“AS COMPANY”

Board of Directors’ Report

on Interim Financial Statements for fiscal 2015

Period 1.1.2015 -30.6.2015

August 27th, 2015

Dear Shareholders,

We hereby submit, pursuant to provisions of Law 3556/2007, Law 2190/1920 as it is in effect and the Articles of Association of our company, the Board of Directors’ Report, including the information of par. 6, 7 and 8 of Article 4 of Law 3556/2007, the Financial Statements as of 30.06.2015, the Notes to the Financial Statements, as prescribed by the International Financial Reporting Standards (IFRS), and the relevant Independent Auditor’s Report. for the period 01.01.2015 to 30.06.2015

This Report contains information regarding AS COMPANY Societe Anonyme, as well as financial information, which aim to update the shareholders on the company’s financial status, results, overall activity and the changes reported during the period 01.01.2015 - 30.06.2015. Moreover, apart from addressing the potential and the most important corporate prospects & risks, the Report states any important events taking place in the aforementioned period, plus their repercussions on the Company’s Financial Statements.

A. Financial Overview

The overall economic activity during the first half of 2015 (H1 2015) was negatively affected by the uncertainty caused by the Greek Governments’ failure to achieve an agreement with the so called ‘Institutions’ (or Troika

ECB, IMF, EU). The outcome of the negotiations was the declaration of a Bank Holiday by the Greek State which started on June 28th, 2015 accompanied by capital controls. Despite the agreement reached on the stabilisation of Greece at the Euro Summit held on July 12th, 2015, the outlook of the Greek economy will be negative
at least until the end of the current year

The Company, despite the evident economic crisis during H1 2015, succeeded to increase its turnover by +3,1% as compared to the turnover of the relative period of 2014, decrease its bank borrowings and to maintain liquidity at satisfactory levels.

The Company's key financial figures for H1 2015 (01.01.2015 - 30.06.2015), compared to figures of the H1 2014 are stated below:

** Figures in million €*	**30.06.2015**	**30.06.2014**	**Δ %**
Turnover	10.250	9.939	3,1%
EBIDTA	1.907	2.016	-5,4%
EBT	1.535	1.829	-16,1%
EAT	1.202	1.371	-12,4%
Earnings per share (€)	0,0458	0,0522	-12,3%

During H1 2015 turnover reached €10.250m versus €9.939m H1 2014, thus reporting an increase of +3,1%. This increase is mainly attributed to the improvement on sales in the national market by +1,8% , while export sales have increased by +12,9% over last year.

Pre-tax profits decreased by -16,1% to €1.535m versus €1,829m H1 2014 while after-tax profits reported a decrease of -12,4% to €1.202m. The main reason for the decrease in profitability is the fall of gross profit margin by -2.7%, which stems from the increased costs of imported goods due to the enhancement of the USD $ versus Euro € (H1 2014 average €/$ 1.3708 compared to H1 2015 average €/$ 1.1166).

At the same time, EBITDA decreased by -5,4%, to €1.907m versus €2.016m of H1 2014

Earnings before tax: The drop on profits on H1 2015 compared to H1 2014 is attributed to:

A. Turnover - Sales volume increase	+	162,141.78
B. Decrease of % gross margin	-	(268,919.79)
C. Increase of operating expenses	-	(6,700.01)
D. Increase of financial expenses	-	(180,792.18)
E. Increase of other operating income	+	4,716.55
F. Increase of depreciation	-	(4,273.72)
Total change of the pre-tax profits	-	(293,827.37)

Bank borrowings: The status of Bank Debt on 30.06.2015 was as follows:

	30.06.2015	**31.12.2014**
Total Bank borrowings	2,375,000.00	2,633,757.59
Less : Cash Reserves & Investments	-5,197,714.75	- 7,650,836.11
Net Debt (surplus)	-2,822,714.75	-5,017,078.52
Equity	20,882,380.70	20,730,678.69
Leverage Ratio	-13.5%	-24.2%

The leverage ratio is negative, verifying the sound financial status of the Company, with cash reserves & investments exceeding the bank borrowings by €2.822m

The decrease on leverage ratio is mainly attributed to share capital payback to shareholders amounting €1,050,081.60.

The operating cash flow of H1 2015 was negative by €-1.240m versus positive +€0.172m of H1 2014.

Working capital: The comparable figures for the working capital are as follows:

** Figures in €*	**30/6/2015**	**30/6/2014**
Current Assets	21.755.170,65	21.865.495,04
Current Liabilities	-4.471.650,95	-7.544.099,24
Working capital	17.283.519,70	14.321.395,80
% on turnover	168,62%	144,09%

Inventory amounted €3.695m compared to €3.533m of H1 2014, representing 13% of Total Assets as to 12,0% of H1 2014; this increase is attributed to the turnover increase.

As far as the inventory and its seasonality, it is hereby stated that the Company's management is trying with great difficulty caused by the strict capital controls to ensure the smooth delivery of imports planned for Q4 2015.

Earnings per share: Earnings per share drop to 4.58 cents compared to 5.22 cents of H1 2014, reporting a decrease of -12.3%

Key Financial Ratios: Some of the key financial ratios are stated below:

a. **Activity & Capital Structure Ratios**

	30/06/2015	**30/06/2014**
Current Assets/Total Assets	76,50%	74,34 %
Equity/ Total Liabilities	276,38%	222,30%
Equity/ Fixed assets	314,11%	294,79%
Current Assets/Current Liabilities	486,51%	289,84%

b. Efficiency & Profitability Ratios

	30/06/2015	30/06/2014
EBITDA/Turnover	18,61%	20,28%
Gross Margin Ratio	52,24%	54,94%

B. Important Events

The important events which took place during H1 2015 were the following:

The Ordinary Shareholders' Meeting held on May 5th 2015 unanimously:

i. Approved the Financial Statements of 31.12.2014

ii. Approved the proposal made by the Board of Directors not to distribute dividends

iii. Released the Members of the Board of Directors and the Auditors from any liability for their activity during the fiscal year 2014

iv. Decided on the appointment of BDO Certified Public Accountants SA as Certified Auditors for the fiscal year 2015

v. Approved the remuneration of the Members of the Board of Directors for fiscal year 2014 and pre-approval the remuneration of the Board of Directors for 2the fiscal year 015

vi. Elected the new Board of Directors due to the end of term of the existing Board of Directors

vii. Decided on the reduction of share capital by 4 cents per share and payback to the shareholders

viii. Decided on the amendment of Article 5 of the current codified Articles of Association

On May 18th 2015, the National Registry under its Decision No. 53432/18.5.2015 approved the amendment of Article 5 of the Articles of Association and the share capital was reduced by €1,050,081.60. The nominal value of each share was reduced from €0.38 to €0.34. On June 17th, 2015 the Company paid the amount of €1,050,081.60 to its shareholders.

C. CORPORATE PROSPECTS - 2nd Semester 2015

According to revised forecasts, 2015 will be another year of recession resulting in employment and consumer’s purchasing power reduction. The banking sector is still in a precarious position and urgently requires a new round of recapitalisation. Although an agreement was reached at the Euro Summit on July 12^{th,} ,2015 the Greek Economy will need time to recover. In addition the announcement of general elections - for a third time during 2015 - on September 20th, 2015 will also add to the negative impact on business, employment, growth and private consumption.

Operating in this business environment, the most adverse of recent decades, the Company's management strives to redefine its strategic goals with an emphasis on strict cost controls and the increase of liquidity.

The Company’s management in co-operation with cooperating banks strive on a daily basis to minimize the negative impact stemming from the imposed capital controls which are an obstacle in the smooth importation and supply of the Company’s products.

The main risks and uncertainties that the Company’s management is called upon to manage are:

- The capital controls imposed which delay the timely receipt of imports of products, whose orders have been processed from the beginning of the year to meet the increased demand, especially in the 4th quarter of 2015
- The cancellation of the Company’s product orders by foreign suppliers due to the Company’s inability to make payments on the agreed upon payment dates as a result of capital controls. This will result in turnover slowdown, especially in the period of November - December, the amount of which cannot be estimated at the time of writing
- New additional tax charges, as a result of the Greek government's agreement with the so called Institutions, which are expected to reduce consumers' purchasing power and demand in general. This will result

in the reduction of demand in all sectors with a negative impact on the Company's sales as well

- Further strengthening of the US Dollar against the Euro, which will increase the cost of our imports, thus reducing the gross profit margin and overall profitability
- The unfavorable economic situation of the domestic market, which create risks for bad debts and negative cash flows. The Company's management has implemented credit terms and controls where the loss of revenues due to the decrease sales will be offset by the potential loss of bad debts.

A key factor for the decrease in profitability during the first half of 2015 was the strengthened USD $versus the EURO € which had a negative impact on the gross profit margin since the majority of the Company's imports are in USD $. A continued weakening EURO € versus the USD $ in the H2 2015 will have a negative impact on the gross profit margin and the final profitability of the Company.

The Company's target in the current adverse economic environment is to moderate the negative impacts on its financial results for fiscal years 2015 and 2016.

During the second half of 2015, the company will endeavor:

- To achieve turnover which will not deviate substantially from the turnover of last year
- To develop even more AS Company branded products (own brand) with higher gross profit margins than the average gross profit margin of the Company
- To utilize the existing infrastructure to add to the existing product portfolio other international branded products whose companies seek a financially sound distributor such as AS Company.

- to apply tight overhead controls in all operating levels of the Company. During the first half of the current year, operating expenses remained at (€3.447m) the same level as compared to the first half of the last year (€3.445m). The operating expenses as a % of total turnover were at 33.6% versus 34.7% of H1 2014. The policy for effective control on the operational expenses will continue throughout the second half of 2015 as well.