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, 2019	December 31, 2018
	($ thousands)	
Due from:		
- Dimitrios Nikolou Single Member P.C.	483	485
- EMFI S.A.	15	26
- Hellenic Quality Foods S.A.	417	465
- Palace S.A.	-	21
	915	**997**
Due to:		
- Mornos S.A.	393	68
- Vis S.A.	26	23
- Palace S.A.	24	-
	443	**91**

Transactions with related companies for the six months ended June 30, 2019 and 2018, are analyzed as follows:

	Purchases from related parties		Sales to related parties	
	2019	**2018**	**2019**	**2018**
	($ thousands)			
Inventories, materials and supplies	8,234	13,197	86	135
Other services	3,676	3,847	-	-
	11,910	**17,044**	**86**	**135**

INDEX TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX- AND THREE-MONTH PERIODS ENDED JUNE 30, 2019

FAGE INTERNATIONAL S.A.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019
(All amounts in thousands of U.S. dollars, except share and per share data)

(UNAUDITED)

	Notes	Six months ended June 30, 2019	2018
Sales		258,343	294,864
Cost of sales		(154,860)	(159,967)
Gross profit		**103,483**	**134,897**
Selling, general and administrative expenses	5	(71,339)	(87,180)
Other income		212	527
Other expenses		(680)	(526)
OPERATING PROFIT FOR THE PERIOD		**31,676**	**47,718**
Financial expenses	6	(12,526)	(12,456)
Financial income	6	106	423
Foreign exchange gains/(losses), net		(1,682)	(1,391)
PROFIT FOR THE PERIOD BEFORE INCOME TAXES		**17,574**	**34,294**
Income tax expense	7	(3,387)	(8,305)
NET PROFIT		**14,187**	**25,989**
Attributable to:		14,187	25,989
Equity holders of the parent		**14,187**	**25,989**
Earnings per share			
Basic and diluted		14.19	25.99
Weighted average number of shares, basic and diluted		**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, 2019
(All amounts in thousands of U.S. dollars, except share and per share data)

(UNAUDITED)

	Notes	Three months ended June 30, 2019	2018
Sales		130,461	147,755
Cost of sales		(78,037)	(81,430)
Gross profit		**52,424**	**66,325**
Selling, general and administrative expenses	5	(35,857)	(43,242)
Other income		48	244
Other expenses		(165)	(337)
OPERATING PROFIT FOR THE PERIOD		**16,450**	**22,990**
Financial expenses	6	(6,274)	(6,007)
Financial income	6	61	277
Foreign exchange gains/(losses), net		(481)	(2,794)
PROFIT FOR THE PERIOD BEFORE INCOME TAXES		**9,756**	**14,466**
Income tax expense	7	(664)	(3,698)
NET PROFIT		**9,092**	**10,768**
Attributable to:		9,092	10,768
Equity holders of the parent		**9,092**	**10,768**
Earnings per share			
Basic and diluted		9.09	10.77
Weighted average number of shares, basic and diluted		**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, 2019
(All amounts in thousands of U.S. dollars)

(UNAUDITED)

		Six-month period ended June 30,		Three-month period ended June 30,	
	Notes	**2019**	**2018**	**2019**	**2018**
Net profit for the period		**14,187**	**25,989**	**9,092**	**10,768**
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:					
Exchange gains/(losses) on translation of foreign operations		(260)	(2,864)	605	(6,363)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		**(260)**	**(2,864)**	**605**	**(6,363)**
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:					
Remeasurement losses on defined benefit plans		(80)	(10)	(40)	(5)
Income tax		20	3	10	2
		(60)	(7)	(30)	(3)
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods		**(60)**	**(7)**	**(30)**	**(3)**
Other comprehensive income/(loss) for the period, net of tax		**(320)**	**(2,871)**	**575**	**(6,366)**
Total comprehensive income for the period, net of tax		**13,867**	**23,118**	**9,667**	**4,402**
Attributable to:					
Equity holders of the parent		13,867	23,118	9,667	4,402
		13,867	**23,118**	**9,667**	**4,402**

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

FAGE INTERNATIONAL S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019
(All amounts in thousands of U.S. dollars)
(UNAUDITED)

	Notes	June 30, 2019	December 31, 2018
ASSETS			
Non-Current Assets			
Property, plant and equipment		436,661	450,306
Right-of-use leased assets	8	2,118	-
Intangible assets		2,486	2,094
Goodwill	9	2,673	2,692
Available for sale financial assets	10	100	101
Other non-current assets	11	455	429
Deferred income taxes		79,275	80,598
Total non-current assets		**523,768**	**536,220**
Current Assets:			
Inventories	12	39,994	39,163
Trade and other receivables	13	78,471	69,998
Due from related companies	14	915	997
Prepaid income taxes		24	771
Cash and cash equivalents	15	127,943	129,787
Total current assets		**247,347**	**240,716**
TOTAL ASSETS		**771,115**	**776,936**
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent Company			
Share capital		1,000	1,000
Share premium		4,547	6,839
Other reserves		459	459
Land revaluation surplus		34,404	34,404
Reversal of fixed assets statutory revaluation surplus		(44,410)	(44,410)
Legal, tax free and special reserves		52,016	52,016
Retained earnings		239,240	242,761
Other components of equity		(26,346)	(26,026)
Total Equity		**260,910**	**267,043**
Non-Current Liabilities			
Interest-bearing loans and borrowings	16	412,222	411,781
Provision for staff retirement indemnities		3,993	3,926
Deferred income taxes		33,192	33,834
Non-current liabilities from finance leases	8	1,273	-
Total non-current liabilities		**450,680**	**449,541**
Current Liabilities:			
Trade accounts payable	17	28,430	24,224
Due to related companies	14	443	91
Short-term borrowings	18	-	-
Income taxes payable		5,169	5,987
Accrued and other current liabilities	19(a)	24,494	30,050
Current liabilities from finance leases	19(b)	989	-
Total current liabilities		**59,525**	**60,352**
Total liabilities		**510,205**	**509,893**
TOTAL EQUITY AND LIABILITIES		**771,115**	**776,936**

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, 2019
(All amounts in thousands of U.S. dollars)

(UNAUDITED)

	Share capital	Share premium	Land revaluation surplus	Reversal of fixed assets statutory revaluation surplus	Legal, tax free and special reserves	Other reserves	Retained earnings/ (losses)	Actuarial gains/ (losses)	Foreign exchange gains/ (losses)	Total equity
Balance December 31, 2018	**1,000**	**6,839**	**34,404**	**(44,410)**	**52,016**	**459**	**242,761**	**(552)**	**(25,474)**	**267,043**
Profit for the period	-	-	-	-	-	-	14,187	-	-	14,187
Other comprehensive loss	-	-	-	-	-	-	-	(60)	(260)	(320)
Total comprehensive income/(loss)	-	-	-	-	-	-	**14,187**	**(60)**	**(260)**	**13,867**
Dividend distribution from share premium	-	(2,292)	-	-	-	-	(17,708)	-	-	(20,000)
Balance, June 30, 2019	**1,000**	**4,547**	**34,404**	**(44,410)**	**52,016**	**459**	**239,240**	**(612)**	**(25,734)**	**260,910**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018
(All amounts in thousands of U.S. dollars)

(UNAUDITED)

	Share capital	Share premium	Land revaluation surplus	Reversal of fixed assets statutory revaluation surplus	Legal, tax free and special reserves	Other reserves	Retained earnings	Actuarial gains/ (losses)	Foreign exchange gains/ (losses)	Total equity
Balance December 31, 2017	**1,000**	**18,778**	**33,583**	**(44,410)**	**37,528**	**459**	**243,949**	**(288)**	**(21,120)**	**269,479**
Profit for the period	-	-	-	-	-	-	25,989	-	-	25,989
Other comprehensive income/(loss)	-	-	-	-	-	-	-	(7)	(2,864)	(2,871)
Total comprehensive income/(loss)	-	-	-	-	-	-	**25,989**	**(7)**	**(2,864)**	**23,118**
Dividend distribution from share premium	-	(8,292)	-	-	-	-	(11,708)	-	-	(20,000)
Balance, June 30, 2018	**1,000**	**10,486**	**33,583**	**(44,410)**	**37,528**	**459**	**258,230**	**(295)**	**(23,984)**	**272,597**

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, 2019
(All amounts in thousands of U.S. dollars)
(UNAUDITED)

		June 30,	
	Notes	**2019**	**2018**
Operating Activities:			
Profit before income taxes		17,574	34,294
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation and amortization	4	16,136	15,139
Amortization of right of use leased assets		636	-
Provision for staff retirement indemnities		517	100
Provision for doubtful accounts receivable		59	-
Financial income	6	(106)	(420)
Financial expenses	6	12,509	12,456
Interest on financial leasing		17	-
(Gain)/loss from valuation of non-current assets on fair value		-	(3)
(Gain)/loss on disposal of property, plant and equipment		(31)	9
Operating profit before working capital changes		**47,311**	**61,575**
(Increase)/Decrease in:			
Inventories	12	(831)	(4,110)
Trade and other receivables	13	(8,532)	(8,808)
Due from related companies	14	82	288
Increase/(Decrease) in:			
Trade accounts payable	17	4,206	15,595
Due to related companies	14	352	(307)
Accrued and other current liabilities	19	(4,566)	5,240
Working capital changes		**(9,289)**	**7,898**
Income taxes paid		(2,694)	(1,190)
Payment of staff indemnities		(506)	(93)
(Increase)/decrease in other non-current assets	11	(26)	(55)
Decrease in other non-current liabilities		1,273	-
Net Cash from Operating Activities		**36,069**	**68,135**
Investing Activities:			
Capital expenditure for property, plant and equipment		(10,588)	(23,812)
Additions to intangible assets		(697)	(87)
Proceeds from disposal of property, plant and equipment and reversal of advances for construction in progress not realized		5,176	1,219
Interest and other related income received	6	106	420
Net Cash used in Investing Activities		**(6,003)**	**(22,260)**
Financing Activities:			
Repayments of short and long-term borrowings		-	(12,071)
Payment of lease liabilities		(509)	-
Interest paid		(12,036)	(12,107)
Dividends paid to equity holders of the parent		(20,000)	(20,000)
Net Cash used in Financing Activities		**(32,545)**	**(44,178)**
Net increase/(decrease) in cash and cash equivalents		**(2,479)**	**1,697**
Effect of exchange rates changes on cash		635	(501)
Cash and cash equivalents at beginning of period	15	129,787	128,452
Cash and cash equivalents at June 30	15	**127,943**	**129,648**

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 145, Rue du Kiem, L-8030 Strassen, 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 171651.

References to the Group include, unless the context requires otherwise, FAGE International and its wholly owned subsidiaries consolidated therewith:

- FAGE USA Holdings, Inc., United States
- FAGE USA, Corp., United States
- FAGE USA Dairy Industry, Inc., United States
- FAGE Dairy Industry S.A., Greece
- FAGE U.K. Limited, United Kingdom
- FAGE Italia S.r.l. (merged with and into FAGE International S.A. in October 2018), Italy
- FAGE Deutschland GmbH (liquidated in 2018), Germany

The FAGE Group operates principally in the United States, the Hellenic Republic, also known as Greece, the Grand Duchy of Luxembourg and the United Kingdom.

On October 15, 2018, FAGE Italia S.r.l. merged with and into FAGE International S.A.

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, 2018. 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, 2018 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, 2019. These changes are as follows:

- **IFRS 16: Leases**
  The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The Group decided to apply the modified retrospective approach, in which the lessee does not restate comparative figures. Instead, the lessee will recognize the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application. Details of the new requirements for the Group's financial statements are described in Note 8.

  The following table explains the impact on the statement of financial position as at January 1, 2019:

	Amount
Assets	
Property, plant and equipment (right-of-use assets)	**2,118**
Deferred income tax	165
	2,283

(Amounts in all tables and notes are presented in thousands of U.S. dollars unless otherwise stated)

	Amount
Liabilities	
Property, plant and equipment (right-of-use assets)	**2,262**
Deferred income tax	128
	2,390
Net impact on equity	**(107)**

- **IFRIC INTERPRETATION 23: Uncertainty over Income Tax Treatments**
  The Interpretation is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. This Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognize and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation. This Interpretation has not yet been endorsed by the EU. Management is currently assessing whether the Interpretation will have any impact on the Group's consolidated financial position or results of operations.

- **Amendments to IFRS 9, Prepayment Features with Negative Compensation**
  The amendments are effective for annual periods beginning on or after January 1, 2019. The amendments are not yet endorsed by the EU. Management considers that the amendments will not have an impact on the Group's consolidated financial position or results of operations.

- **Amendments to IAS 19: Plan Amendment, Curtailment or Settlement**
  The amendments apply to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments or settlements of the Group.

- **Amendments to IAS 28: Long-term interests in associates and joint ventures**
  The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests. The amendments also clarify that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures. The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. Since the Group does not have such long-term interests in its associates and joint ventures, the amendments will not have an impact on its consolidated financial statements.

- **Annual Improvements 2015-2017 Cycle (issued in December 2017)**
  The amendments are effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The standards affected, and the subjects of the amendments, are IFRS 3 Business Combinations and IFRS 11 Joint Arrangements – previously held interest in a joint operation, IAS 12 Income Taxes – income tax consequences of payments on financial instruments classified as equity and IAS 23 Borrowing Costs – borrowing costs eligible for capitalization. This Interpretation has not yet been endorsed by the EU. Management has assessed that the amendments will not have an impact on the Group's consolidated financial position or results of operations.

Standards issued but not yet effective and not early adopted

- **IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management considers that the amendments will not have an impact on the Group's consolidated financial position or results of operations.

- **IFRS 17, Insurance Contracts**
  The standard is effective for annual periods beginning on or after January 1, 2021 and has not yet been endorsed by the EU. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, reinsurance contracts held and investment contracts with discretionary participation features issued. Management does not expect that this standard will have an impact on the Group's consolidated financial position or results of operations.

(Amounts in all tables and notes are presented in thousands of U.S. dollars unless otherwise stated)

3. PAYROLL COST:

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

	June 30,	
	2019	**2018**
Wages and salaries	22,829	25,230
Social security costs	3,047	3,378
Provision for staff retirement indemnities	511	65
Other staff costs	3,272	3,576
Total payroll	**29,659**	**32,249**
Less: amounts charged to cost of production	(15,474)	(17,337)
amounts capitalized to tangible and intangible assets	(215)	(217)
Payroll expensed (Note 5)	**13,970**	**14,695**

The Group's total number of employees as of June 30, 2019 and 2018, was 923 and 1,046, respectively.

Amounts paid to directors and executive officers included in payroll are described in Note 5.

4. DEPRECIATION AND AMORTIZATION:

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

	June 30,	
	2019	**2018**
Depreciation of property, plant and equipment	15,835	14,849
Amortization of right-of-use leased assets	636	-
Amortization of intangible assets	301	290
Total depreciation and amortization	**16,772**	**15,139**
Less: amounts charged to cost of production	(13,051)	(12,163)
Depreciation and amortization expensed (Note 5)	**3,721**	**2,976**

5. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:

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

	June 30,	
	2019	**2018**
Shipping and handling costs	19,352	21,378
Advertising costs	22,108	31,293
Third party fees	6,980	10,971
Payroll (Note 3)	13,970	14,695
Depreciation and amortization (Note 4)	3,721	2,976
Repairs and maintenance	675	735
Travelling and entertainment	852	896
Allowance for doubtful accounts (Note 13)	59	-
Other	3,622	4,236
Total	**71,339**	**87,180**

Compensation paid to directors and executive officers for the six months ended June 30, 2019 and 2018, included in payroll and third party fees, amounted to $4,699 and $5,725, respectively. Of these amounts, $2,862 and $3,809 have been paid to members of the Filippou family for the six months ended June 30, 2019 and 2018, respectively.

(Amounts in all tables and notes are presented in thousands of U.S. dollars unless otherwise stated)

6. FINANCIAL INCOME AND EXPENSES:

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

	June 30, 2019	June 30, 2018
Financial expenses on loans and borrowings	(12,096)	(12,084)
Interest on short-term borrowings	(66)	(271)
Amortization of fees for revolving credit facility	(29)	(29)
Finance leasing interest expense (Note 8)	(17)	-
Other	(318)	(72)
Total financial expenses	**(12,526)**	**(12,456)**
Interest earned on cash at banks and on time deposits	106	420
Interest income on non-current assets	-	3
Total financial income	**106**	**423**
Total financial income/(expense), net	**(12,420)**	**(12,033)**

7. INCOME TAXES:

In accordance with Luxembourg tax regulations, the corporate tax rate for fiscal years 2019 and 2018 is 26.01%.

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

	June 30, 2019	June 30, 2018
Income taxes:		
Current income tax expense	2,623	4,569
Deferred income tax expense	764	3,736
Total income tax reported in the statements of income	**3,387**	**8,305**

8. IFRS 16 - LEASES:

The impact of the adoption of IFRS 16 adoption for the six months ended June 30, 2019 is as follows:

	June 30, 2019
Assets	
Right-of-use leased assets January 1, 2019	**2,754**
Amortization of right-of-use leased assets	(636)
Right-of-use leased assets June 30, 2019	**2,118**
Liabilities	
Total liabilities from leases January 1, 2019	**2,754**
Liabilities from leases – rental expenses	(509)
Interest expenses from leases	17
Total liabilities from leases June 30, 2019	**2,262**
Analyzed to:	
Non-current liabilities from leases	1,273
Current liabilities from leases (Note 19(b))	989
Total liabilities from leases June 30, 2019	**2,262**
Impact on Profit or Loss Statement	
Interest expenses from leases	(17)
Amortization of right-of-use leased assets	(636)
Liabilities from leases – rental expenses	509
Gross impact on Profit or Loss Statement June 30, 2019	**(144)**
Deferred tax	37
Net impact on Profit or Loss Statement June 30, 2019	**(107)**

(Amounts in all tables and notes are presented in thousands of U.S. dollars unless otherwise stated)

9. CONSOLIDATED SUBSIDIARIES AND GOODWILL

CONSOLIDATED SUBSIDIARIES

The consolidated financial statements as at June 30, 2019 and December 31, 2018 include the financial statements of FAGE International and its subsidiaries listed below:

	Equity interest			
	June 30, 2019	**December 31, 2018**	**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.	-	-	Italy	Distribution network covering Italy – merged with and into FAGE International S.A. on October 15, 2018.
FAGE U.K. Limited	100.0%	100.0%	United Kingdom	Distribution network covering the United Kingdom.
FAGE Deutschland GmbH	-	-	Germany	Distribution network covering Germany- liquidated in September 2018.

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

	Equity interest			
	June 30, 2019	**December 31, 2018**	**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. 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.

(Amounts in all tables and notes are presented in thousands of U.S. dollars unless otherwise stated)

GOODWILL

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

	June 30, 2019	December 31, 2018
Foods Hellas S.A. (FAGE Dairy Industry S.A.)	1,475	1,484
FAGE U.K. Limited	1,198	1,208
Total	**2,673**	**2,692**

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 as described in Note 2.5(d) of the Annual Report 2018, 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 12.1% and cash flows beyond the five-year period were extrapolated using a 0.0% 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.

Sensitivity to changes in assumptions
With regard to the assessment of value in use of the cash generating units of the Group, management believes that a reasonable change in any of the above key assumptions would not cause the current value of these cash generating units to materially exceed their recoverable amounts.

10. AVAILABLE FOR SALE FINANCIAL ASSETS:

Available for sale financial assets are analyzed as follows:

	June 30, 2019	December 31, 2018
Shares—unlisted:		
Packing Hellas Development S.A.	100	101
Total Available for Sale Financial Assets in Non-Current Assets	**100**	**101**

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

The aforementioned 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) unless a significant or prolonged decline exists, in which case it is included in the consolidated statement of profit or loss.

11. OTHER NON-CURRENT ASSETS:

Other non-current assets are analyzed as follows:

	June 30, 2019	December 31, 2018
Utility deposits	398	401
Other	57	28
	455	**429**

(Amounts in all tables and notes are presented in thousands of U.S. dollars unless otherwise stated)

12. INVENTORIES:

Inventories are analyzed as follows:

	June 30, 2019	December 31, 2018
Merchandise	303	291
Finished and semi-finished products	16,351	15,615
Raw materials and supplies	23,340	23,257
	39,994	**39,163**

13. TRADE AND OTHER RECEIVABLES:

Trade and other receivables are analyzed as follows:

	June 30, 2019	December 31, 2018
Trade:		
—In U.S. dollars	26,348	23,144
—In foreign currencies	44,832	37,350
	71,180	**60,494**
—Less: allowance for doubtful accounts	(3,510)	(3,469)
	67,670	**57,025**
Other:		
—Value added tax	9,844	10,725
—Prepaid expenses	634	1,507
—Advances to suppliers	1,269	1,326
—Various debtors	921	1,293
	12,668	**14,851**
—Less: allowance for doubtful accounts	(1,867)	(1,878)
	10,801	**12,973**
	78,471	**69,998**

The change in the allowance for doubtful accounts between December 31, 2018 and June 30, 2019 was as follows:

	Trade	Other	Total
Balance at December 31, 2018	**3,469**	**1,878**	**5,347**
Provision (Note 5)	59	-	59
Foreign currency remeasurement	(18)	(11)	(29)
Balance at June 30, 2019	**3,510**	**1,867**	**5,377**

There was no write-off of accounts receivable during the six months ended June 30, 2019 and 2018.

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:

(Amounts in all tables and notes are presented in thousands of U.S. dollars unless otherwise stated)

	June 30, 2019	December 31, 2018
Due from:		
- Dimitrios Nikolou Single Member P.C.	483	485
- EMFI S.A.	15	26
- Hellenic Quality Foods S.A.	417	465
- Palace S.A.	-	21
	915	**997**
Due to:		
- Mornos S.A.	393	68
- Vis S.A.	26	23
- Palace S.A.	24	-
	443	**91**

Transactions with related companies for the six months ended June 30, 2019 and 2018, are analyzed as follows:

	Purchases from related parties		**Sales to related parties**	
	Six months ended June 30,		**Six months ended June 30,**	
	2019	**2018**	**2019**	**2018**
Inventories, materials and supplies				
- Mornos S.A.	6,496	8,092	5	6
- Vis S.A.	419	719	4	4
- Hellenic Quality Foods S.A.	673	2,388	5	4
- Palace S.A.	646	1,998	-	-
- EMFI S.A.	-	-	28	91
- Dimitrios Nikolou Single Member P.C.	-	-	44	30
	8,234	**13,197**	**86**	**135**
Other services				
- Alpha Phi	1,800	1,800	-	-
- Theta Phi	1,800	1,800	-	-
- G. S. Kostakopoulos & Associates	-	172	-	-
- Dimitrios Nikolou Single Member P.C.	76	75	-	-
	3,676	**3,847**	**-**	**-**
Total	**11,910**	**17,044**	**86**	**135**

Purchases of inventories, materials and supplies from related parties represent approximately 6% and 11% of the Group's total purchases for the six months ended June 30, 2019 and 2018, respectively.

Other services from related parties represent approximately 14% and 11% of the Group's total costs for the six months ended June 30, 2019 and 2018, respectively.

15. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are analyzed as follows:

	June 30, 2019	December 31, 2018
Cash in hand	143	107
Cash at banks	127,800	129,680
	127,943	**129,787**

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 $106 and $420 for the six months ended June 30, 2019 and 2018, respectively, and is included in financial income in the accompanying consolidated statements of profit or loss (Note 6).

Cash and cash equivalents for the Group at June 30, 2019 consists of $13,463 denominated in foreign currencies and $114,480 in U.S. dollars ($46,700 and $83,087, respectively, at December 31, 2018).

There was no restricted cash at June 30, 2019 or December 31, 2018.

(Amounts in all tables and notes are presented in thousands of U.S. dollars unless otherwise stated)

16. INTEREST BEARING LOANS AND BORROWINGS:

Interest bearing loans and borrowings are analyzed as follows:

	June 30, 2019	December 31, 2018
Senior Notes due 2026	420,000	420,000
Less: Unamortized issuance costs	(7,778)	(8,219)
	412,222	**411,781**

On August 3, 2016, the Group completed the issuance of debt securities (the Senior Notes) at an aggregate face amount of $420 million with maturity date on August 15, 2026. The Senior Notes bear interest at a rate of 5.625% per annum, payable semi-annually in arrears on each February 15 and August 15 commencing on February 15, 2017. The Senior Notes are redeemable, in whole or in part, at the option of the Group, at any time on or after August 15, 2021. The indebtedness evidenced by the Senior Notes constitutes a general unsecured senior obligation of FAGE International S.A. and ranks *pari passu* in right of payment with all other senior indebtedness and ranks senior in right of payment to all subordinated indebtedness of FAGE International S.A.

The Senior Notes Indenture contains certain covenants that, among other things, limit the type and amount of additional indebtedness that may be incurred by FAGE International S.A. and its subsidiaries and impose 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 Senior Notes Indenture as of June 30, 2019.

Finance expenses on the Group's interest-bearing loans and borrowings for the six months ended June 30, 2019 and 2018, amounted to $12,096 and $12,084, respectively, and are included in financial expenses in the accompanying consolidated statements of profit or loss (Note 6).

The annual principal payments required to be made on all loans subsequent to June 30, 2019 and December 31, 2018 are as follows:

	June 30, 2019	December 31, 2018
2 – 5 years	-	-
Over 5 years	420,000	420,000
	420,000	**420,000**

17. TRADE ACCOUNTS PAYABLE:

Trade accounts payable are analyzed as follows:

	June 30, 2019	December 31, 2018
Suppliers in U.S. dollars	14,209	15,243
Suppliers in other currencies	14,221	8,981
	28,430	**24,224**

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, 2019	December 31, 2018
Credit lines available	46,380	46,450
Unused credit lines	(46,380)	(46,450)
Short-term borrowings	**-**	**-**

The weighted average interest rate on short-term borrowings for the six months ended June 30, 2018 was 5.44%. As of June 30, 2019, the Group had no short-term borrowings.

Interest on short-term borrowings for the six months ended June 30, 2019 and 2018, totaled $66 and $271 respectively, for the Group and is included in interest expense in the accompanying consolidated statements of profit or loss (Note 6). Amortization of fees for the revolving credit facility of FAGE USA Dairy Industry, Inc. for the six months ended June 30, 2019 and 2018, amounted to $29 and $29, respectively, and is included in interest expense in the accompanying consolidated statements of profit or loss (Note 6).

(Amounts in all tables and notes are presented in thousands of U.S. dollars unless otherwise stated)

The available credit lines for the FAGE Group as of June 30, 2019 amounted to $46,380 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 $11,380 was provided by a revolving credit line with Alpha Bank in Greece.

19. ACCRUED AND OTHER CURRENT LIABILITIES – CURRENT LIABILITIES FROM LEASES:

(a) Accrued and other current liabilities:

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

	June 30, 2019	December 31, 2018
Taxes withheld:		
Payroll	436	1,034
Third parties	464	582
Other	177	174
	1,077	**1,790**
Advances from customers	**255**	**332**
Accrued interest	8,892	8,893
Social security funds payable	615	1,161
Accrued and other liabilities	13,655	17,874
	23,162	**27,928**
	24,494	**30,050**

(b) Current liabilities from leases:

	June 30, 2019	December 31, 2018
Current liabilities from leases (Note 8)	989	-
Total current liabilities from leases	**989**	-

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 months ended June 30, 2019 and 2018, is analyzed as follows:

	Six months ended June 30, 2019			
	European operations	**U.S. operations**	**Eliminations**	**Consolidated**
Revenues				
Net sales to external customers	106,541	151,802	-	258,343
Inter-segment sales	56,335	-	(56,335)	-
Segment revenues	162,876	151,802	(56,335)	258,343
Results				
Profit/(loss) before income taxes	12,200	5,374	-	17,574
Segment result net profit/(loss)	9,964	4,223	-	14,187
Other segment information:				
Capital expenditures:				
Tangible and intangible fixed assets	4,059	7,226	-	11,285
Depreciation and amortization	4,460	12,312	-	16,772

(Amounts in all tables and notes are presented in thousands of U.S. dollars unless otherwise stated)

Financial expenses/(income), net	9,461	2,959	-	12,420
Income tax expense	2,236	1,151	-	3,387

	Six months ended June 30, 2018			
	European operations	**U.S. operations**	**Eliminations**	**Consolidated**
Revenues				
Net sales to external customers	117,880	176,984	-	294,864
Inter-segment sales	85,533	-	(85,533)	-
Segment revenues	203,413	176,984	(85,533)	294,864
Results				
Profit/(loss) before income taxes	28,478	5,816	-	34,294
Segment result net profit/(loss)	21,424	4,565	-	25,989
Other segment information:				
Capital expenditures:				
Tangible and intangible fixed assets	6,398	17,501	-	23,899
Depreciation and amortization	3,896	11,243	-	15,139
Financial expenses/(income), net	7,989	4,044	-	12,033
Income tax expense	7,054	1,251	-	8,305

The following table presents segment assets and liabilities of the Group as at June 30, 2019 and December 31, 2018.

June 30, 2019	**European operations**	**U.S. operations**	**Eliminations**	**Consolidated**
Segment assets	429,762	437,118	(95,765)	771,115
Segment liabilities	404,422	201,548	(95,765)	510,205

December 31, 2018	**European operations**	**U.S. operations**	**Eliminations**	**Consolidated**
Segment assets	448,921	441,266	(113,251)	776,936
Segment liabilities	413,225	209,919	(113,251)	509,893

21. CONTINGENCIES AND COMMITMENTS:

(a) Litigation and claims:

(i) From time to time, lawsuits have been filed against FAGE Greece by milk producers claiming damages and loss of income due to alleged violations of the rules of Greek anti-trust law relating to FAGE Greece's case with the Hellenic Competition Commission, which was irrevocably closed in 2013. There are currently two of these lawsuits pending against FAGE Greece before the Greek Courts of First Instance, which the Group 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:

(Amounts in all tables and notes are presented in thousands of U.S. dollars unless otherwise stated)

As of June 30, 2019 and 2018, 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 2022.

Rental expense included in the accompanying consolidated statements of profit or loss for the six months ended June 30, 2019 and 2018, amounted to $1,289 and $1,609, respectively.

Future undiscounted minimum rentals payable under non-cancelable operating leases as at June 30, 2019 and December 31, 2018 are as follows:

	June 30, 2019	December 31, 2018
Within one year	1,484	1,072
1-5 years	1,591	1,877
Total	**3,075**	**2,949**

(ii) Letters of Guarantee:

At June 30, 2019 and December 31, 2018, the Group had outstanding bank letters of guarantee in favor of various parties amounting to $270 and $272, respectively. Such guarantees have been provided for the good execution of agreements and for participation in the related biddings.

(iii) Investment in USA:

To remain current in the U.S. market, the Group is engaged in modifications to the Johnstown facility. The Group has signed agreements with various suppliers and contractors related to these modifications. Future minimum amounts payable under these agreements as at June 30, 2019 amounted to $7,408, all of which is due within the next twelve months. Of the total future amounts payable, $4,695 is denominated in Euro.

(iv) Investment in New Facility in Luxembourg:

The Company has decided to construct its New Manufacturing Facility in Luxembourg to meet increasing European demand. The Group has signed agreements with various suppliers and contractors related to this construction. Future minimum amounts payable under these agreements as at June 30, 2019 amounted to $26,145, all of which is denominated in Euro. Most of these amounts are due between one and five years.

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, 2019 and December 31, 2018, 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, 2019	**December 31, 2018**	**June 30, 2019**	**December 31, 2018**
Non-financial assets				
Land	71,808	72,055	71,808	72,055
Financial assets				
Cash and cash equivalents	127,943	129,787	127,943	129,787
Available-for-sale investments	100	101	100	101
Trade and other receivables	78,471	69,998	78,471	69,998
Due from related companies	915	997	915	997
Financial liabilities				
Interest-bearing loans and borrowings	412,222	411,781	371,175	353,325
Short-term borrowings	-	-	-	-
Trade accounts payables	28,430	24,224	28,430	24,224
Due to related companies	443	91	443	91
Accrued and other liabilities	24,494	30,050	24,494	30,050

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, 2019	**December 31, 2018**	
Financial assets:			
Available-for-sale investments	100	101	Level 2
Financial liabilities:			
Fixed-rate borrowings	371,175	353,325	Level 1