

**ETPA PACKAGING S.A.  
CORPORATE FINANCIAL STATEMENTS  
FOR FY ENDING AS AT DECEMBER 31, 2016  
UNDER THE INTERNATIONAL FINANCIAL  
REPORTING STANDARDS (IFRS),  
ADOPTED BY THE EUROPEAN UNION**

The attached Financial Statements were approved by the Board of Directors of ETPA PACKAGING S.A. as of June 19<sup>th</sup>, 2017 and have been published on the Company's website [www.etpapakaging.com](http://www.etpapakaging.com). It is noted that the condensed financial statements which have been published aim at providing the reader with a general view on the Company's financial position and results, but do not provide the reader with a complete picture of the financial position and developments as well as cash flows of the Company, according to the IFRS.

**THE CHAIRMAN OF THE  
BoD AND CHIEF  
EXECUTIVE OFFICER  
IOANNIS NTRENOGIANNIS**



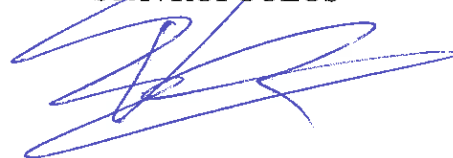
**THE CHIEF FINANCIAL  
OFFICER**

**PANAGIOTIS SKOPLAKIS**



**THE CHIEF ACCOUNTANT**

**AGAMEMNON  
STAVROPOULOS**



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## **Independent Auditor's Report**

To the Shareholders of the company ETPA PACKAGING S.A.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Company ETPA PACKAGING S.A., which comprise the Statement of Financial Position as at December 31, 2016, the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing incorporated into the Greek Legislation (GOVERNMENT GAZETTE /B'/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

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

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company ETPA PACKAGING S.A. as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

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

Taking into consideration the fact that under the provisions of Par. 5, Article 2 (part B), Law 4336/2015, the management is responsible for the preparation of the Board of Directors' Report, the following is to be noted:

**ETPA PACKAGING S.A.**

**NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016**

- a) In our opinion, the Board of Directors' Report has been prepared in compliance with the effective legal requirements of Articles 43a, CL 2190/1920, and its content corresponds to the accompanying separate financial statements for the year ended as at 31/12/2016.
- b) Based on the knowledge we acquired during our audit, we have not identified any material misstatements in the Board of Directors' Report in relation to the Company ETPA PACKAGING S.A. and its environment.

Athens, 19/6/2017



Dimitris Panterlis  
SOEL Reg. No : 38651



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## ETPA PACKAGING S.A.

### NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

#### Annual Report of the Board of Directors of ETPA PACKAGING S.A. for FY 1/1/-31/12/2016

Dear Shareholders,

According to the provisions of Law 2190/1920, we are submitting to your attention the current Annual Report of the Board of Directors for the 20<sup>th</sup> fiscal year of the Company ETPA PACKAGING S.A. (1/1/2016-31/12/2016). The present financial year is the first year when the Company publishes the financial statements in accordance with the International Financial Reporting Standards (IFRS).

The current Report provides a summary of financial information about the financial position and results of the Company ETPA PACKAGING S.A., a description of the significant events that took place during the closing financial year, a description of significant events that occurred after the date of preparation of the statement of financial position, a description of the projected course of the Company's operations, information regarding the management of significant financial risks faced by the Company, a presentation of significant transactions between the Company and its related parties as well as other information about the Company.

#### **A. Summary financial information about the Company**

The development of the Company's operations for FY 2016 and the summarized financial results are as follows:

**Sales:** The Company's sales during FY 2016 amounted to € 11,61 million versus € 11,46 million in 2015, recording an increase of 1,24%.

**Gross Profit:** Gross Profit of the Company during FY 2016 stood at € 4,03 million versus € 4,13 million, recording a decrease of 2,57%.

**Administrative expenses:** The administrative expenses of the Company amounted to € 1,96 million in 2016, recording an increase of 20,91%.

**Distribution expenses:** Distribution expenses decreased by 0,90% from € 836k in 2015 to € 829k in 2016.

**EBITDA:** Earnings before interest, taxes depreciation and amortization amounted to € 1,7 million compared to € 2,2 million during the previous year.

**Profit before taxes:** Profit before tax for FY 2016 amounted to € 0,61 million versus € 1,1 million during the previous year.

**Net profit after taxes:** The Company recorded profit after tax in 2016 amounting to € 416k versus € 950 k in the previous year.

#### **Other financial ratios**

The following tables present the Company's key financial ratios:

## ETPA PACKAGING S.A.

### NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

	31/12/2016	31/12/2015
<b>LIQUIDITY RATIOS</b>		
Current Ratio	1,18	1,03
Average Collection Period (days)	145,40	156,12
Average payment period (days)	-80,41	-102,15
Inventory turnover (days)	-67,78	-73,03
Asset Turnover	0,59	0,57
<b>EFFICIENCY RATIOS</b>		
Gross Margin	34,69%	36,05%
Profit Margin	3,58%	8,29%
Return on equity	7,30%	17,95%
<b>Capital Structure</b>		
Equity to Total Assets	29,16%	26,48%
Equity to Debt	41,17%	35,02%
Equity to Assets	51,12%	45,58%

#### **B. Significant events that occurred during the current year**

The following events took place within the closing FY:

- In the beginning of 2015, the company adopted the International Financial Reporting Standards for the preparation of the Financial Statements.
- Submission of accession for Investment Law 4399/2016 for the purchase of innovative equipment and pre-approval of the new business plan.
- Liquidity and capital structure of the company was improved.

#### **C. Prospects and objectives for FY 2017**

Regarding the prospects and objectives for 2017, the company Management expects that:

- In 2017, company is planning to expand production facilities, renew and purchase production equipment to enter into new markets. Moreover during 2017 investment in renewal of hardware and software will be completed. In cooperation with advisors a new integrated information enterprise resource planning system (ERP) will be designed. These investments will be part of the new development law as debt has already been approved.

#### **D. Risks and uncertainties**

##### **Financial risks management**

The Company is exposed to various financial risks, the main of which have to do with the price fluctuation risk, credit risk, liquidity risk and cash flows risk. The relevant risk management policies of the company aim at minimizing the negative effects that such risks may have on the company's financial position and performance.

Risk management is carried out by the Finance Department of the Company and the relevant policies are approved by the Board of Directors. The financial risk management involves recognition, assessment and hedging financial risks in close cooperation with the operating units of the Company.

##### *Price fluctuation risk:*

There are contracts with customers and suppliers of 1-1,5 years maturity.

Changes in the suppliers price can be directly passed on to customers as long as the differences in basic Raw Material are substantial, such as the global oil prices.

##### *Credit risk:*

New clients credit rating is examined, while as far as the existing clients are concerned, their

## **ETPA PACKAGING S.A.**

### **NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016**

credit ranking is periodically assessed in cooperation with Tiresias and ICAP. Moreover, the Company collaborates with the DAS regarding the issues of small and medium customers' past due balances as well as with the lawyer regarding the issues of large customers' past due balances.

#### Liquidity risk

Stocks of both - raw materials and finished goods - are liquid within 12 months given that they are based on the customers' orders under annual contracts. The company neither produces, nor purchases raw materials for stock.

The company's working capital is positive and amounts to € 1,18 million.

The customers' payment terms range between 3 and 6 months in respect of the customers with positive credit rating. As far as the other customers are concerned, prepayment of the consideration is required.

#### Cash flows risk:

The company capitalizes its assets earlier in respect of customers cheques in the context of financing lines for working capital and by assigning invoices to a factoring company under the relative contract.

### **E. Related parties transactions**

Significant transactions between the Company and related parties within the meaning of IAS 24 during the current year are as follows:

#### *Amounts in Euro*

	<u>1/1-31/12/2016</u>	<u>1/1-31/12/2015</u>
Salaries and Social security costs	158.792	154.284
Fees to members of the BoD	1.191.230	909.343
Termination benefits	0	0
Other long-term benefits	0	0
Stock option	0	0
<b>Total</b>	<u>1.350.022</u>	<u>1.063.627</u>

**ETPA PACKAGING S.A.**

**NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016**

**Transactions with related parties**

*Amounts in Euro '000*

**a) Asset accounts**

	<b>Company</b>	
	<b>31/12/2016</b>	<b>31/12/2015</b>
Trade and other receivables	-	-
Cash, cash equivalents & restricted cash	-	-
Other Receivables	-	-
Accrued income	-	-
Discontinued operations	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**b) Liability accounts**

	<b>31/12/2016</b>	<b>31/12/2015</b>
Loans	0	140.475
Other liabilities	2.127	1.184
<b>Total</b>	<b>2.127</b>	<b>141.659</b>

**c) Income**

	<b>31/12/2016</b>	<b>31/12/2015</b>
Inventory sales	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**d) Expenses**

	<b>31/12/2016</b>	<b>31/12/2015</b>
Third party expenses	1.350.022	1.063.627
Financial expenses	7.711	27.036
<b>Total</b>	<b>1.357.733</b>	<b>1.090.664</b>

All kinds of remuneration of members of the Management and Key Executives of the Company and the Company during FY 1/1-31/12/2016 amounted to € 1.350.022. As at 31/12/2016, company has no receivables to the members of the Board of Directors and Key Executives.

Metamorposi, June 19, 2017

As and on behalf of the Board of Directors,  
The Chairman and the CEO

Ioannis Drenogiannis

# ETPA PACKAGING S.A.

## NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

### Statement of Financial Position

	Notes	31/12/2016	31/12/2015
<b>Assets</b>			
<b>Non-Current Assets</b>			
Tangible assets	3	11.149.264	11.607.658
Investment property		0	0
Goodwill		0	0
Other Intangible Assets	4	10.209	14.273
Investments in Subsidiaries		0	0
Investments accounted for using the equity method		0	0
Other non current assets	5	549.067	393.570
Deferred tax asset	12	560.726	549.604
<b>Non-Current Assets</b>		<b>12.269.265</b>	<b>12.565.105</b>
<b>Current Assets</b>			
Inventories	6	1.425.661	1.389.664
Trade and other receivables	7	4.527.624	4.720.452
Other current assets	8	747.058	935.430
Trading portfolio and financial assets measured at fair value through P&L		0	0
Cash, cash equivalents & restricted cash	9	572.762	367.534
<b>Current Assets</b>		<b>7.273.105</b>	<b>7.413.081</b>
Non-current assets classified as held for sale			
<b>Total Assets</b>		<b>19.542.370</b>	<b>19.978.186</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	10	2.434.070	2.434.070
Share premium	10	724.644	724.644
Other reserves	11	1.487.593	1.494.809
Retained earnings		636.908	-313.278
Profit for the period		415.980	950.187
<b>Equity attributable to owners of the Parent</b>		<b>5.699.195</b>	<b>5.290.431</b>
Non-controlling interests			
<b>Total Equity</b>		<b>5.699.195</b>	<b>5.290.431</b>
<b>Non-current liabilities</b>			
Deferred tax liability	12	902.523	842.326
Accrued pension and retirement obligations	13	222.520	196.655
Government grants	14	1.573.808	1.697.598
Long-term borrowings	16	4.048.532	3.742.323
Non-Current Provisions	17	55.000	55.000
Other long-term liabilities	15	896.054	930.212
<b>Non-current liabilities</b>		<b>7.698.437</b>	<b>7.464.114</b>
<b>Current Liabilities</b>			
Trade and other payables	18	1.526.838	1.813.079
Tax payable		146.678	111.016
Short-term debt	16	3.731.792	4.479.142
Current portion of non-current provisions	17	0	0
Other current liabilities	19	739.430	820.404
<b>Current Liabilities</b>		<b>6.144.738</b>	<b>7.223.641</b>
<b>Total Liabilities</b>		<b>13.843.175</b>	<b>14.687.755</b>
Liabilities directly associated with non-current assets held for sale			
<b>Total Equity and Liabilities</b>		<b>19.542.370</b>	<b>19.978.186</b>

**ETPA PACKAGING S.A.**

**NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016**

**Income Statement**

	Note	1/1- 31/12/2016	1/1- 31/12/2015
Sales	20	11.607.461	11.465.208
Cost of sales	21	-7.580.381	-7.331.956
<b>Gross profit</b>		<b>4.027.080</b>	<b>4.133.251</b>
Administrative expenses	21	-1.961.096	-1.621.929
Distribution expenses	21	-829.343	-836.848
Other income	23	141.451	349.312
Other expenses	24	-177.529	-262.626
<b>Operating profit</b>		<b>1.200.563</b>	<b>1.761.161</b>
Other financial results	25	-3.933	-4.490
Financial expenses	26	-582.028	-625.312
Financial income	26	78	169
Income from dividends		0	0
Share in net profit (loss) of companies accounted for by the equity method		0	0
<b>Profit before income tax</b>		<b>614.680</b>	<b>1.131.528</b>
Income tax	27	-198.700	-181.342
<b>Profit for the period from continuing operations</b>		<b>415.980</b>	<b>950.187</b>

**Statement of Comprehensive Income**

	Σημ.	1/1- 31/12/2016	1/1- 31/12/2015
<b>Net profit for the period</b>		<b>415.980</b>	<b>950.187</b>
<b>Other comprehensive income:</b>			
<b>Amounts that will not be reclassified in the Income Statement</b>			
Remeasurements of defined benefit pension plans	13	-10.163	-1.656
Deferred tax on revaluation of accrued pensions	12	2.947	480
		<b>-7.216</b>	<b>-1.176</b>
<b>Amounts that may be reclassified in the Income Statement</b>		<b>0</b>	<b>0</b>
<b>Other comprehensive income for the period after tax</b>		<b>-7.216</b>	<b>-1.176</b>
<b>Total comprehensive income for the period after tax</b>		<b>408.764</b>	<b>949.011</b>

**ETPA PACKAGING S.A.**

**NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016**

**Statement of Changes in Equity**

	Σ pp.	Number of shares	Share capital	Share premium	Other reserves	Retained earnings	Total Equity
<b>Balance at 31/12/2014</b>		83.645	2.434.070	724.644	1.495.984	-313.278	4.341.420
<b>Transactions with owners</b>		0	0	0	0	0	0
<b>Profit for the period</b>		0	0	0	0	950.187	950.187
<b>Other comprehensive income:</b>							
Remeasurements of defined benefit pension plans	13				-1.656		-1.656
Deferred tax on revaluation of accrued pensions	12				480		480
<b>Other comprehensive income after tax</b>					-1.176	0	-1.176
<b>Total comprehensive income for the period after tax</b>					-1.176	950.187	949.011
<b>Balance at 31/12/2015</b>		83.645	2.434.070	724.644	1.494.809	636.909	5.290.431
<b>Balance at 31/12/2015</b>		83.645	2.434.070	724.644	1.494.809	636.909	5.290.431
<b>Transactions with owners</b>		0	0	0	0	0	0
<b>Profit for the period</b>						415.980	415.980
<b>Other comprehensive income:</b>							
Remeasurements of defined benefit pension plans	13				-10.163		-10.163
Deferred tax on revaluation of accrued pensions	12				2.947		2.947
<b>Other comprehensive income after tax</b>					-7.216	0	-7.216
<b>Total comprehensive income for the period after tax</b>					-7.216	415.980	408.764
<b>Balance at 31/12/2016</b>		83.645	2.434.070	724.644	1.487.593	1.052.388	5.699.195

## Statement of Cash Flows

	Note	1/1-31/12/2016	1/1-31/12/2015
<b>Cash flows from operating activities</b>			
<b>Profit (loss) before tax from continuing operation</b>		<b>614.680</b>	<b>1.131.528</b>
<b>Adjustments for:</b>			
Depreciation	3,4	497.851	472.162
Changes in pension obligations	13	15.702	15.382
Provisions	6	0	24.820
Impairment of assets and other investments	3,4	0	644
Unrealized Exchange gains			
Unrealized Exchange losses			
(Profit) loss on sale of property, plant and equipment	3,4	0	6.536
(Profit) loss on sale of intangible assets			
Share in net (profit) loss of companies accounted for by the equity method			
Income from reversal of prior year's provisions			
Profit / Loss from fair value valuation of financial assets at fair value through profit and loss			
Grants amortization	14	-123.789	-293.394
Profit / Loss from sale of financial assets at fair value through profit and loss			
Profit/Loss from sale part of subsidiaries			
Profit / Loss from derivatives expiry			
Non-cash compensation (income)/expense			
Deferred income taxes			
Interest and similar income	26	-78	-169
Interest similar expenses	26	582.028	625.312
Dividends			
Employee benefits in the form of stock options			
Profit/Loss from sale of subsidiary			
Profit/Loss from sale of associates			
<b>Total Adjustments</b>		<b>971.714</b>	<b>851.293</b>
<b>Cash flows from operating activities before working capital changes</b>		<b>1.586.394</b>	<b>1.982.821</b>
<b>Changes in Working Capital</b>			
(Increase) / Decrease in inventories		-35.997	131.048
(Increase)/Decrease in trade receivables		37.331	-13.275
(Increase)/Decrease in other receivables		188.372	47.788
Increase / (Decrease) in liabilities (excluding banks)		-115.132	330.800
Net (Increase) / Decrease of trading portfolio		-286.242	-477.861
		<b>-211.668</b>	<b>18.501</b>
<b>Cash flows operating activities</b>		<b>1.374.726</b>	<b>2.001.322</b>
Interest paid		-588.162	-520.690
Income tax paid		-111.016	-102.637
<b>Net Cash flows operating activities</b>		<b>675.549</b>	<b>1.377.995</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3,4	-35.392	-2.012.448
Purchase of intangible assets	3,4	0	-8.100
Proceeds from disposal of property, plant and equipment	3,4	0	550
Proceeds from disposal of intangible assets			
Increase in capital and additional paid-in capital of subsidiaries			
Dividends received			
Sale of financial assets of trading portfolio			
Sale of financial assets at fair value through profit and loss			
Acquisition of subsidiaries (less cash)			
Sale of subsidiaries (less cash)			
Acquisition of associates			
Interest received		78	169
Grants received			
Loans to related parties			
Loans to third parties			
Receivables from loans to related parties			
Investments in associates			
Investments in subsidiaries			
<b>Net Cash flow from investing activities</b>		<b>-35.315</b>	<b>-2.019.829</b>
<b>Cash flow from financing activities</b>			
Proceeds from issuance of ordinary shares			
Advances for SCI			
Additional equity offering costs			
Changes in ownership interests in existing subsidiaries			
Proceeds from borrowings	16	600.000	1.317.661
Payments for borrowings	16	-913.661	-170.544
Payments for share capital decrease to owners of the parent			
Payments for share capital decrease to non-controlling interests of subsidiaries			
Dividends payed to owners of the parent			
Dividends paid to non-controlling interests			
Payment of finance lease liabilities	16	-121.346	-384.374
Sale/(Acquisition) of treasury shares			
Capital return to shareholders			
Loans from related parties			
<b>Net Cash flow financing activities</b>		<b>-435.007</b>	<b>762.743</b>
<b>Net (decrease) / increase in cash, cash equivalents and restricted cash</b>		<b>205.227</b>	<b>120.909</b>
Cash, cash equivalents and restricted cash at beginning of the period from continuing operations		367.534	246.625
Exchange differences in cash, cash equivalents and restricted cash from continuing operations		0	0
<b>Net cash, cash equivalents and restricted cash at the end of the period from continuing operations</b>		<b>572.762</b>	<b>367.534</b>

## **1. Brief Description of the Company**

ETPA Packaging is the largest Greek company in the field of self-adhesive labels and one of the major companies operating in the field of flexible packaging materials.

The Company operates offices in Athens and Thessaloniki and its production unit is located in the INDUSTRIAL AREA of Komotini. Thus, the Company stays in constant contact with new international trends and technologies in the packaging and printing sector.

The products bearing ETPA PACKAGING prints can be found on the shelves of the largest stores not only in Greek but also in the wider European market.

Each member of the company staff is specialized in his/her field and aims at providing the best possible service to the customers, from the initial conception of a proposal for packaging, to final implementation and after sales support.

Feasibility studies for achieving the best packing costs, creating printed images, prepressed tips and updates to avoid problems during printing, information about various printing methods and analysis of the respective materials, after sales service are some of the benefits enjoyed by the customer of ETPA PACKAGING. The main goal of the company's executives is to achieve close cooperation with the respective departments of its customers in order to create attractive packaging products, which will improve the final product and increase sales.

The continuous development of staff and close monitoring of advanced technologies ensure continued progress and development of the company and make it the major player in its domain.

### **Significant Dates**

#### **1982**

The company began its course of development in 1982 in Patras, where it started as a small adhesive label production manufacturer. Restless spirit and creative abilities of its founder led the company to continuously develop, thus surpassing the narrow boundaries of a provincial city like Patras.

#### **1992**

Thus, in 1992 the company was transferred to Athens and established its production facility in Kryoneri. The growth continued at a fast pace and the company quickly stood out and gained a leading position in the field.

#### **1995**

In 1995, the associate PROMOTION LABELS S.A. was founded in Komotini and a parallel course of the two companies started, lasting for almost 6 years.

#### **2001**

The need to reduce operating costs and improve the control of production processes has led to the merger of the two previously mentioned companies during the summer of 2001. Thus the company ETPA – PROVOLI has been created, a company that absolutely dominated in the domain of self-adhesive labels sector and has recorded an on-going upward development till currently.

#### **2011**

In 2007, the Company entered the wider area of printed packaging materials, and the rapid empowerment in this area led to its being renamed into ETPA PACKAGING in September 2011.

In its current format, the Company continues its development and remains strong and sound within the difficult business environment currently dominating in our country.

## **BOARD OF DIRECTORS**

The Board of Directors of ETPA PACKAGING S.A. comprises the following members:

Ioannis Georgios Drenogiannis	Chairman &CEO
PanagiotisSimosSkoplakis	BoD Member
NikolaosAntoniosChatziantoniou	BoD Member
Georgios Ioannis Oikonomou	BoD Member
AthanasiosGeorgiosGkoumopoulos	BoD Member

## **KEY EXECUTIVES**

The Company's Key Executives are as follows:

1. Ioannis Drenogiannis, BoD Chairman, CEO, General manager, Legal Representative
2. Athanasios Gkoumopoulos, BoD Member
3. Nikolaos Chatziantoniou, BoD Member
4. PanagiotisSkoplakis, BoD Member, Chief Financial Officer
5. Georgios Oikonomou,BoD Member, Marketing Director

## **Quality**

Quality is ingrained in the culture of ETPA PACKAGING and ensures its compliance with new and constantly evolving methodologies and standards.

Values such as cooperation and mutual trust regarding all our customers define and express the way the Company operates.

The company is certified to implement a Quality Management System according to the International Standard EN ISO 9001: 2008, Environmental Management according to EN ISO 14001: 2004 + Cor 2009 and is a member of SEDEX for social responsibility, committed through its operating system to provide:

- Traceability throughout the range of prepress, production and distribution.
- Quality Control Procedures defined , executed and controlled by highly qualified personnel 24 hours a day.
- Attention to detail.
- Strict compliance with standards.
- Automatic 100% control of the characteristics of printed products through system Automatic Vision Control, which detects any possible deviation from the standard sample while giving full report on the individual qualities of each work.
- Environmentally friendly production processes and operations to reduce the environmental footprint.
- The only company in Greece with certified packaging products for the German market in compliance with Deutsche Pfand System (DPG).
- Safe and pleasant workplace and strict observance of safety rules in the workplace.
- Fully equipped packaging materials testing laboratory.
- Special process for labels and medical packaging materials in accordance with GMP and GHP regulations, and
- Separate isolated production site for the primary medical materials packaging.

Research and Development department is one of the major advantages of ETPA PACKAGING. Its operation makes it possible for the Company to meet every need of its customers and help them design and develop innovative packaging using specific materials so that the product could gain both - significant competitive advantage and market share.

## **Services**

Apart from printing the visuals delivered ready-made to the customers, ETPA PACKAGING highly specialised staff offers a range of other services, such as:

Guiding customers during the visuals creation, collaborating with them, correcting potential errors, optimizing models and thus, paving the way for perfect printed final product.

Creating models from the very beginning, always in cooperation with the customers.

Amending the existing visuals in a fast, flexible and cost effective way.

Implementing the ideas and meeting the customer needs through proposing new improved packaging products.

Monitoring the developments in the packaging sector in Europe, informing and guiding its customers.

ETPA PACKAGING always stands by its customer during the and after sale procedures, monitoring the sound application of labels and other packaging materials and directly providing solutions when

necessary.

### **Products**

- Adhesive basic packaging labels
- Booklet Labels
- Multilevel labels
- Security Labels
- Labels Open-close
- Tags without glue rolls
- Shrink sleeves on rolls or pieces
- Flexible packaging
- Aluminum caps and aluminum foil

### **Facilities**

#### Central Management

Samou Str., 22  
Metamorfofi, 144 51  
Athens, Greece

#### Thessaloniki Branch

P .Karolidis str. 36  
Kalamaria , 551 33  
Thessaloniki, Greece

#### Factory of Komotini

14TH Block  
Industrial Area Komotini 69 100  
Komotini, Greece

## **2. Notes to Financial Statements**

### **2.1 Notes to Financial Statements**

The accompanying financial statement of 31/12/2016 have been prepared based on the historical cost principle, the going concern principle and are in accordance with the International Financial Reporting Standards (IFRS) which have been issued by the International Accounting Standards Board (IASB) and the interpretations which have been issued by the International Financial Reporting Interpretations Committee (IFRIC).

The preparation of the financial statements according to IFRS requires the use of estimates and judgments on applying the Company's accounting policies. Significant estimates of the Management regarding the application of company's accounting methods have been pointed where deemed necessary.

The Company's Board of Directors approved the aforementioned financial statements on June 19, 2017.

### **2.2 Application of newly issued and revised accounting standards**

#### **2.2.1 New Standards, Interpretations, Revisions and Amendments to existing Standards that are effective and have been adopted by the European Union**

The following amendments and interpretations of the IFRS have been issued by IASB and their application is mandatory from or after 01/01/2016.

#### **Amendments to IAS 19: "Defined Benefit Plans: Employee Contributions" (effective for annual periods starting on or after 01/02/2015)**

In November 2013, the IASB published narrow scope amendments to IAS 19 "Employee Benefits" entitled Defined Benefit Plans: Employee Contributions. The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendments do not affect the separate Financial Statements.

**Annual Improvements to IFRSs – 2010-2012 Cycle (effective for annual periods starting on or after 01/02/2015)**

In December 2013, the IASB issued Annual Improvements to IFRSs - 2010-2012 Cycle, a collection of amendments to IFRSs, in response to seven issues addressed during the 2010-2012 cycle. The amendments are effective for annual periods beginning on or after 1 July 2014, although entities are permitted to apply them earlier. The issues included in this cycle are the following: IFRS 2: Definition of 'vesting condition', IFRS 3: Accounting for contingent consideration in a business combination, IFRS 8: Aggregation of operating segments, IFRS 8: Reconciliation of the total of the reportable segments' assets to the entity's assets, IFRS 13: Short-term receivables and payables, IAS 16 /IAS 38: Revaluation method—proportionate restatement of accumulated depreciation and IAS 24: Key management personnel services. The amendments do not affect the separate Financial Statements.

**Amendments to IFRS 11: "Accounting for Acquisitions of Interests in Joint Operations" (effective for annual periods starting on or after 01/01/2016)**

In May 2014, the IASB issued amendments to IFRS 11. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business and specify the appropriate accounting treatment for such acquisitions. The amendments do not affect the separate Financial Statements.

**Amendments to IAS 16 and IAS 38: "Clarification of Acceptable Methods of Depreciation and Amortisation" (effective for annual periods starting on or after 01/01/2016)**

In May 2014, the IASB published amendments to IAS 16 and IAS 38. IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments do not affect the separate Financial Statements.

**Amendments to IAS 16 and IAS 41: "Agriculture: Bearer Plants" (effective for annual periods starting on or after 01/01/2016)**

In June 2014, the IASB published amendments that change the financial reporting for bearer plants. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16. Consequently, the amendments include bearer plants within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. The amendments do not affect the separate Financial Statements.

**Amendments to IAS 27: "Equity Method in Separate Financial Statements" (effective for annual periods starting on or after 01/01/2016)**

In August 2014, the IASB published narrow scope amendments to IAS 27. Under the amendments, entities are permitted to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate Financial Statements – an option that was not effective prior to the issuance of the current amendments. The amendments do not affect the separate Financial Statements.

### **Annual Improvements to IFRSs – 2012-2014 Cycle (effective for annual periods starting on or after 01/01/2016)**

In September 2014, the IASB issued Annual Improvements to IFRSs - 2012-2014 Cycle, a collection of amendments to IFRSs, in response to four issues addressed during the 2012-2014 cycle. The amendments are effective for annual periods beginning on or after 1 January 2016, although entities are permitted to apply them earlier. The issues included in this cycle are the following: IFRS 5: Changes in methods of disposal, IFRS 7: Servicing Contracts and Applicability of the amendments to IFRS 7 to condensed interim financial statements, IAS 19: Discount rate: regional market issue, and IAS 34: Disclosure of information "elsewhere in the interim financial report". The amendments do not affect the separate Financial Statements.

### **Amendments to IAS 1: "Disclosure Initiative" (effective for annual periods starting on or after 01/01/2016)**

In December 2014, the IASB issued amendments to IAS 1. The aforementioned amendments address settling the issues pertaining to the effective presentation and disclosure requirements as well as the potential of entities to exercise judgment under the preparation of financial statements. The amendments do not affect the separate Financial Statements.

### **Amendments to IFRS 10, IFRS 12 and IAS 28: "Investment Entities: Applying the Consolidation Exception" (effective for annual periods starting on or after 01/01/2016)**

In December 2014, the IASB published narrow scope amendments to IFRS 10, IFRS 11 and IAS 28. The aforementioned amendments introduce explanation regarding accounting requirements for investment entities, while providing exemptions in particular cases, which decrease the costs related to the implementation of the Standards. The amendments do not affect the separate Financial Statements.

## **2.2.2 New Standards and Interpretations that have not been applied yet or have not been adopted by the European Union**

The following new Standards and Revisions to Standards, as well as Interpretations of the effective Standards, have been issued by either have not been effective yet or have not been adopted by the European Union. In particular:

### **IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods starting on or after 01/01/2016)**

In January 2014, the IASB issued a new Standard, IFRS 14. The aim of this interim Standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities. Many countries have industry sectors that are subject to rate regulation, whereby governments regulate the supply and pricing of particular types of activity by private entities. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union, until the issuance of the final Standard.

### **IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods starting on or after 01/01/2018)**

In May 2014, the IASB issued a new Standard, IFRS 15. The Standard fully converges with the requirements for the recognition of revenue in both IFRS and US GAAP. The key principles on which the Standard is based are consistent with much of current practice. The new Standard is expected to improve financial reporting by providing a more robust framework for addressing issues as they arise, increasing comparability across industries and capital markets, providing enhanced

disclosures and clarifying accounting for contract costs. The new Standard will supersede IAS 11 "Construction Contracts", IAS 18 "Revenue" and several revenue related Interpretations. The Company will examine the impact of the above on its Financial Statements. The above have been adopted by the European Union with effective date of 01/01/2018.

**IFRS 9 "Financial Instruments" (effective for annual periods starting on or after 01/01/2018)**

In July 2014, the IASB issued the final version of IFRS 9. The package of improvements introduced by the final version of the Standard, includes a logical model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. The Company will examine the impact of the above on its Financial Statements. The above have been adopted by the European Union with effective date of 01/01/2018.

**Amendments to IFRS 10 and IAS 28: "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (the IASB postponed the effective date of this amendment indefinitely)**

In September 2014, the IASB published narrow scope amendments to IFRS 10 and IAS 28. The objective of the aforementioned amendments is to 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. In December 2015, the IASB postponed the effective date of these amendments indefinitely pending the outcome of its research project on the equity method of accounting. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

**IFRS 16 "Leases" (effective for annual periods starting on or after 01/01/2019)**

In January 2016, the IASB issued a new Standard, IFRS 16. The objective of the project was to develop a new Leases Standard that sets out the principles that both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, a lessee is required to recognise assets and liabilities arising from a lease. The Company will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

**Amendments to IAS 12: " Recognition of Deferred Tax Assets for Unrealized Losses" (effective for annual periods starting on or after 01/01/2017)**

In January 2016, the IASB published narrow scope amendments to IAS 12. The objective of the amendments is to clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. The Company will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

**Amendments to IAS 7: "Disclosure Initiative" (effective for annual periods starting on or after 01/01/2017)**

In January 2016, the IASB published narrow scope amendments to IAS 7. The objective of the amendments is to enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

**Clarification to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods starting on or after 01/01/2018)**

In April 2016, the IASB published clarifications to IFRS 15. The amendments to IFRS 15 do not

change the underlying principles of the Standard, but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation in a contract, how to determine whether a company is a principal or an agent and how to determine whether the revenue from granting a license should be recognized at a point in time or over time. The Company will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

**Amendment to IFRS 2: "Classification and Measurement of Share-based Payment Transactions" (effective for annual periods starting on or after 01/01/2018)**

In June 2016, the IASB published narrow scope amendment to IFRS 2. The objective of this amendment is to clarify how to account for certain types of share-based payment transactions. More specifically, the amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligation, as well as, a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The Company will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

**Amendments to IFRS 4: "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" (effective for annual periods starting on or after 01/01/2018)**

In September 2016, the IASB published amendments to IFRS 4. The objective of the amendments is to address the temporary accounting consequences of the different effective dates of IFRS 9 Financial Instruments and the forthcoming insurance contracts Standard. The amendments to existing requirements of IFRS 4 permit entities whose predominant activities are connected with insurance to defer the application of IFRS 9 until 2021 (the "temporary exemption") and also permit all issuers of insurance contracts to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued (the "overlay approach"). The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

**Annual Improvements to IFRSs – 2014-2016 Cycle (effective for annual periods starting on or after 01/01/2017 and 01/01/2018)**

In December 2016, the IASB issued Annual Improvements to IFRSs – 2014-2016 Cycle, a collection of amendments to IFRSs, in response to several issues addressed during the 2014-2016 cycle. The issues included in this cycle are the following: IFRS 12: Clarification of the scope of the Standard, IFRS 1: Deletion of short-term exemptions for first-time adopters, IAS 28: Measuring an associate or joint venture at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017 for IFRS 12, and 1 January 2018 for IFRS 1 and IAS 28. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

**IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods starting on or after 01/01/2018)**

In December 2016, the IASB issued a new Interpretation, IFRIC 22. IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance. The Company will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

**Amendments to IAS 40: "Transfers of Investment Property" (effective for annual periods starting on or after 01/01/2018)**

In December 2016, the IASB published narrow-scope amendments to IAS 40. The objective of the

amendments is to reinforce the principle for transfers into, or out of, investment property in IAS 40, to specify that (a) a transfer into, or out of investment property should be made only when there has been a change in use of the property, and (b) such a change in use would involve the assessment of whether the property qualifies as an investment property. That change in use should be supported by evidence. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

### **2.2.3 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. The segments in need of the highest degree of judgement as well as the segments where the estimates are particularly significant to the financial statements are presented in the par. Significant accounting estimates and judgements of the Management in Note 2.4.

## **2.3 Summary of Basic Accounting Policies**

The key accounting policies adopted under the preparation of the annual financial statements for the year ended December 31, 2016 are as follows:

### **Functional and Presentation Currency and Foreign Currency Translation**

The functional and presentation currency of the Company is Euro (€). Transactions involving other currencies are converted into Euro using the exchange rates applicable at the time of the transactions. At the balance sheet date, all monetary assets and liabilities, which are denominated in other currencies, are adjusted to reflect the current exchange rates.

Any gains or losses arising from transactions in foreign currency during the period, as well as from translation of monetary assets denominated in foreign currency are recognized in the accompanying statement of comprehensive income.

### **Property, plant and equipment**

Tangible Fixed Assets are stated at historical cost less accumulated depreciation and any impairment in value.

The initial cost of property, plant or equipment consists of its acquisition cost, including import duties and non-refundable purchase taxes, as well as any necessary costs for rendering the asset operational and ready for its intended use.

Subsequent expenses incurred in relation property, plant or equipment are capitalized only when they increase the future economic benefits expected to arise from the operation of the affected assets. All other repair and maintenance expenses etc. are recharged to expenses when incurred.

Upon withdrawal or disposal of an asset, the related cost and accumulated depreciation are eliminated from the accounts at the time of withdrawal or disposal and the related gains or losses are recognized in the statement of comprehensive income.

Depreciation is charged to the statement of comprehensive income using the straight-line method



Inventory is stated at the lower of acquisition cost or production cost and net realizable value. The cost of inventory is calculated based on the weighted average method and contains all the necessary costs incurred in bringing inventory to their current location and state of manufacture and comprises cost of goods, acquisition cost of raw materials, overheads and packaging costs. The net realizable value of goods, finished and unfinished products is their estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary for their sale. The net realizable value of raw materials is the estimated replacement cost in the ordinary course of business. Provision for slow moving or obsolete inventories is made when necessary. As at 31/12/2016, no inventory items were valued at their net realizable value.

### **Loans and receivables**

They include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category (loans and receivables) does not include:

- Receivables from prepayments for the purchase of goods or services,
- Receivables related to tax transactions, which have been legislatively imposed by the state,
- Anything not covered by a contract, which gives the company the right to receive cash or other financial assets.

Loans and receivables are recognized at amortized cost using the effective interest method.

Loans and receivables are included in current assets, except for maturities greater than twelve months from the date of preparation of the statement of financial position. The latter are included in non-current assets.

### **Investments held to maturity**

Such investments include non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the intention and ability to hold until maturity. The Company does not hold any investments in this category.

### **Financial assets available for sale**

Such assets include non-derivative financial assets that are either designated in this category or cannot be classified in any of the previous three categories of financial instruments.

Investment transactions in this category are recorded at acquisition cost at the trade date, which is the date when the company commits to purchase or sell the asset. The cost of purchase includes transaction costs. Available for sale financial assets are measured at fair value. Unrealized gains (losses) arising from changes in fair value of securities classified as available-for-sale are recognized in equity.

The fair value of investments is based on bid price or amounts derived from cash flow models. The fair values of equity securities of unlisted companies is calculated using price indices to earnings or price to cash flows, which is adapted to the specific circumstances of the issuer. The shares, whose fair value cannot be accurately calculated are recognized at cost less any impairment of their value. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities.

### **Offsetting financial assets and equity and liabilities**

Where there is a legally enforceable right to offset recognized financial assets and equity and liabilities and there is an intention to settle the liability and realize the asset or settle on a net basis, all the related financial effects are offset.

### **Trade and other receivables**

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less impairment losses. Impairment losses (losses from bad debts) are recognized when there is objective evidence that the company is unable to collect all amounts due according to the contractual terms. The impairment loss is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The impairment loss is recognized as an expense in the statement of comprehensive income.

### **Cash available**

Cash available also includes cash equivalents such as sight and short term deposits. Bank overdrafts that are repayable on demand and form an integral part of the management of the company's cash are included, for the purposes of the preparation of the cash flow statement, as a component of cash available.

### **Share capital**

Common shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are recorded in equity as a deduction from the proceeds.

During the acquisition of equity shares, the consideration paid, including relevant expenses, is deducted from share capital.

### **Loans**

All loans are initially recognized at cost, which is the fair value of the loan less loan acquisition costs. Borrowings are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement during the loan period.

### **Finance and operating leases**

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are recognized as assets at amounts which at the inception of the lease equal the fair value of the leased asset or if lower, the present value of the minimum lease payments. Lease payments are allocated to financial expenses and reduction of the lease liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance expenses are charged directly to the statement of comprehensive income. The leased assets are amortized over their useful lives.

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. The operating lease payments are recognized as an expense in the statement of comprehensive income on a consistent basis during the lease term.

### **Income tax (current and deferred)**

Current and deferred income tax is calculated based on the relevant financial statements in accordance with the tax laws effective in Greece. Current income tax refers to the tax on the taxable profits of the company as adjusted according to the provisions of tax legislation and is calculated using the current tax rate.

Deferred tax is calculated using the liability method on all temporary tax differences at the date of preparation of the statement of financial position between the tax base and the book value of assets and liabilities.

The expected tax consequences from the temporary tax differences are determined and presented either as future (deferred) tax liabilities or as deferred tax assets.

Deferred tax assets for all deductible temporary differences and tax losses, are carried forward to

the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at each date of preparation of the statement of financial position and is reduced to the extent where it is probable that there will be sufficient taxable profits against which part or all of the deferred tax assets will be used.

Current tax assets and liabilities for the current and prior periods are measured as the amount expected to be paid to the tax authorities (or recovered from the tax authorities), using tax rates (and tax legislation) that have been enacted or substantively enacted by the date of preparation of the statement of financial position.

### **Dividends**

Payable dividends are recognized as a liability at the time of their approval by the General Meeting of Shareholders.

### **Employee benefits provisions**

The Company's obligations towards employees in respect of the future payment of benefits depending on the length of service of every employee is calculated and recorded based on the expected vested benefit of every employee at the date of preparation of the statement of financial position, discounted to present value, in relation to the anticipated time of payment.

The relative liability is calculated based on the financial and actuarial assumptions analytically presented in Note 16 and is determined under the Projected Unit Method. Net pension costs for the period are included in payroll in the accompanying statement of comprehensive income and include the present value of the benefits earned during the period, interest cost on the benefit obligation, past service cost, actuarial gains or losses and any other additional retirement costs. Past service costs are recognized on a consistent basis over the average period until the benefits become vested. Actuarial gains or losses are recognized directly in the total comprehensive income of the period in which they occur and are not transferred to the income statement in subsequent periods. Retirement obligations are not financed.

### **State insurance plans**

Company's employees are covered by the main State Social Insurance Organization of the private sector (IKA) that provides pension and medical benefits. Every employee is required to contribute part of his/her monthly salary to the fund, while part of the total contribution is covered by the Company. Upon retirement, the pension fund is responsible for paying retirement benefits to the employees. Consequently, the Company has no legal or constructive obligation to pay future benefits under this plan.

### **Government grants**

Government grants are recognized initially at their nominal value when there is reasonable assurance that the grant will be received and that the Company will comply with all the effective terms. Government grants relating to costs are recognized in the statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate. Government grants pertaining to the acquisition of property, plant and equipment are included in current liabilities as deferred income and are recognized as income and transferred to the statement of comprehensive income during the useful life of the subsidized asset.

### **Provisions and contingent assets and liabilities**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources and the liabilities can be estimated

reliably.

Provisions are reviewed at each statement of financial position preparation date and are adjusted so that they should reflect the present value of the expenditure expected to be disbursed to settle the obligation. Regarding the provisions that are expected to be settled in the long term, when the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

### **Revenue recognition**

Revenue from sale of goods is recognized when the significant risks and rewards of ownership are transferred to the buyer. Revenue from rendering services is based on the completion stage, determined by reference to the aforementioned services, as a percentage of total services rendered.

Franchising fees relate to the creation and development of fast-food restaurants and points through the use of the trademark transfer. These fees are recognized as revenue in the period concerned.

Interest income is recognized on a time proportion basis, taking into account the balance of the initial amount and the applicable rate of the period until the end, when it is determined that such income will be payable to the Company.

Income from dividends is recognized as revenue at the date of approval of dividends distribution.

### **Finance leases**

Finance leases are addressed as loan agreements, resulting in the leased assets being recorded as assets of the Company (and depreciated accordingly) with a corresponding financial liability being attributed to the lessor. The finance cost is recognized in the statement of comprehensive income as an expense when it accrues.

### **Operating leases**

Payments made under operating leases are recognized in the statement of comprehensive income as expenses during the lease term.

### **Cost of financing**

Net cost of financing includes accrued interest on borrowings calculated under the effective interest method.

## **2.4 Significant Accounting Estimates and Judgements of the Management**

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. Judgments and estimates are periodically reviewed and are based on the management prior experience as well as on other factors, including future expectations deemed reasonable under the particular circumstances.

### **2.4.1 Judgements**

Under applying accounting principles, judgments of the management, apart from those involving estimations, which are determined by the management and have the most significant effect on the amounts recognized in the financial statements mainly relate to:

- Classification of investments

Management decides as at investment acquisition, whether it should be classified as held to maturity, held for trading, carried at fair value through profit or loss or available for sale. Regarding the investments held to maturity, the management examines whether the investment complies with the criteria defined under IAS 39 and the Company has the intention and the ability to hold the investment to its maturity. The Company classifies investments as held for trading if they are acquired primarily for the purposes of generating short-term profit. Classification of investments as carried at the fair value through profit or loss depends on the way according to which the management monitors the performance of these investments. When investments are not classified as held for trading purposes but there are readily available reliable fair values and the changes in fair value are included in profit or loss in the management accounts, the investments are classified as carried fair value through profit or loss. All the other investments are classified as available for sale.

### **2.4.2 Estimates and assumptions**

Certain amounts included in or affecting the financial statements and related disclosures shall be estimated through making assumptions with respect to values or conditions which cannot be known with certainty at the time of preparation of the financial statements. Significant accounting estimates are defined as the estimates significant to the financial position and results of the company and those requiring the management's most difficult, subjective or complex judgments, often as a result of the need to make estimates regarding the effect of matters that are uncertain.

The company assesses such estimates on an ongoing basis, based upon historical results and experience, consultation with experts, trends and other methods considered reasonable in the particular circumstances, as well as the projections for the future changes.

#### **Recoverability of receivables**

Trade receivables are initially recognized at fair value and are subsequently measured at amortized cost less provision for impairment, using the effective interest method. When the Company has objective evidence that it will not collect all amounts due according to the terms of each contract, it makes provision for impairment of trade receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, which are prepaid at the effective interest rate. The amount of the provision is recognized in other expenses in the income statement.

#### **Inventory obsolescence**

Appropriate provisions are made for damaged, obsolete and slow moving inventory. Decrease in the value of inventory in the net realizable value and other losses from inventories are expensed in the period when they occur.

#### **Leases classification**

Leases under which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. The amounts paid for the repayment of installments under operating leases are recognized in the income statement. Leases of tangible assets for which the Company has substantially all the risks and rewards of leased assets, are classified as finance leases.

**Income tax**

The Company is subject to income tax applied in various tax regimes. Significant estimates are required under determining provisions for income tax. There are a lot of transactions and calculations for which the accurate tax determination is uncertain in the ordinary course of business. The Company recognizes liabilities for expected tax audit issues based on the regarding the extent to which additional taxes will be due. When the final tax outcome of these matters is different from the amounts that had been initially recorded, such differences will affect the income tax and deferred tax provisions in the period in which such amounts have been determined.

**Provisions**

Doubtful accounts are reported at the amounts likely to be recoverable. Once it becomes known that a specific account is subject to a higher than normal credit risk (eg, low creditworthiness of customer, dispute as to the existence of the claim or the amount thereof etc. ), then the account is analyzed and recorded if the circumstances indicate the receivable is uncollectible.

**Contingent assets and contingent liabilities**

The company is involved in litigations and compensation claims in the ordinary course of its business. The Management estimates that no resulting settlements would materially affect the financial position of the Company on December 31, 2016. However, determination of contingent liabilities relating to litigation and claims is a complex process that involves judgments related to the outcomes and interpretation of laws and regulations. Changes in judgments or interpretations may result in an increase or a decrease in the Company's contingent liabilities in the future.

### 3. Property, plant and equipment

#### 3.1. The Company's tangible assets

The Company's tangible assets are analysed as follows:

	Land	Buildings	Machinery	Vehicles	Furniture & Fittings	Construction in progress	Total
Cost of valuation at 1/1/2015	480,163	8,101,544	6,895,145	170,356	694,188	0	16,341,395
Accumulated depreciation	0	(1,568,553)	(4,113,841)	(76,944)	(507,392)	0	(6,268,736)
<b>Net book value 1/1/2015</b>	<b>480,163</b>	<b>6,532,991</b>	<b>2,781,303</b>	<b>93,412</b>	<b>186,796</b>	<b>0</b>	<b>10,072,659</b>
Additions	549,530	23,374	93,587	0	28,296	0	694,786
Disposals	0	0	0	(7,087)	0	0	(7,087)
Reclassifications	0	0	0	0	(644)	0	(644)
Impairment of intangible assets	0	0	0	0	0	0	0
Revaluation of assets	0	0	0	0	0	0	0
Disposals from transfer to assets under finance lease	0	0	0	0	0	0	0
Other transfers	0	0	0	0	0	0	0
Depreciation charge	0	(202,952)	(185,660)	(12,874)	(43,255)	0	(444,751)
Accumulated depreciation of assets transfer to finance lease	0	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Cost of valuation at 31/12/2015	1,029,693	8,124,918	6,988,731	163,270	721,840	0	17,028,451
Accumulated depreciation	0	(1,771,511)	(4,299,502)	(91,818)	(550,658)	0	(6,713,488)
<b>Net book value 31/12/2015</b>	<b>1,029,693</b>	<b>6,353,407</b>	<b>2,689,229</b>	<b>71,452</b>	<b>171,182</b>	<b>0</b>	<b>10,314,963</b>
Cost of valuation at 1/1/2016	1,029,693	8,124,918	6,988,731	163,270	721,840	0	17,028,451
Accumulated depreciation	0	(1,771,511)	(4,299,502)	(91,818)	(550,658)	0	(6,713,488)
<b>Net book value 1/1/2016</b>	<b>1,029,693</b>	<b>6,353,407</b>	<b>2,689,229</b>	<b>71,452</b>	<b>171,182</b>	<b>0</b>	<b>10,314,963</b>
Additions	0	5,392	7,893	0	22,107	0	35,392
Disposals	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Impairment of intangible assets	0	0	0	0	0	0	0
Revaluation of assets	0	0	0	0	0	0	0
Disposals from transfer to assets under finance lease	0	0	0	0	0	0	0
Other transfers	0	0	0	0	0	0	0
Depreciation charge	0	(203,141)	(187,574)	(10,353)	(40,012)	0	(441,080)
Accumulated depreciation of assets transfer to finance lease	0	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Cost of valuation at 31/12/2016	1,029,693	8,130,310	6,996,625	163,270	743,947	0	17,063,843
Accumulated depreciation	0	(1,974,652)	(4,487,076)	(102,171)	(590,669)	0	(7,154,568)
<b>Net book value 31/12/2016</b>	<b>1,029,693</b>	<b>6,155,657</b>	<b>2,509,549</b>	<b>61,099</b>	<b>153,277</b>	<b>0</b>	<b>9,909,275</b>

### 3.2. Property, plant and equipment under finance lease

The Company's tangible assets are analyzed as follows:

	Machinery	Total
Cost of valuation at 1/1/2015	0	0
Accumulated depreciation	0	0
Net book value 1/1/2015	0	0
Additions	1.317.661	1.317.661
Depreciation charge	(24.966)	(24.966)
Cost of valuation at 31/12/2015	1.317.661	1.317.661
Accumulated depreciation	(24.966)	(24.966)
<b>Net book value 31/12/2015</b>	<b>1.292.695</b>	<b>1.292.695</b>

	Machinery	Total
Cost of valuation at 1/1/2016	1.317.661	1.317.661
Accumulated depreciation	(24.966)	(24.966)
Net book value 1/1/2016	1.292.695	1.292.695
Additions	0	0
Depreciation charge	(52.706)	(52.706)
Cost of valuation at 31/12/2016	1.317.661	1.317.661
Accumulated depreciation	(77.672)	(77.672)
<b>Net book value 31/12/2016</b>	<b>1.239.989</b>	<b>1.239.989</b>

The Company's fixed assets are burdened with liens amounting to € 6 million.

#### 4. Intangible assets

	Computer Software	Total
Cost of valuation at 1/1/2015	24.446	24.446
Accumulated depreciation	(15.828)	(15.828)
Net book value 1/1/2015	<b>8.618</b>	<b>8.618</b>
Additions	8.100	8.100
Disposals		0
Reclassifications		0
Impairment		0
Other transfers		0
Depreciation charge	(2.445)	(2.445)
Other adjustments		0
Reclassifications		0
Cost of valuation at 31/12/2015	32.546	32.546
Accumulated depreciation	(18.273)	(18.273)
<b>Net book value 31/12/2015</b>	<b>14.274</b>	<b>14.274</b>

	Computer Software	Total
Cost of valuation at 1/1/2016	32.546	32.546
Accumulated depreciation	(18.273)	(18.273)
<b>Net book value 1/1/2016</b>	<b>14.274</b>	<b>14.274</b>
Additions		0
Disposals		0
Reclassifications		0
Impairment		0
Other transfers		0
Depreciation charge	(4.065)	(4.065)
Other adjustments		0
Reclassifications		0
Cost of valuation at 31/12/2016	32.546	32.546
Accumulated depreciation	(22.337)	(22.337)
<b>Net book value 31/12/2016</b>	<b>10.209</b>	<b>10.209</b>

#### 5. Other long-term receivables

The Company's long-term receivables mainly concern the PPC and operating leases guarantees.

	<u>31/12/2016</u>	<u>31/12/2015</u>
Guarantees	19.379	18.070
Government Grants	356.575	375.499
Others	173.413	
<b>Net book value</b>	<b>549.066,88</b>	<b>393.569,66</b>

#### 6. Inventory

The Company's inventory is analysed as follows:

	<u>31/12/2016</u>	<u>31/12/2015</u>
Merchandise	14.580	50.420
Finished goods	334.717	356.365
Semi-finished products	0	0
Raw materials and other consumables	1.111.069	1.027.813
Work in process	57.674	45.906
Packaging Materials	11.157	12.696
<b>Total</b>	<u><b>1.529.197</b></u>	<u><b>1.493.200</b></u>
Less: Provisions for scrap,slow moving and/or destroyed inventories for the period	-103.536	-103.536
<b>Net book value</b>	<u><b>1.425.661</b></u>	<u><b>1.389.664</b></u>

## 7. Trade receivables

The Company's total trade receivables are analyzed as follows:

	<u>31/12/2016</u>	<u>31/12/2015</u>
Trade receivables	3.064.214	3.230.281
Intercompany accounts receivable	0	0
Notes receivable	0	0
Checks receivable	2.604.809	2.578.771
Trade Receivables from the State	0	0
Less:Impairment Provisions	-1.141.398	-1.088.599
<b>Net trade Receivables</b>	<u><b>4.527.624</b></u>	<u><b>4.720.452</b></u>
Advances from suppliers		
Less:Impairment Provisions		
<b>Total</b>	<u><b>4.527.624</b></u>	<u><b>4.720.452</b></u>

## 8. Other current assets

The Company's total other assets are analysed as follows:

	<u>31/12/2016</u>	<u>31/12/2015</u>
Receivables from the State	412.735	367.740
Other Receivables from related parties	0	165.185
Advances and loans to personnel	49.085	37.240
Prepaid expenses	204.987	350.030
Other Receivables	80.251	15.235
<b>Total</b>	<u><b>747.058</b></u>	<u><b>935.430</b></u>
Less:Impairment Provisions	0	0
<b>Net receivables</b>	<u><b>747.058</b></u>	<u><b>935.430</b></u>

## 9. Cash available

Cash available includes cash in hand and the Company's readily available bank deposits analysed as follows:

	31/12/2016	31/12/2015
Cash in hand	22.456	12.795
Cash equivalent balance in bank	550.306	354.739
<b>Total cash, cash equivalents and restricted cash</b>	<b>572.762</b>	<b>367.534</b>

Cash, cash equivalents and restricted cash in €	563.614	358.605
Cash, cash equivalents and restricted cash in foreign currency	9.148	8.930
<b>Total cash and cash equivalents</b>	<b>572.762</b>	<b>367.534</b>

## 10. Share Capital

As at 31/12/2016, the Company's share capital amounted to € 2.434.070 and consisted of 83.645 common nominal shares of nominal value 29 Euro each.

## 11. Other reserves

The Company's reserves are analyzed as follows:

	Statutory Reserve	Special reserves	Tax-free reserves	Other reserves	Translation reserves	Total
<b>Balance as of 1/1/2015</b>	<b>77.726,55</b>	<b>0,00</b>	<b>1.553.084,04</b>	<b>-134.826,30</b>	<b>0,00</b>	<b>1.495.984,49</b>
Remeasurements of defined benefit pension plans				-1.175,76		-1.175,76
<b>Balance as of 31/12/2015</b>	<b>77.726,55</b>	<b>0,00</b>	<b>1.553.084,04</b>	<b>-136.001,86</b>	<b>0,00</b>	<b>1.494.808,73</b>
<b>Balance as of 1/1/2016</b>	<b>77.726,55</b>	<b>0,00</b>	<b>1.553.084,04</b>	<b>-136.001,86</b>	<b>0,00</b>	<b>1.494.808,73</b>
Remeasurements of defined benefit pension plans				-7.215,77		-7.215,77
<b>Balance as of 31/12/2016</b>	<b>77.726,55</b>	<b>0,00</b>	<b>1.553.084,04</b>	<b>-143.217,63</b>	<b>0,00</b>	<b>1.487.592,96</b>

## 12. Deferred tax assets/liabilities

	Balance as of 1/1/2016	(Debit)/Credit to P&L of continuing operations	(Debit)/Credit to equity	Balance as of 31/12/2016	Balance as of 1/1/2015	(Debit)/Credit to P&L of continuing operations	(Debit)/Credit to equity	Balance as of 31/12/2015
<b>Non-Current Assets</b>								
Tangible assets	-842.326	-60.196		-902.523	-697.464	-144.863		-842.326
Investment property	0	0		0	0	0		0
Goodwill	0	0		0	0	0		0
Other Intangible Assets	6.751	-1.726		5.025	7.145	-393		6.751
Investments in Subsidiaries	0	0		0	0	0		0
Investments accounted for using the equity method	0	0		0	0	0		0
Other non current assets	0	0		0	0	0		0
<b>Current Assets</b>								
Inventories	30.025	0		30.025	20.466	9.559		30.025
Trade and other receivables	98.057	15.312		113.369	197.751	-99.694		98.057
Other current assets	0	0		0	0	0		0
Trading portfolio and financial assets measured at fair value through P&L	0	0		0	0	0		0
<b>Non-current liabilities</b>								
Accrued pension and retirement obligations	57.030	10.448	-2.947	64.531	46.700	10.810	-480	57.030
Government grants	357.741	-9.965		347.777	202.525	155.216		357.741
Long-term borrowings	0	0		0	0	0		0
Non-Current Provisions	0	0		0	0	0		0
Other long-term liabilities	0	0		0	0	0		0
<b>Net deferred tax asset / (liability)</b>	<b>-292.722</b>	<b>-46.127</b>	<b>-2.947</b>	<b>-341.797</b>	<b>-222.877</b>	<b>-69.365</b>	<b>-480</b>	<b>-292.722</b>

	31/12/2016		31/12/2015	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Tangible assets	0	902.523	0	842.326
Other Intangible Assets	5.025	0	6.751	0
Inventories	30.025	0	30.025	0
Trade and other receivables	113.369	0	98.057	0
Accrued pension and retirement obligations	64.531	0	57.030	0
Government grants	347.777	0	357.741	0
<b>Total</b>	<b>560.726</b>	<b>902.523</b>	<b>549.604</b>	<b>842.326</b>
<b>Offsetting deferred tax assets and liabilities</b>				
<b>Total</b>	<b>560.726</b>	<b>902.523</b>	<b>549.604</b>	<b>842.326</b>

### 13. Employee end of service benefit obligations

Changes in the net pension obligations at 31.12.2016 and 31.12.2015 are as follows:

	31/12/2016		31/12/2015	
	Defined benefit plans (Non financed)	Total	Defined benefit plans (Non financed)	Total
Defined benefit obligation	222.520	222.520	196.655	196.655
Fair value of plan assets	-	-	-	-
	<b>222.520</b>	<b>222.520</b>	<b>196.655</b>	<b>196.655</b>

Classified as :  
**Non-Current Liability**  
**Current liability**

Changes in the present value of the defined benefit obligation are as follows:

	31/12/2016		31/12/2015	
	Defined benefit plans (Non financed)	Total	Defined benefit plans (Non financed)	Total
<b>Defined benefit obligation 1 January</b>	<b>196.655</b>	<b>196.655</b>	<b>179.617</b>	<b>179.617</b>
Current Service cost	11.769	11.769	11.543	11.543
Interest expense	3.933	3.933	4.490	4.490
Remeasurement - Actuarial losses (gains) from changes in demographic assumptions	8.569	8.569	1.523	1.523
Remeasurement - actuarial losses (gains) from changes in financial assumptions	1.594	1.594	133	133
Benefits paid	-	-	(4.832)	(4.832)
Κόστος (οποσέληση) Διακανονισμών	-	-	4.181	4.181
<b>Defined benefit obligation 31 December</b>	<b>222.520</b>	<b>222.520</b>	<b>196.655</b>	<b>196.655</b>

The significant actuarial assumptions used for the valuation are as follows :

	31/12/2016	31/12/2015
Discount rate at 31 December	1,80%	2,00%
Expected rate of salary increases	2,00%	2,00%
Inflation	2,00%	2,00%
Average life expectancy	EVK 2000	EVK 2000

The amounts recognized in profit or loss related are :

	31/12/2016		31/12/2015	
	Defined benefit plans (Non financed)	Total	Defined benefit plans (Non financed)	Total
Current service costs	11.769	11.769	11.543	11.543
Past service costs	-	-	4.181	4.181
Net Interest on the defined obligation	3.933	3.933	4.490	4.490
<b>Total expenses recognized in profit or loss</b>	<b>15.702</b>	<b>15.702</b>	<b>20.214</b>	<b>20.214</b>

The amounts recognized in other comprehensive income in the Statement of Other Comprehensive Income are :

	31/12/2016		31/12/2015	
	Defined benefit plans (Non financed)	Total	Defined benefit plans (Non financed)	Total
Actuarial gains /(losses) from changes in demographic assumptions	8.569	8.569	1.523	1.523
Actuarial gains /(losses) from changes in financial assumptions	1.594	1.594	133	133
<b>Total Income /(expenses) recognized in other comprehensive income</b>	<b>10.163</b>	<b>10.163</b>	<b>1.656</b>	<b>1.656</b>

The effect of changes in the significant actuarial assumptions is as follows :

	discount rate	discount rate
	0,5%	0,5%
Increase (decrease) in the defined liability	23.361	(20.665)
	<b>0,5%</b>	<b>0,5%</b>
Increase (decrease) in the defined liability	23.035	(20.593)

#### 14. Grants

	Investment grants	Total
<b>Balance as of 1/1/2015</b>	<b>1.332.827</b>	<b>1.332.827</b>
New amounts granted	0	0
Amortization	-293.394	-293.394
Derecognition of grants	0	0
Transfer to current liabilities	0	0
Grants return	0	0
Αναγνώριση Επιχορήγησης	658.165	658.165
Other changes	0	0
<b>Balance as of 31/12/2015</b>	<b>1.697.598</b>	<b>1.697.598</b>
<b>Balance as of 1/1/2016</b>	<b>1.697.598</b>	<b>1.697.598</b>
New amounts granted	0	0
Amortization	-123.789	-123.789
Derecognition of grants	0	0
Transfer to current liabilities	0	0
Grants return	0	0
Αναγνώριση Επιχορήγησης	0	0
Other changes	0	0
<b>Balance as of 31/12/2016</b>	<b>1.573.808</b>	<b>1.573.808</b>

#### 15. Other short-term liabilities

	31/12/2016	31/12/2015
Other liabilities	817.683	827.727
Social security insurance	78.371	102.486
<b>Total</b>	<b>896.054</b>	<b>930.212</b>

#### 16. Long-term/Short-term loan liabilities

<b>Long-term borrowings</b>	4.048.532	3.742.323
<b>Short-term debt</b>	3.731.792	4.479.142

	31/12/2016	31/12/2015
<b>Long-term borrowings</b>		
Obligations under finance lease	681.442	811.472
Bank loans with securities	4.038.698	3.964.967
Intercompany loan	0	
Less: Long-term loans payable in next 12 months	-671.607	-1.034.116
<b>Total of long-term loans</b>	<b>4.048.532</b>	<b>3.742.323</b>

	31/12/2016	31/12/2015
<b>Short-term debt</b>		
Obligations under finance lease	129.096	121.346
Bank Overdrafts	2.931.089	3.183.206
Intercompany loan	0	140.475
More: Long-term loans payable in next 12 months	671.607	1.034.116
<b>Total of short-term loans</b>	<b>3.731.792</b>	<b>4.479.142</b>

<b>Borrowings</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
Within 1 year	3.731.792	4.479.142
After 1 year but not more than 2 years	891.164	701.043
After 2 years but not more than 3 years	765.220	634.100
After 3 years but not more than 4 years	769.195	586.132
After 4 years but not more than 5 years	800.343	589.699
More than five years	822.610	1.231.349
	<b>7.780.324</b>	<b>8.221.465</b>

The effective interest rates that affect the Income Statement are as follows:

	<b>31/12/2016</b>		
	€	\$	....
Long-term borrowings	4,9%	0,0%	XX%
Bank Overdrafts	8,2%	XX%	XX%
	<b>31/12/2015</b>		
	€	\$	....
Long-term borrowings	5,4%	XX%	XX%
Bank Overdrafts	7,2%	0%	XX%

#### Obligations under finance lease

	<b>31/12/2016</b>		<b>31/12/2015</b>	
	Future minimum lease payments	Present value of future minimum lease payments	Future minimum lease payments	Present value of future minimum lease payments
Within 1 year	129.096	83.269	121.346	67.768
After 1 year but not more than 5 years	602.288	504.883	566.828	433.963
More than five years	79.154	77.776	244.645	111.780
<b>Total of Future minimum lease payments</b>	<b>810.538</b>	<b>665.928</b>	<b>932.818</b>	<b>613.512</b>
Less: Interest expenses	-144.610	0	-319.306	0
<b>Total of Present value of future minimum lease payments</b>	<b>665.928</b>	<b>665.928</b>	<b>613.512</b>	<b>613.512</b>

## 17. Long-term/Short-term provisions

	Provision of affairs sub judice	Provision for Tax expense for unaudited fiscal years	Other Provisions	Total
<b>Balance as of 1/1/2015</b>	0	55.000	0	55.000
Additional provisions				0
Utilised provisions				0
Reversal of provisions				0
Reclassification				0
Provision for Tax expense for unaudited fiscal years				0
Exchange differences				0
<b>Balance as of 31/12/2015</b>	<b>0</b>	<b>55.000</b>	<b>0</b>	<b>55.000</b>

Short Term Provisions				0
Long Term Provisions		55.000		55.000
	<b>0</b>	<b>55.000</b>		<b>55.000</b>

	Provision of affairs sub judice	Provision for Tax expense for unaudited fiscal years	Other Provisions	Total
<b>Balance as of 1/1/2016</b>	0	55.000		55.000
Additional provisions				0
Utilised provisions				0
Reversal of provisions				0
Reclassification				0
Provision for Tax expense for unaudited fiscal years				0
Exchange differences				0
<b>Balance as of 31/12/2016</b>	<b>0</b>	<b>55.000</b>		<b>55.000</b>

Short Term Provisions				0
Long Term Provisions		55.000		55.000
	<b>0</b>	<b>55.000</b>		<b>55.000</b>

## 18. Suppliers and other liabilities

The Company's total liabilities to suppliers and other third parties are analyzed as follows:

	<u>31/12/2016</u>	<u>31/12/2015</u>
Suppliers	1.199.908	1.495.098
Notes payable	0	0
Checks Payable	326.929	317.981
Customers' Advances	0	0
Intercompany accounts payable	0	0
Other liabilities	0	0
<b>Total</b>	<b><u>1.526.838</u></b>	<b><u>1.813.079</u></b>

## 19. Other short-term liabilities

Accrued and other short-term liabilities are analyzed as follows:

	<u>31/12/2016</u>	<u>31/12/2015</u>
Social security insurance	150.675	143.641
Other Tax liabilities	496.610	584.069
Salaries and wages payable	60.725	57.920
Accrued expenses	20.333	25.891
Others Liabilities	6.394	2.465
Accrued Interest expenses	4.693	6.417
<b>Total</b>	<b><u>739.430</u></b>	<b><u>820.404</u></b>

## 20. Sales

	<u>1/1-31/12/2016</u>	<u>1/1-31/12/2015</u>
Sales of goods	10.703.709	10.454.959
Income from services provided	903.752	1.010.249
<b>Total</b>	<b><u>11.607.461</u></b>	<b><u>11.465.208</u></b>

## 21. Analysis of expenses

	<u>1/1-31/12/2016</u>			Total	<u>1/1-31/12/2015</u>			Total
	Cost of sales	Administrative expenses	Distribution expenses		Cost of sales	Administrative expenses	Distribution expenses	
Retirement benefits				0				0
Wages and Other employee benefits	1.911.597	383.009	383.789	<b>2.678.395</b>	1.836.989	356.195	403.798	<b>2.596.982</b>
Inventory cost	4.760.738			<b>4.760.738</b>	4.684.161	384	1.000	<b>4.685.546</b>
Tangible Assets depreciation	275.696	110.087	108.003	<b>493.787</b>	245.918	113.324	110.475	<b>469.717</b>
Intangible Assets depreciation	0	4.065	0	<b>4.065</b>	0	2.445	0	<b>2.445</b>
Third party expenses	72.998	1.302.476	18.198	<b>1.393.672</b>	84.684	1.004.122	22.329	<b>1.111.135</b>
Third party benefits	430.847	55.438	87.017	<b>573.302</b>	345.090	53.238	52.778	<b>461.905</b>
Taxes & Duties	535	42.564	6.374	<b>49.472</b>	4.356	33.694	3.275	<b>41.325</b>
Transportation and Other Expenses	127.969	63.457	225.963	<b>417.389</b>	129.958	58.527	233.193	<b>421.678</b>
<b>Total</b>	<b><u>7.580.381</u></b>	<b><u>1.961.096</u></b>	<b><u>829.343</u></b>	<b>#####</b>	<b><u>7.331.956</u></b>	<b><u>1.621.929</u></b>	<b><u>836.848</u></b>	<b><u>9.790.733</u></b>

## 22. Payroll cost

	<u>1/1-31/12/2016</u>	<u>1/1-31/12/2015</u>
Wages and salaries	2,082,597	2,021,179
Social security costs	535,823	514,899
Post employment benefits: defined benefit plans	11,769	15,724
Post employment benefits: defined contribution plans	0	0
Other staff costs	48,206	45,180
Termination indemnities	0	0
<b>Total Staff Costs</b>	<b>2,678,395</b>	<b>2,596,982</b>

## Number of employees

	<u>1/1-31/12/2016</u>	<u>1/1-31/12/2015</u>
workers	78	76
employees	46	45
<b>Total</b>	<b>124</b>	<b>121</b>

## 23. Other income

	<u>1/1-31/12/2016</u>	<u>1/1-31/12/2015</u>
Grants amortization	123,789	293,394
Income from reversal of unrealized provisions	0	35,481
Other income	17,662	20,387
Profit on sale of property, plant and equipment	0	50
<b>Total other operating income</b>	<b>141,451</b>	<b>349,312</b>

## 24. Other expenses

	<u>1/1-31/12/2016</u>	<u>1/1-31/12/2015</u>
Other fines & augmentation	37,274	40,387
Inventory Disposal	86,924	184,058
Provisions	52,799	24,820
Other Expenses	532	13,362
<b>Total other operating expenses</b>	<b>177,529</b>	<b>262,626</b>

## 25. Other financial results

	<u>1/1-31/12/2016</u>	<u>1/1-31/12/2015</u>
Other financial results	3,933	4,490
<b>Total other financial results</b>	<b>3,933</b>	<b>4,490</b>

## 26. Financial income / (expenses)

Financial income/expenses are analyzed as follows:

	<u>1/1-31/12/2016</u>	<u>1/1-31/12/2015</u>
Interest expenses from long-term loans	204,733	232,080
Interest expenses from short-term loans	207,696	246,444
Finance charges payable under finance leases and hire purchase contracts	52,438	39,018
Other interest related expenses	117,160	107,771
<b>Total financial expenses</b>	<b>582,028</b>	<b>625,312</b>

	<u>1/1-31/12/2016</u>	<u>1/1-31/12/2015</u>
Bank interest	78	169
<b>Total financial income</b>	<b>78</b>	<b>169</b>

## 27. Income tax

Under the effective tax legislation, the tax rate applicable to Greek entities for FY 2016 is 29% (under provisions of Law 4334/2015, published on 16/07/2015).

	<u>1/1-31/12/2016</u>	<u>1/1-31/12/2015</u>
Current income tax	146.678	111.016
Deferred income tax	52.022	70.326
Tax audit differences	0	0
Income tax provision	0	0
Income tax from previous financial years	0	0
Other taxes	0	0
<b>Total income tax</b>	<b>198.700</b>	<b>181.342</b>
Profit before income tax	614.680	1.131.528
Nominal Tax rate	29%	29%
<b>Presumed Tax on Income</b>	<b>178.257</b>	<b>328.143</b>

### Adjustments for non taxable income

- Non taxable income		-268.899
- Offset due to accumulated losses from previous financial years		
- Tax corresponding to non-taxed reserves		
- Additional taxes and increases from preceding years		
- Damage of the year for which was not recognized deferred tax asset		
- Dividends or profits from participations		
- Other		

### Adjustments for non deductible expenses for tax purposes

- Goodwill impairment		
- Non tax deductible expenses	20.443	33.799
- Effect on opening deferred income tax of reduction in income tax rates	0	-8.115
- Tax differences of preceding financial years		
- Tax pertaining to distribution of reserves		
- Other expenses non deductible for tax purposes	0	96.413
- Additional taxes and surcharges		
- Stock options granted to employees		
- Additional property tax		
- Special contribution		
- Change due to revaluation of property		
- Effect from differences in tax coefficients of foreign subsidiaries		
- Other		
<b>Total tax</b>	<b>198.700</b>	<b>181.342</b>

## 28. Key executives benefits

	<u>1/1-31/12/2016</u>	<u>1/1-31/12/2015</u>
Salaries & other employees benefits	114.807	110.240
Social security costs	43.985	44.045
B.O.D. Remuneration		
	1.191.230	909.343
<b>Total</b>	<b><u>1.350.022</u></b>	<b><u>1.063.627</u></b>

	<b>Company</b>	
	<u>1/1-31/12/2016</u>	<u>1/1-31/12/2015</u>
Number of key management personnel	5	5

## 29. Related parties transactions

Significant transactions between the Company and its related parties within the meaning of IAS 24, recorded in the current FY, are as follows (amounts in euro):

*Amounts in Euro*

	<u>1/1-31/12/2016</u>	<u>1/1-31/12/2015</u>
Salaries and Social security costs	158.792	154.284
Fees to members of the BoD	1.191.230	909.343
Termination benefits	0	0
Other long-term benefits	0	0
Stock option	0	0
<b>Total</b>	<b><u>1.350.022</u></b>	<b><u>1.063.627</u></b>

## **Transactions with related parties**

*Amounts in Euro '000*

	<b>Company</b>	
	<b>31/12/2016</b>	<b>31/12/2015</b>
<b>a) Asset accounts</b>		
Trade and other receivables	-	-
Cash, cash equivalents & restricted cash	-	-
Other Receivables	-	-
Accrued income	-	-
Discontinued operations	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>b) Liability accounts</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
Loans	0	140.475
Other liabilities	2.127	1.184
<b>Total</b>	<b>2.127</b>	<b>141.659</b>
<b>c) Income</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
Inventory sales	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>d) Expenses</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
Third party expenses	1.350.022	1.063.627
Financial expenses	7.711	27.036
<b>Total</b>	<b>1.357.733</b>	<b>1.090.664</b>

There are guarantees of the key shareholder regarding the Company's loans amounting to € 960.000,00.

## **30. Contingent assets, liabilities and commitments**

### **A) Contingent liabilities from legal cases or arbitration differences**

For financial years from 2011 to 2014 inclusively, the Company, under the provisions of § 5, Article 82, Law 2238/1994, was subject to tax inspection of Certified Public Accountants, while since 1/1/2014, Article 65A § 1, Law 4174/2013, has been effective. The Company has not been tax inspected only for FY 2010.

For FY 2015 the company was subject to tax inspection of Certified Public Accountants under the provisions of Article 65A § 1, Law 4174/2013. Tax audit was completed during financial year 2016 and tax certificates were distributed by statutory auditors.

For FY 2016 the tax audit is currently in progress and the relevant Tax Compliance Certificate is expected to be issued following the publication of financial statements for 2016. Should any additional tax obligation arise following the finalization of tax inspection, it is estimated that they will not significantly affect the financial statements. Under recent legislation, tax audit and certificates, for the year 2016 onwards, are optional.

## B) Commitments, guarantees and liens

	1/1- 31/12/2016	1/1- 31/12/2015
<b>Finance lease commitments</b>		
Within one year	129.096	121.346
After one year but not more than five years	602.288	533.367
More than five years	79.154	278.105
<b>Total finance lease commitments</b>	<b>810.538</b>	<b>932.818</b>
<b>Operating lease commitments</b>		
Within one year	27.334	6.837
After one year but not more than five years	79.782	4.582
More than five years	0	0
Operating lease short-term commitments pertaining to discontinued operations		
Operating lease long-term commitments pertaining to discontinued operations		
<b>Total operating lease commitments</b>	<b>107.116</b>	<b>11.420</b>
<b>Guarantees</b>		
Performance letters of guarantee		
Guarantees to third parties		
Guarantees for the repayment of bank accounts		
Guarantees for the repayment of trade liabilities		
Performance letters of guarantee for subsidized investment programmes		
Guarantees for the participation in various tenders		
Other guarantees		
<b>Total guarantees</b>	<b>0</b>	<b>0</b>
Guarantees for the repayment of bank accounts		
<b>Encumbrances</b>		
Mortgages on tangible assets	6.000.000	5.660.000
Mortgages on intangible assets		
Other encumbrances (explain)		
Discontinued operations		
<b>Total encumbrances</b>	<b>6.000.000</b>	<b>5.660.000</b>

## 31. Risk management policies

### Financial risks management

The Company is exposed to various financial risks, the main of which have to do with the price fluctuation risk, credit risk, liquidity risk and cash flows risk. The relevant risk management

- policies of the company aim at minimizing the negative effects that such risks may have on the company's financial position and performance.

Risk management is carried out by the Finance Department of the Company and the relevant policies are approved by the Board of Directors. The financial risk management involves recognition, assessment and hedging financial risks in close cooperation with the operating units of the Company.

**Price fluctuation risk:**

There are contracts with customers and suppliers of 1-1,5 years maturity.

Changes in the suppliers price can be directly passed on to customers as long as the differences in basic Raw Material are substantial, such as the global oil prices.

**Cash flows risk:**

The company capitalizes its assets earlier in respect of customers cheques in the context of financing lines for working capital and by assigning invoices to a factoring company under the relative contract.

**Interest rate sensitivity**

The company faces the risk arising from interest rate fluctuations as far as its loan liabilities are concerned. As at 31/12/2016, total loan liabilities pertain to floating rate loans. The Management constantly monitors interest rates fluctuations and the Company's financial needs and assesses, on case basis, the term of loans and the balance between fixed and adjusted interest rates.

**Credit risk:**

Credit risk, to which the Company is exposed, arises from cash available and bank deposits as well as from credit exposures to the clients, including significant receivables and transactions.

New clients credit rating is examined, while as far as the existing clients are concerned, their credit ranking is periodically assessed in cooperation with Tiresias and ICAP. Moreover, the Company collaborates with the DAS regarding the issues of small and medium customers' past due balances as well as with the lawyer regarding the issues of large customers' past due balances.

**1/1-31/12/2016 1/1-31/12/2015***Financial Assets*

Cash, cash equivalents & restricted cash	572.762	367.534
Trade and other receivables	4.527.624	4.720.452
<b>Σύνολο</b>	<b>5.100.386</b>	<b>5.087.987</b>

**Financial assets past due but not impaired**

	<b>1/1- 31/12/2016</b>	<b>1/1-31/12/2015</b>
Not more than 3 months	2.195.204	2.208.483
More than 3 months but not more than 6 months	2.358.243	2.469.107
More than 6 months but not more than 1 year	-	-
More than 1 year	(25.823)	42.862
<b>Σύνολο</b>	<b>4.527.624</b>	<b>4.720.452</b>

Moreover, the Company allocates part of its receivables (factoring) to ensure immediate liquidity through risk reduction and without it.

**Liquidity risk**

Liquidity risk is related to the need for sufficient financing of the Company's operations and development. The relative liquidity needs are managed through monitoring transactions on daily basis.

The company's working capital is positive and amounts to € 1,1million.

The following table presents maturity of financial liabilities as at December 31, 2016 and 2015 respectively.

	<b>1/1-31/12/2016</b>				<b>1/1-31/12/2015</b>			
	<b>Short-term</b>		<b>Long-term</b>		<b>Short-term</b>		<b>Long-term</b>	
	<b>Less than 6 months</b>	<b>6 -12 months</b>	<b>6 με 12 μήνες</b>	<b>Over 5 years</b>	<b>Less than 6 months</b>	<b>6 -12 months</b>	<b>6 με 12 μήνες</b>	<b>Over 5 years</b>
Long-term borrowing	335.804	335.804	2.623.635	743.455	517.058	517.058	1.977.607	953.244
Liabilities relating to operating lease agreements	64.548	64.548	602.288	79.154	60.673	60.673	533.367	278.105
Trade payables	1.526.838	-	-	-	1.813.079	-	-	-
Other short-term-long-term liabilities	739.430	-	849.472	46.582	820.404	-	849.472	80.741
Short-term borrowing	2.931.089	0	-	-	3.253.443	70.238	-	-
<b>Total</b>	<b>5.597.708</b>	<b>400.352</b>	<b>4.075.395</b>	<b>869.192</b>	<b>6.464.657</b>	<b>647.968</b>	<b>3.360.446</b>	<b>1.312.090</b>

**Equity management policies and procedures**

The Company's objectives in respect of equity management are as follows:

- 1) to facilitate the Company's going concern,
- 2) to ensure satisfactory return for its shareholders,
- 3) to apply pricing policies proportionally with the risk level.

The Company monitors the equity based on the amounts of equity plus subordinated loans less

cash and cash equivalents, as presented in the Statement of Financial Position. Regarding FYs 2015 and 2016, equity is analyzed as follows:

	<u>1/1- 31/12/2016</u>	<u>1/1-31/12/2015</u>
Total equity	5.699.195	5.290.431
Subordinated loans	2.931.089	3.183.206
Less: Cash and cash equivalents	(572.762)	(367.534)
<b>Capital</b>	<b>8.057.522</b>	<b>8.106.102</b>
Total equity	5.699.195	5.290.431
Plus Total Debt	7.780.324	8.221.465
<b>Total Funds</b>	<b>13.479.519</b>	<b>13.511.896</b>
Capital to Funds	1,67	1,67

### 32. Post financial statements events

Apart from the aforementioned, there are no other events regarding the Company, subsequent to the financial statements as of December 31, 2016, that should be reported under the International Financial Reporting Standards.

**Metamorphosi, June 19, 2017**

**THE CHAIRMAN OF THE  
BoD AND CHIEF  
EXECUTIVE OFFICER  
IOANNIS NTRENOGIANNIS**

**THE CHIEF FINANCIAL  
OFFICER**

**PANAGIOTIS SKOPLAKIS**

**THE CHIEF ACCOUNTANT**

**AGAMEMNON  
STAVROPOULOS**