EL PACK S.A.

Consolidated and Separate Financial Statements for the year ended 31 December 2017

According to the International Financial Reporting Standards

The information contained in this Consolidated and Separate Financial Report has been translated from the original set of Consolidated and Separate Financial Report that has been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language Consolidated and Separate Financial Report, the Greek language Consolidated and Separate Financial Report will prevail over this document.

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Independent Auditor’s Report

To the Shareholders of EL PACK S.A.

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of EL PACK S.A. (the Company), which comprise the separate and consolidated statement of financial position as at 31 December 2017, and the separate and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of EL PACK S.A. and its subsidiaries (the Group) as at 31 December 2017, and their financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as incorporated into the Greek Legislation. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the separate and consolidated Financial Statements” section of our report. We are independent of the Company and its consolidated subsidiaries throughout our appointment in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), as incorporated into the Greek Legislation and the ethical requirements that are relevant to the audit of the separate and consolidated financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the current legislation and the above-mentioned IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Board of Directors’ Report for which reference is made to the “Report on Other Legal and Regulatory Requirements”, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Separate and Consolidated Financial Statements

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

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as incorporated into the Greek Legislation, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs as incorporated into the Greek Legislation, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the company and of its subsidiaries audit. We remain solely responsible for our audit opinion.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report, according to the provisions of paragraph 5 of article 2 (part B') of L. 4336/2015, we note that:

a) In our opinion the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of the articles 43a and 107A of cod. L. 2190/1920 and its content corresponds with the accompanying separate and consolidated financial statements for the year ended 31/12/2017.

b) Based on the knowledge we obtained during our audit of EL PACK S.A. and its environment, we have not identified any material misstatements in the Board of Directors' Report.

Athens, May 30th, 2018

The Certified Auditor Accountant

Panagiotis I. Korovesis
Institute of CPA (SOEL) Reg. No.: 16071
SOL Certified Auditors Accountants S.A.,
Member of Crowe Horwath International
Institute of CPA (SOEL) Reg. No.: 125

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

(All amounts in thousands of Euro)		**Group**		**Company**	
		1 Jan. – 31 Dec.		**1 Jan. – 31 Dec.**	
	Notes	**2017**	**2016**	**2017**	**2016**
Revenues:					
Net sales	8	43,244	43,671	35,477	36,827
Cost of sales	6	(32,558)	(31,800)	(27,795)	(28,690)
Gross profit		**10,685**	**11,871**	**7,682**	**8,138**
Selling, general and administrative expenses	7	(6,814)	(6,483)	(5,827)	(5,433)
Other income	9	284	278	147	111
Other expenses	9	(603)	(739)	(178)	(359)
Operating profit		**3,553**	**4,927**	**1,824**	**2,457**
Net finance costs	10	(1,851)	(2,438)	(1,737)	(2,282)
Profit / (Loss) before tax		**1,702**	**2,489**	**87**	**175**
Income tax expense	11	(537)	(656)	(37)	(59)
Profit / (Loss) for the period		**1,165**	**1,832**	**50**	**116**
Other comprehensive income / (loss)					
Other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods (net of tax):					
Net other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods		0	0	0	0
Net other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods		**0**	**0**	**0**	0
Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods (net of tax):					
Remeasurement losses on defined benefit plans	28	(169)	102	(126)	61
Income tax on other comprehensive income items that are not reclassified	11	49	(30)	36	(18)
Net other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods		**(120)**	**72**	**(89)**	**43**
Other comprehensive income / (loss) for the period, net of tax		**(120)**	**72**	**(89)**	**43**
Total comprehensive income / (loss) for the period, net of tax		**1,044**	**1,905**	**(39)**	**159**
Net profit / (loss) attributable to:					
Equity holders of the parent		853	1,362	50	116
Non-controlling interests		312	470	-	-
		1,165	**1,832**	**50**	**116**
Total comprehensive income / (loss) attributable to:					
Equity holders of the parent		741	1,427	(39)	159
Non-controlling interests		303	478	-	-
		1,044	**1,905**	**(39)**	**159**
Profit / (Loss) per share attributable to the equity holders of the parent basic and diluted (expressed in euro per share)		**0.7874**	**1.2578**	**0.0459**	**0.1069**

The accompanying notes are an integral part of these consolidated and separate financial statements

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

(All amounts in thousands of Euro)

		Group		Company	
		31 December		31 December	
	Notes	2017	2016	2017	2016
Assets					
Non-current assets					
Property, plant and equipment	14	33,027	33,507	13,028	13,181
Intangible assets	15	158	188	158	187
Goodwill	13	2,120	2,120	-	-
Investment property	16	1,033	1,041	-	-
Investment in subsidiaries	12	-	-	12,491	12,491
Investment in associates	17	750	750	750	750
Other non-current assets	18	218	217	129	127
Total non-current assets		**37,307**	**37,823**	**26,555**	**26,736**
Current assets					
Inventories	19	4,771	5,160	2,800	3,182
Trade accounts receivable	20	18,391	17,672	17,412	14,517
Prepayments and other receivables	21	2,617	3,074	1,133	4,492
Cash and cash equivalents	22	197	234	161	179
Total current assets		**25,975**	**26,140**	**21,506**	**22,370**
Total assets		**63,282**	**63,964**	**48,061**	**49,106**
Equity and liabilities					
Equity					
Share capital	23	3,249	3,249	3,249	3,249
Legal reserve	24	515	446	429	423
Tax free reserves	24	4,837	4,837	4,837	4,837
Extraordinary reserves	24	1,504	605	605	605
Retained earnings		736	963	341	386
Equity attributable to equity holders of the parent		**10,841**	**10,100**	**9,461**	**9,501**
Non-controlling interests		4,514	4,211	-	-
Total equity		**15,356**	**14,312**	**9,461**	**9,501**
Non-current liabilities					
Interest bearing loans and borrowings	26	20,079	22,175	19,128	21,089
Finance lease obligations	27	7	26	7	26
Other long-term liabilities		276	742	35	176
Provision for staff retirement indemnities	28	1,038	839	779	642
Deferred tax liabilities	11	5,862	6,013	2,270	2,477
Total non-current liabilities		**27,262**	**29,795**	**22,220**	**24,409**
Current liabilities					
Trade accounts payable	30	6,181	6,031	4,101	3,490
Short-term borrowings	31	9,323	9,050	8,904	8,612
Current portion of interest bearing loans and borrowings	26	2,135	1,197	1,999	1,105
Current portion of finance lease obligations	27	19	46	19	25
Income taxes payable		608	371	182	127
Accrued and other current liabilities	32	2,399	3,161	1,176	1,836
Total current liabilities		**20,665**	**19,857**	**16,380**	**15,195**
Total liabilities		**47,926**	**49,652**	**38,600**	**39,605**
Total equity and liabilities		**63,282**	**63,964**	**48,061**	**49,106**

The accompanying notes are an integral part of these consolidated and separate financial statements

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY AS AT 31 DECEMBER 2017

	Group							
(All amounts in thousands of Euro)	Share capital	Legal Reserve	Free Tax and Special Reserves	Other Reserves	Retained Earnings	Total	Non-Controlling Interests	Total equity
Balance 1st January 2016	**3,249**	**418**	**4,837**	**605**	**(436)**	**8,674**	**3,733**	**12,407**
Net profit / (loss) for the period	-	-	-	-	1,362	1,362	470	1,832
Other comprehensive income / (loss)	-	-	-	-	64	64	8	72
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**1,427**	**1,427**	**478**	**1,905**
Formation of legal reserve	**-**	28	**-**	**-**	(28)	-	-	-
Balance 31st December 2016	**3,249**	**446**	**4,837**	**605**	**963**	**10,100**	**4,211**	**14,312**
Net profit / (loss) for the period	-	-	-	-	853	853	312	1,165
Other comprehensive income / (loss)	-	-	-	-	(112)	(112)	(9)	(120)
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**741**	**741**	**303**	**1,044**
Formation of legal reserve	**-**	68	**-**	900	(968)	-	-	-
Balance 31st December 2017	**3,249**	**515**	**4,837**	**1,504**	**736**	**10,841**	**4,514**	**15,356**

	Company					
(All amounts in thousands of Euro)	Share capital	Legal Reserve	Free Tax and Special Reserves	Other Reserves	Retained Earnings	Total
Balance 1st January 2016	**3,249**	**418**	**4,837**	**605**	**233**	**9,342**
Net profit / (loss) for the period	-	-	-	-	116	116
Other comprehensive income / (loss)	-	-	-	-	43	43
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**159**	**159**
Formation of legal reserve	-	5	-	-	(5)	-
Balance 31st December 2016	**3,249**	**423**	**4,837**	**605**	**386**	**9,501**
Net profit / (loss) for the period	-	-	-	-	50	50
Other comprehensive income / (loss)	**-**	**-**	**-**	-	(89)	(89)
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**(39)**	**(39)**
Formation of legal reserve	-	6	-	-	(6)	**-**
Balance 31st December 2017	**3,249**	**429**	**4,837**	**605**	**341**	**9,461**

The accompanying notes are an integral part of these consolidated and separate financial statements

CONSOLIDATED AND SEPARATE CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(All amounts in thousands of Euro)		Group		Company	
		1 Jan. – 31 Dec.		1 Jan. – 31 Dec.	
	Notes	2017	2016	2017	2016
Cash flows from operating activities					
Profit / (Loss) before tax		**1,702**	**2,489**	**87**	**175**
Adjustments to reconcile loss before tax to net cash flows:					
- Depreciation and amortization	5	1,715	1,722	739	759
- Provisions	4,20	179	242	141	206
- Loss / (Profit) on revaluation of investment property		7	1	-	-
- Net foreign exchange differences		(30)	-	(30)	-
- Finance costs	10	1,881	2,441	1,767	2,284
- Other income		(63)	(74)	7	(3)
Cash flows from operating activities before changes in working capital		**5,392**	**6,820**	**2,711**	**3,420**
(Increase) / Decrease in:					
Inventories		390	(536)	382	(770)
Trade accounts receivable		(686)	(1,325)	(2,844)	2,354
Prepayments and other receivables		456	(636)	3,357	(1,532)
Increase / (Decrease) in:					
Trade accounts payable		(316)	(595)	470	(544)
Accrued and other current liabilities		(69)	(178)	(5)	(65)
Changes in working capital		**(225)**	**(3,270)**	**1,360**	**(557)**
Interest paid		(2,537)	(2,068)	(2,386)	(1,871)
Income taxes paid		(401)	(333)	(151)	(274)
Payment of staff retirement indemnities	28	(183)	(33)	(181)	(10)
Net cash generated from operating activities		**2,045**	**1,116**	**1,354**	**708**
Cash flows from investing activities					
Capital expenditure for property, plant and equipment	14	(1,219)	(355)	(569)	(170)
Proceeds from disposal of property, plant and equipment		77	105	6	3
Interest and other related income received		0	0	-	0
Net cash flows used in investing activities		**(1,142)**	**(250)**	**(563)**	**(166)**
Cash flows from financing activities					
Proceeds from interest bearing loans and borrowings		322	382	322	382
Repayments of interest bearing loans and borrowings		(1,216)	(1,229)	(1,105)	(1,000)
Proceeds from finance leases		-	-	-	-
Payment of finance lease liabilities		(47)	(179)	(26)	(28)
Net cash flows (used in) / from financing activities		**(940)**	**(1,025)**	**(808)**	**(646)**
Net (decrease) / increase in cash and cash equivelants		(38)	(158)	(18)	(104)
Cash and cash equivelants at the beginning of the period	22	234	393	179	283
Cash and cash equivelants at the end of the period	22	**197**	**234**	**161**	**179**

The accompanying notes are an integral part of these consolidated and separate financial statements

1. CORPORATE INFORMATION

"EL PACK S.A." (also known as Company) was founded on August 22nd, 1986. References to the "Company" or "EL PACK" include, unless the contents indicate otherwise, EL PACK S.A. and its consolidated subsidiaries "SIGMA PACK S.A." and " FTHIOTIS PAPERMILL S.A.".

The principal activity of EL PACK and SIGMA PACK is the production of corrugated cardboard and carton boxes. FTHIOTIS PAPERMILL is active in the production of recycled packaging paper and constitutes the primary raw material supplier of the Group's corrugated cardboard and carton boxes production companies, within the context of vertical integration strategy implemented by the Group.

The Company's headquarters are located in Athens, Greece, at 5, Orizomilon Street, 122 44 Aegaleo. The Company's 17 thousand m^2 manufacturing plant, is situated in the industrial zone of Patras, Greece, in a 53 thousand m^2 owned land.

The Group's average number of employees for the year ended 31 December 2017 and 2016 was 256 (182 for the Company) and 258 (186) respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES & BASIS OF PRESENTATION

A. Basis of Preparation of Financial Statements

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union ("EU").

The consolidated financial statements have been prepared on a historical cost basis, other than investment property measured at fair value in accordance with IAS 40.

The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€000), except when otherwise indicated. Due to rounding, numbers presented throughout the financial statements and notes may not add up precisely to the totals provided.

B. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Statement of comprehensive income (income statement component) and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Subsidiaries acquired in a common control transaction are accounted for in a manner similar to a pooling of interest.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The complete list of the consolidated subsidiaries together with the related effective participation interests is presented in Note 12.

C. Investments in associates

Associates are all entities over which the Group has significant influence (according to IAS 28) but not a controlling interest. Significant influence is generally presumed when the Group holds between 20% and 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Group has significant influence. Investments in associates are consolidated using the equity method of accounting. Associates are initially recognized in the Statement of Financial Position at cost and the carrying amount is increased or decreased to recognize the Group’s share of profit or loss of the investee after the date of acquisition. They represent the fair value of the Group’s share in the associates’ net assets, which includes goodwill identified on acquisition (net of any accumulated impairment loss). The Group assesses, at each reporting date, whether trigger for impairment exists for an investment in associate. If any such trigger exists, then an impairment test is performed by comparing the investment’s recoverable amount with its carrying amount. Where the carrying amount of the investment exceeds its recoverable amount, then the carrying amount is written down to its recoverable amount.

The impairment loss recognized in prior years is only reversed if there has been a change in the estimates used to determine the investment’s recoverable amount since the last impairment loss was recognized. If this is the case the carrying amount of the investment is increased to its higher recoverable amount and that increase is a reversal of an impairment loss.

The Group's share of its associates' post acquisition financial results is recognized in the income statement, and the share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment in associates. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless it has incurred relevant obligations or made payments on behalf of the associate.

Significant profits and losses from ‘’upstream’’ and ‘’downstream’’ transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

Associates' accounting policies have been changed where necessary and practicable to conform to the accounting policies adopted by the Group.

Gains and losses arising on partial disposals of investments in associates are recognized in the income statement. On loss of significant influence of an associate, the Group measures at fair value any retained investment. The difference between the carrying amount of the investment and its fair value at the date of loss of significant influence shall be recognized in profit or loss. The fair value of the investment when it ceases to be an associate shall be regarded as its fair value determined on initial recognition as a financial asset with IAS 39.

D. Summary of Significant Accounting Policies

a) Business Combinations and Goodwill:

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in statement of comprehensive income (income statement component).

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognized either in profit or loss or as a change to Other Comprehensive Income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in statement of comprehensive income (income statement component).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying

amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

b) Current versus non-current classification:

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is classified as current when it is:
- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements has pricing latitude and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognized:

Sale of goods: Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rendering of services: Revenue from rendering of services is recognized by reference to the stage of completion. Stage of completion is measured by reference to labour hours worked to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses incurred that are recoverable.

Interest income: For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate. Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income (income statement component).

Dividend income: Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

d) Government Grants:

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. Amortisation is included in cost of sales in the consolidated statement of comprehensive income (income statement component).

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and realised to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

e) Taxes:

Current income tax: Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income (income statement component). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax: Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of comprehensive income (income statement component) is recognised outside the statement of comprehensive income (income statement component). Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

f) Foreign Currencies:

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to income statement reflects the amount that arises from using this method.

Transactions and balances: Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in statement of comprehensive income (income statement component) with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in Other Comprehensive Income until the net investment is disposed of, at which time, the cumulative amount is reclassified to statement of comprehensive income (income statement component). Tax charges and credits attributable to exchange differences on those monetary items are also recorded in Other Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or statement of comprehensive income (income statement component) are also recognised in Other Comprehensive Income or statement of comprehensive income (income statement component), respectively).

g) Property, Plant and Equipment:

Land is measured at cost. Construction in progress, buildings, machinery and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the machinery and equipment when that cost is incurred, if the recognition criteria are met. The means of transport, furniture and other equipment are measured at cost net of accumulated depreciation and any impairment.

Property, plant and equipment includes: land, own-use buildings, leasehold improvements, furniture and other equipment, and transportation means. Property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Property, plant and equipment are reviewed for impairment loss whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income (income statement component) when the asset is derecognised.

Depreciation: Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The assets residual values and useful lives are reviewed at each financial year end and adjusted prospectively, if appropriate. The rates used are as follows:

Classification	Annual Depreciation Rates
Buildings	2% - 5%
Machinery and equipment	5% - 15%
Transportation equipment	4% - 20%
Furniture and fixtures	5% - 20%

h) Leases:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee: A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income (income statement component).

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated

over the shorter of the estimated useful life of the asset and the lease term.
Operating lease payments are recognised as an operating expense in the statement of comprehensive income (income statement component) on a straight-line basis over the lease term.

Group as a lessor: Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

i) Borrowing costs:

The Group applies IAS 23 "Borrowing costs", according to which borrowing costs are capitalised as part of the cost of a qualifying asset, as long as the requirements of IAS 23 are fulfilled. Specifically, the requirements of IAS 23 state that: a) the borrowing costs can be directly attributable to the acquisition, construction or production of a qualifying asset and b) the borrowing costs would have been avoided if the expenditure on the qualifying asset had not been made.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they incur.

j) Intangible Assets:

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs are not capitalised and the related expenditure is reflected in income statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Software is amortised over an eight to ten years period. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income (income statement component) in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income (income statement component) when the asset is derecognised.

k) Investment property:

Property that is held for long-term rental yields or/and for capital appreciation and is not occupied by the Company or Group subsidiaries is classified as investment property. Investment property includes freehold land, freehold buildings or parts of buildings, land and buildings held under operating lease as well as buildings held under finance lease.

A property interest that is held by a lessee under a finance lease may be classified and accounted for as investment property if and only if the definition of investment property is met. Investment property is measured initially at cost including related transaction costs. After initial recognition, investment property is carried at fair value, as this is estimated by a valuer. Fair value is based on active market prices or is adjusted, if necessary, for any difference in the nature, location and condition of the specific asset. Additionally, according to IFRS 13, fair value measurement shall take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

If this information is not available, the following valuation methods are used:

- Comparable method: According to this method, the value of the property to be evaluated is defined by comparing properties with similar characteristics.

- Residual value: This method is applied mainly for the estimation of the value of bare land which is to be developed or property requiring renovation. All the costs of achieving the completed development as well as the expected profit are deducted from an estimate of the value of that completed development to arrive at the value of the site. The result of this deduction is the residual value of the property. Finally, the present value derives by applying the discounting factor to the residual value of the estimated property.

- Depreciated replacement cost method: Valuations based on Depreciated Replacement Cost Method are based on an estimate of the market value for the existing use of the land and the current gross replacement (reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimization. The two estimates, that are the one for the market value of land and the one for the reproduction cost less allowances for physical deterioration, are summed-up, resulting in the current value of the property under valuation.

- Profit method: The purpose of this method is to estimate the annual income to which an investor is entitled and then capitalise it by using an appropriate unit rate. These valuations are reviewed annually by valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land and buildings classified as investment property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

The fair value of investment property that is not estimated by valuers is determined using a methodology based on valuations that have been carried out. Changes in fair value are recognized in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its new cost.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at

which time it is reclassified and subsequently accounted for as investment property.

Investment property held for sale without redevelopment is classified as non-current assets held for sale according to IFRS 5.

l) Financial Instruments – initial recognition and subsequent measurement:

A financial instrument is any contract that gives rise to a financial asset if one entity and a financial liability or equity instrument of another liability.

Financial assets
Initial recognition and measurement: Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.
Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement: For purposes of subsequent measurement financial assets are classified in four categories:
- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial assets

(i) Financial assets at fair value through profit and loss: Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

(ii) Loans and receivables: This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the statement of comprehensive income (income statement component) in finance costs for loans and in cost of sales or other expenses for receivables.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 20.

(iii) Held-to-maturity investments: Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the effective interest rate, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance income in the statement of statement of comprehensive income (income statement

component). The losses arising from impairment are recognised in the statement of comprehensive income (income statement component) as finance costs. The Group did not have any held-to-maturity investments during the year ended 31 December 2017 and 31 December 2016.

(iv) Available-for-sale financial assets: Available-for-sale financial assets are those that are neither classified as held for trading nor designated at fair value through profit or loss. After initial recognition available-for-sale investments are measured at fair value, with gains and losses recognized directly in a separate component of equity. Upon sale, the deletion or impairment of the investment, the cumulative gain or loss is transferred to the consolidated income statement.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

The fair value of these investments traded on a regulated stock market, resulting from the exchange value of the investment at the date of closing of the financial position. For investments that are not traded in an active market, fair value is determined using valuation techniques that include the use of recent market transactions in accordance with the principle of equidistance, the reference to the current market value of another instrument with similar characteristics to those the valued, on the expected market, and finally the various pricing models.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to statement of comprehensive income (income statement component) over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of comprehensive income (income statement component).

Derecognition: A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to a third party to pay them in full without material delay through a pass-through arrangement, or,
- The Group has transferred its rights to receive cash flows from the asset and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset and on the other hand has not transferred all the risks and rewards of the asset, then the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets: Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions (Note 2 (d))
- Available-for-sale financial assets
- Trade receivables (Note 20)

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an unrealized "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or financial asset group may be estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(i) Financial assets carried at amortised cost: For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.
Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset’s original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of comprehensive income (income statement component). Interest income (recorded as finance income in the statement of comprehensive income (income statement component)) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Interest income is recorded as part of finance costs in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.
If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income (income statement component).

(ii) Available-for-sale financial assets: For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. ‘Significant’ is evaluated against the original cost of the investment and ‘prolonged’ against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any

impairment loss on that investment previously recognised in the statement of comprehensive income (income statement component) – is removed from Other Comprehensive Income and recognised in the statement of comprehensive income (income statement component). Impairment losses on equity investments are not reversed through statement of comprehensive income (income statement component); increases in their fair value after impairment are directly recognised in Other Comprehensive Income.

Financial liabilities
Initial recognition and measurement: The financial liabilities under IAS 39 are classified as financial liabilities at fair value in the income statement, loans and borrowings, or as derivatives to hedge documents in current compensation, if applicable. The Group determines the classification of its financial liabilities at initial imaging. All financial liabilities are initially measured at fair value and, in the case of loans and borrowings, plus direct transaction costs. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts and derivative financial instruments.

Subsequent measurement: The measurement of financial liabilities depends on their classification, as described below:

(i) Financial liabilities at fair value through profit and loss: Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near future. This category includes derivative financial instruments of the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income (income statement component).

The Group has not designated any financial liability as at fair value through profit or loss.

(ii) Loans and borrowings: This is the category most relevant to the Group. All loans and borrowings are initially recognized at cost, as the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in statement of comprehensive income (income statement component) when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of comprehensive income (income statement component).

This category generally applies to interest-bearing loans and borrowings. For more information refer Notes 26 and 31.

Derecognition: A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income (income statement component).

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

m) Inventories:

Inventories are valued at the lower of cost and net realisable value. The cost of finished and semi-finished products includes all costs incurred in bringing inventories to their current location and processing, and comprises raw materials, labor, overheads (based on normal operating capacity but excluding borrowing costs), and packaging costs. The cost of raw materials and finished goods is determined using the weighted average cost. The net realizable value of finished and semi-finished goods is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the 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 made when necessary, while decreases in the net realizable value and losses on inventories are expensed in the period in which these reductions and the damage incurred.

n) Impairment of non-financial assets:

With the exception of goodwill is tested for impairment at least annually (31 December each year), the carrying values of other non-financial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. When the carrying amount of an asset exceeds its recoverable amount, impairment loss is recorded in the income statement. The recoverable amount is determined as the higher of the fair and the value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction is a transaction in which participating parties have full knowledge and participate voluntarily, after deducting any direct disposal costs and the value use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

For the purposes of assessing impairment, assets are grouped at the lowest level of which there are separately identifiable cash flows. The CGU represents the smallest identifiable group of assets that generates cash flows that are largely independent of the cash inflows generated by other assets or groups of assets. During the verification process of that cash inflows from an asset or group of assets is largely independent, results in the Group take into account many factors in determining the level of cash generating unit, including the management, marketing, manufacturing strategy, the way decision making by management regarding the continuation or disposal of assets, the nature and conditions of the contractual arrangements and the actual and projected employment of these assets. Based on the above, the Group is able to identify the CGU per product group.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

o) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on

hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

p) Staff Retirement Indemnities:

The Group operates defined benefit pension plans. These benefit plans are unfunded. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method. The revised IAS 19 introduces a number of changes to the accounting for defined benefit plans, including actuarial gains and losses, which are now recognized in OCI and permanently excluded from profit or loss. Also, the expected returns on plan assets are no longer recognized in profit or loss, and there is interest identification requirement for the net liability (or asset), calculated using the discount rate used to measure the defined benefit obligation. The unvested past service costs are now recognized in profit or loss, the smallest of the date to carry out the change and the date of recognition of the cost of the relevant restructuring or termination. Further analysis of the programs is included in note 28.

q) Provisions and Contingencies:

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income (income statement component) net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. Contingent liabilities and requirements would not be recognized in the financial statements but are disclosed unless there is no likelihood of an outflow or inflows are likely resources respectively.

r) CO_2 Emission Rights:

The Group has adopted the net liability approach to the emission rights granted, where a provision is recognised only when actual emissions exceed the emission rights granted and still held, and has chosen to measure the net liability on the basis of the period for which an irrevocable right on cumulative emissions rights received. Emission rights acquired in excess of those required to cover its shortages are recognised as an intangible asset. Proceeds from the sale of granted emission rights are recorded as a reduction in cost of sales. As at 31 December 2017, the Group exceeded these rights and in the year 2018 these shortages were fully covered, according to the European legislation. With respect to the period 2013 - 2020 and according to the European legislation currently in force, it is estimated that the Group will not face a significant shortfall of carbon dioxide emissions allowances in the near future.

E. Significant Accounting Judgments, Estimates and Assumptions

The preparation of consolidated financial statements of the Group requires management to make estimates, judgments and assumptions in order to select the most suitable accounting principles in relation to the future development of events and transactions. These estimates, judgments and assumptions are reviewed periodically in order to meet the current facts and reflect the current risks based on historical experience and on the levels of such transactions and events.

The key assumptions concerning the future and other key sources of estimation uncertainty at the

reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group.

1) ***Allowance for doubtful accounts receivable:***
   The Group's management periodically reassesses the adequacy of the allowance for doubtful accounts receivable in conjunction with its credit policy and taking into consideration reports from its legal counsel on recent developments of the cases they are handling (Note 20).

2) ***Provision for income taxes:***
   According to IAS 12, income tax provisions are based on estimations as to the taxes that will be paid to the tax authorities and includes the current income tax for each fiscal year, the provision for additional taxes which may arise from future tax audits and the recognition of future tax benefits. The final clearance of income taxes may be different from the relevant amounts which are included in these consolidated financial statements.

3) ***Depreciation rates and useful lives:***
   The Group's assets are depreciated over their estimated remaining useful lives. These useful lives are periodically reassessed to determine whether the original period continues to be appropriate. The actual lives of these assets can vary depending on a variety of factors such as technological innovation and maintenance programs (Note 2).

4) ***Impairment of property, plant and equipment:***
   Property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

5) ***Deferred tax assets:***
   Deferred tax assets are recognised for all unused tax losses and deductible temporary differences to the extent that it is probable that taxable profits will be available against which the losses or deductible differences can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details are provided in Note 11.

6) ***Staff retirement indemnities:***
   The cost of the staff retirement indemnities is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, growth rate for employee compensation, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details are given in Note 28.

7) ***Goodwill and impairment testing:***
   The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make estimates of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows (Note 13).

8) ***Provision for net realizable value of inventory:***
The provision for net realizable value of inventory represents management's best estimate, based on historic sales trends, assessment on quality and volume and ruling selling prices, of the extent to which the stock on hand at the reporting date will be sold below cost.

F. Approval of Financial Statements

The consolidated and separate financial statements were approved on April 18th, 2018 by the Board of Directors of EL PACK S.A. for the year ended December 31st, 2017.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

A. New standards, amendments to standards and interpretations issued and effective for the accounting periods beginning January 1, 2017, that have no significant impact on the financial statements of the Group and the Company.

- **IAS 7 (Amendments) "Disclosure initiative":**

These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

- **IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealized Losses":**

These amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

B. Standards and Interpretations issued but not yet effective and not early adopted by the Group and the Company.

A number of new standards and amendments to standards and interpretations are effective for subsequent periods, and have not been applied in preparing these consolidated financial statements. The Group is currently investigating the impact of the new standards and amendments on its financial statements.

- **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 above have been adopted by the European Union with effective date of 01/01/2018 and initial estimates indicate that under its first implementation, it is not going to materially affect the Company and the Group. The Group is examining the effects of the above on its Financial Statements.
- **IFRS 15 "Revenue from Contracts with Customers"** (effective for annual periods beginning on or after January 1, 2018). IFRS 15 has been issued in May 2014. The new Standard will supersede IAS 11 "Construction Contracts", IAS 18 "Revenue" and several revenue related Interpretations. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The Group and the Company will adopt the standard on 1 January 2018 by using the modified retrospective approach. Nevertheless, they expect no material impact on their profitability, liquidity or financial position, when they will apply IFRS 15 for the first time.
- **IFRS 16 "Leases"** (effective for annual periods beginning on or after January 1, 2019). IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those

transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group is examining the effect of changes to IFRS 16 on its Financial Statements.

- **IFRS 2 (Amendments) "Classification and measurement of Shared-based Payment transactions"** (effective for annual periods beginning on or after January 1, 2018). These amendments clarify the measurement basis for cash-settled, sharebased payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles of IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. These amendments have not yet been endorsed by the EU.
- **IAS 40 (Amendments) "Transfers of Investment Property"** (effective for annual periods beginning on or after January 1, 2018). These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence. These amendments have not yet been endorsed by the EU.
- **IAS 28 (Amendments) "Long term interests in associates and joint ventures"** (effective for annual periods beginning on or after January 1, 2019). These amendments clarify that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9. These amendments have not yet been endorsed by the EU.
- **IFRIC 22 "Foreign currency transactions and advance consideration"** (effective for annual periods beginning on or after January 1, 2018). The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. The interpretation has not yet been endorsed by the EU.
- **IFRIC 23 "Uncertainty over income tax treatments"** (effective for annual periods beginning on or after 1 January 2019). The interpretation explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The interpretation has not yet been endorsed by the EU.
- **IAS 19 (Amendments) "Plan amendment, curtailment or settlement"** (effective for annual periods beginning on or after 1 January 2019). The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur. The amendments have not yet been endorsed by the EU.
- **IFRS 4 (Amendments) "Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts"** (effective for annual periods beginning on or after 1 January 2018). The amendments introduce two approaches. The amended standard will: a) give all companies that issue insurance contracts the option 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; and b) give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard IAS 39.
- **IFRS 17 "Insurance contracts"** (effective for annual periods beginning on or after 1 January 2021). IFRS 17 has been issued in May 2017 and supersedes IFRS 4. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard and its objective is to ensure that an entity provides relevant information that faithfully represents those contracts. The new standard solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. Insurance obligations will be accounted for using current values instead of historical cost. The standard has not yet been endorsed by the EU.

Annual Improvements to IFRSs 2014 (2014 – 2016 Cycle) The amendments set out below describe the key changes to two IFRSs. The amendments have not yet been endorsed by the EU.

- **IFRS 12 "Disclosures of Interests in Other Entities"** The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarized financial information. The amendment is effective for annual periods beginning on or after 1 January 2017.
- **IAS 28 "Investments in associates and Joint ventures"** (effective for annual periods beginning on or after January 1, 2018). The amendments clarified that when venture capital organizations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss, this election should be made separately for each associate or joint venture at initial recognition.

Annual Improvements to IFRSs 2015 (2015 – 2017 Cycle) These amendments set out below describe the key changes to certain IFRSs. These amendments have not yet been endorsed by the EU.

- **IFRS 3 "Business combinations"** (effective for annual periods beginning on or after January 1, 2019). The amendments clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- **IFRS 11 "Joint arrangements"** (effective for annual periods beginning on or after January 1, 2019). The amendments clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- **IAS 12 "Income taxes"** (effective for annual periods beginning on or after January 1, 2019). The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

IAS 23 "Borrowing costs" (effective for annual periods beginning on or after January 1, 2019). The amendments clarify a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

4. PAYROLL AND RELATED COSTS

Payroll cost in the accompanying financial statements is analysed as follows:

	Group		Company	
	1 Jan. – 31 Dec.		1 Jan. – 31 Dec.	
	2017	2016	2017	2016
Wages and salaries	5,539	6,155	3,992	4,678
Social security costs (Note 28)	1,313	1,261	900	869
Other staff costs	32	36	21	25
Staff retirement indemnities (Note 28)	213	64	193	40
Total payroll:	**7,097**	**7,516**	**5,105**	**5,611**
Less: amounts charged to cost of production	(3,724)	(4,555)	(2,248)	(3,068)
Payroll expense charged on other functions (Note 7)	**3,373**	**2,961**	**2,858**	**2,543**

5. DEPRECIATION AND AMORTISATION

Depreciation and amortization in the accompanying financial statements is analysed as follows:

	Group		Company	
	1 Jan. – 31 Dec.		1 Jan. – 31 Dec.	
	2017	2016	2017	2016
Depreciation on property, plant and equipment (Note 14)	1,685	1,692	709	728
Amortisation of intangible assets (Note 15)	30	31	30	31
Total depreciation and amortization	**1,715**	**1,722**	**739**	**759**
Less: amounts charged to cost of production	(1,530)	(1,515)	(611)	(613)
Depreciation and amortisation expense charged on other functions (Note 7)	**185**	**208**	**128**	**146**

6. COST OF SALES

Cost of sales in the accompanying financial statements is analysed as follows:

	Group		Company	
	1 Jan. – 31 Dec.		1 Jan. – 31 Dec.	
	2017	2016	2017	2016
Changes in inventories of finished goods and work in progress	28	(238)	26	(258)
Cost of raw materials and other consumables	19,180	17,626	18,992	18,879
Cost of goods	3,674	3,885	4,457	4,852
Payroll and related costs (Note 4)	3,724	4,555	2,248	3,068
Third party fees	778	613	264	325
Depreciation and amortisation (Note 5)	1,530	1,515	611	613
Shipping and handling costs	524	528	232	237
Taxes other than income taxes	32	26	10	7
Utilities	1,763	1,925	324	345
Repairs and maintenance	924	925	434	406
Insurance	192	193	76	75
Other	208	248	122	140
	32,558	**31,800**	**27,795**	**28,690**

7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

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

	Group		Company	
	1 Jan. – 31 Dec.		1 Jan. – 31 Dec.	
	2017	2016	2017	2016
Payroll and related costs (Note 4)	3,373	2,961	2,858	2,543
Third party fees	636	740	565	563
Depreciation and amortisation (Note 5)	185	208	128	146
Shipping and handling costs	1,823	1,798	1,720	1,693
Taxes other than income taxes	251	256	89	81
Utilities	33	42	28	29
Repairs and maintenance	135	112	116	83
Insurance	110	109	82	80
Other	267	258	242	215
	6,814	**6,483**	**5,827**	**5,433**

An analysis of the aforementioned expenses between selling, general and administrative is as follows:

	Group		Company	
	1 Jan. – 31 Dec.		1 Jan. – 31 Dec.	
	2017	2016	2017	2016
Selling	3,591	3,404	3,105	2,921
General and administrative	3,223	3,079	2,722	2,511
	6,814	**6,483**	**5,827**	**5,433**

8. NET SALES

Revenues are analysed as follows:

	Group		Company	
	1 Jan. – 31 Dec.		1 Jan. – 31 Dec.	
	2017	2016	2017	2016
Sales of goods	3,752	3,949	4,516	4,895
Sales of products and byproducts	38,814	39,090	30,211	31,216
Sales of other inventories	678	633	750	716
Total	**43,244**	**43,671**	**35,477**	**36,827**

9. OTHER INCOME, NET

Other income / (expenses) in the accompanying financial statements are analyzed as follows:

	Group		Company	
	1 Jan. – 31 Dec.		1 Jan. – 31 Dec.	
	2017	2016	2017	2016
Grants	15	1	15	1
Income from insurance indemnities	0	3	0	3
Rental income	2	2	7	7
Gains on disposal of property, plant and equipment	70	74	-	3
Reimbursements - Discounts on previous years electricity consumption	65	99	-	-
Reversal of provision related to doubtful receivables	120	-	120	-
Commissions received	2	1	2	0
Other	8	97	3	96
Other income	**284**	**278**	**147**	**111**
Taxes and penalties	(27)	(34)	(1)	(4)
Losses on destruction of inventory	(368)	(387)	(86)	(178)
Losses on sale of pallets	-	(1)	-	(1)
Loss on revaluation of investment property (Note 16)	(7)	(1)	-	-
Losses on disposal of property, plant and equipment	(7)	(1)	(7)	(1)
Provision for doubtful debts	(86)	(178)	(69)	(166)
Other	(107)	(138)	(16)	(9)
Other expenses	**(603)**	**(739)**	**(178)**	**(359)**
Total other income, net	**(319)**	**(461)**	**(31)**	**(248)**

10. NET FINANCE COSTS AND NET FOREIGN EXCHANGE LOSSES

Net finance costs in the accompanying financial statements are analyzed as follows:

	Group		Company	
	1 Jan. – 31 Dec.		1 Jan. – 31 Dec.	
	2017	2016	2017	2016
Interest on loans and borrowings (Note 26)	(1,176)	(1,175)	(1,112)	(1,095)
Interest on short-term borrowings (Note 31)	(89)	(561)	(63)	(511)
Interest payable to suppliers	(33)	(21)	(12)	(8)
Other finance charges	(49)	(48)	(47)	(45)
Finance charges payable under factoring agreements (Note 20)	(491)	(595)	(491)	(595)
Finance charges payable under finance leases (Note 27)	(4)	(14)	(2)	(4)
Amortization of Bond loan issuance costs	(39)	(28)	(39)	(28)
Interest income on cash at banks and on time deposits (Note 22)	0	0	0	0
Exchange gain / (loss)	29	2	29	2
Total net finance cost	**(1,851)**	**(2,438)**	**(1,737)**	**(2,282)**

11. INCOME TAX

In accordance with the Greek tax regulations, the standard corporate tax rate applied by companies for the fiscal years 2017 and 2016 was 29%.

Income Tax presented in the accompanying financial statements is analyzed as follows:

Consolidated statement of comprehensive income	Group		Company	
	1 Jan. – 31 Dec.		1 Jan. – 31 Dec.	
	2017	2016	2017	2016
Current income tax	635	360	206	129
Deferred tax	(102)	295	(171)	(70)
Other taxes	5	1	2	-
Total income tax expense reported in the consolidated income statement	**537**	**656**	**37**	**59**

Consolidated statement of Other Comprehensive Income (OCI)	Group		Company	
	1 Jan. – 31 Dec.		1 Jan. – 31 Dec.	
	2017	2016	2017	2016
Deferred tax related to items recognized in OCI during the period:				
Net gain / (loss) on actuarial gains and losses	49	30	36	18
Deferred tax charged to OCI	**49**	**30**	**36**	**18**

Reconciliation of tax expense and the accounting profit multiplied by the Greek's corporate tax rate to pre-tax income for the year ended 31 December 2017 and 2016 is summarized as follows:

	Group		Company	
	1 Jan. – 31 Dec.		1 Jan. – 31 Dec.	
	2017	2016	2017	2016
Profit / (Loss) before income tax	**1,702**	**2,489**	**87**	**175**
At the Greek's statutory income tax rate of 29%	494	722	25	51
Tax effect of change in statutory tax rate	-	-	-	-
Reassessment of unrecognized deferred tax assets in subsidiaries	-	(80)	-	-
Tax effect of tax free earnings	(35)	(25)	(35)	(25)
Non-deductible expenses	47	47	21	29
Previous year tax difference & other taxes	32	(8)	26	4
Income tax expense reported in the consolidated income statement	**537**	**656**	**37**	**59**

Since financial year 2011 and onwards, all Greek Societies Anonyms and Limited Liability Companies that are required to have their statutory financial statements audited by Certified Public Accountants to the provisions of L.2190/1920 and L.3190/1955, additionally obtain a "Tax Compliance Certificate" as provided for by paragraph 5 of Article 82 of L.2238/1994 and Article 65a of L.4174/2013, which is issued after a tax audit performed by the same statutory auditor or audit firm that issues the audit opinion on the statutory financial statements.

Upon completion of the tax audit, the statutory auditor or audit firm must issue to the entity a "Tax Compliance Certificate" which will subsequently be submitted electronically to the Ministry of Finance, by the statutory auditor or audit firm within ten days from the date of approval of the financial statements by the General Meeting of Shareholders. The Ministry of Finance will subsequently select a sample of all companies for which a "Tax Compliance Certificate" was submitted for the performance of a tax audit by the relevant auditors from the Ministry of Finance.

For the fiscal years 2011 to 2016 the parent company EL PACK S.A. and its subsidiaries have been audited for the tax compliance certificate by its statutory auditors in accordance with the paragraph 5 of Article 82 of L.2238/1994 and Article 65a of L.4174/2013.

For the fiscal year 2017, this audit is in progress and the relative Tax Compliance Certificate is foreseen to be issued after the publication of the financial statements for the year 2017. If until the completion of the tax audit, additional tax liabilities arise, these are not expected to affect significantly the Financial Statements of the Group or the Company.

Deferred tax

Deferred tax relates to the following:

Group	Statement of Financial Position		Statement of Comprehensive Income	
	31 December		1 Jan. – 31 Dec.	
	2017	2016	2017	2016
Property, plant and equipment	(7,441)	(7,567)	126	99
Intangible assets	(35)	(29)	(6)	(7)
Leasing	(0)	3	(3)	(38)
Investment properties	(190)	(192)	2	(12)
Provision for inventories	-	-	-	-
Provision for staff retirement indemnities	301	243	58	(21)
Provision for accounts receivable	1,553	1,529	24	(192)
Losses available for offsetting against future taxable income	8	57	(49)	(69)
Other	(58)	(58)	0	(85)
Deferred tax expense			**152**	**(325)**
Net deferred tax assets / (liabilities)	**(5,862)**	**(6,013)**		

Company	Statement of Financial Position		Statement of Comprehensive Income	
	31 December		1 Jan. – 31 Dec.	
	2017	2016	2017	2016
Property, plant and equipment	(3,060)	(3,211)	151	135
Intangible assets	(35)	(29)	(6)	(7)
Leasing	(0)	(0)	0	(1)
Investment properties	-	-	-	-
Provision for inventories	-	-	-	-
Provision for staff retirement indemnities	226	186	40	(9)
Provision for accounts receivable	671	651	20	20
Losses available for offsetting against future taxable income	-	-	-	-
Other	(72)	(74)	2	(85)
Deferred tax expense			**207**	**53**
Net deferred tax assets / (liabilities)	**(2,270)**	**(2,477)**		

Reflected in the statement of financial position as follows:

	Group		Company	
	31 December		31 December	
	2017	2016	2017	2016
Deferred tax assets	1,862	1,850	897	837
Deferred tax liabilities	(7,724)	(7,863)	(3,167)	(3,314)
Deferred tax liabilities, net	**(5,862)**	**(6,013)**	**(2,270)**	**(2,477)**

Movements in deferred tax liabilities as presented below:

	Group		Company	
	31 December		31 December	
	2017	2016	2017	2016
As at 01 January	**(6,013)**	**(5,688)**	**(2,477)**	**(2,530)**
Tax income / (expense) during the period recognized in consolidated statement of comprehensive income	102	(295)	171	70
Tax (expense) / income during the period recognized in OCI	49	(30)	36	(18)
As at 31 December	**(5,862)**	**(6,013)**	**(2,270)**	**(2,477)**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Tax Unaudited fiscal years

Tax unaudited fiscal years per Company of the Group are presented below:

Company	Unaudited fiscal years
EL PACK S.A.	2010
SIGMA PACK S.A.	2010
FTHIOTIS PAPERMILL S.A.	2006 to 2010

The Group has set up provision amounting € 160 for contingent tax liabilities that may arise from the tax audit of the above mentioned unaudited fiscal years. This provision is included in “Other long-term liabilities” in the Statement of Financial Position.

12. SUBSIDIARIES

The accompanying financial statements include the financial statements of EL PACK and its subsdiaries as presented below:

			Holding %		Cost	
			31 December		31 December	
Entity	Principal activities	Country of incorporation	2017	2016	2017	2016
Sigma Pack S.A	Production of corrugated cartonboard and microwelle	Greece	75.00%	75.00%	220	220
Fthiotis Paper Mill S.A.	Paper production	Greece	71.98%	71.98%	12,270	12,270
			Total		**12,491**	**12,491**

13. GOODWILL

Goodwill acquired through business combinations is allocated to the paper production and the production of corrugated cartonboard CGUs.

Goodwill of Euro 2,120, which arose from the acquisition of “Fthiotis Paper Mill S.A” (paper production unit), for the purposes of impairment testing has not been considered as a separate CGU, due to the fact that the paper production from the subsidiary “Fthiotis Paper Mill S.A” is an activity within the Group’s vertical integration structure which could not generate independent cash flows, as management considers that there is no active market.

The recoverable amount of the Group assets has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the increase in raw materials and fuel prices, electricity and staff costs which are the main components of cost of sales. The pre-tax discount rate applied to cash flow projections is 9.1% and cash flows beyond the five-year period are extrapolated using a 1.6% growth rate that is the same as the long-term average growth rate. Since value in use is greater than the carrying amount, fair value less costs to sell was not determined.

As a result of the analysis, management did not identify any impairment of goodwill, as the value in use was higher than the book value.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for the Group is most sensitive to the following assumptions:
- Gross margins
- Discount rates
- Raw materials price inflation
- Market share during the forecast period
- Growth rates used to extrapolate cash flows beyond the forecast period

Gross margins: Gross margins are based on average values achieved in the three years preceding the beginning of the budget period. These are increased over the budget period for anticipated efficiency improvements. An increase of 1.0% per annum was applied for the Group.

Discount rates: Discount rates represent the current market assessment of the risks specific to the

Group, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by potential investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Group-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Raw materials price inflation: Estimates are obtained from published indices for the countries from which materials are sourced, as well as data relating to specific commodities. Forecast figures are used if data is publicly available, otherwise past actual raw material price movements are used as an indicator of future price movements.

Market share assumptions: When using industry data for growth rates (as noted below), these assumptions are important because management assesses how the segment's position, relative to its competitors, might change over the forecast period. Management expects the Group's position in paper and cartonboard production to be stable over the forecast period.

On 31.12.2017 the Group analyzed the sensitivity of the recoverable amount in connection with a reasonable and possible change in some of the basic assumptions (cf. the change of one percentage point in the interest rate or the growth rate in perpetuity). These analyses, despite the change in the above assumptions, show that the use value would be greater than the book value.

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

14. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are analysed as follows:

Group	Land	Buildings	Machinery and equipment	Transportation equipment	Furniture and fixtures	Construction in progress (CIP)	Total
COST OR VALUATION							
At 31 December 2015	**3,536**	**8,272**	**26,194**	**972**	**674**	**242**	**39,890**
Additions	-	22	242	49	22	20	355
Transfers	-	-	55	-	-	(55)	-
Sales / Disposals	-	-	(23)	(9)	(9)	-	(41)
At 31 December 2016	**3,536**	**8,293**	**26,468**	**1,011**	**688**	**207**	**40,204**
Additions		41	799	97	35	246	1,219
Transfers		-	-	-	-	-	-
Sales / Disposals		-	(1)	(33)	(2)	-	(36)
At 31 December 2017	**3,536**	**8,334**	**27,267**	**1,076**	**721**	**452**	**41,387**
DEPRECIATION AND IMPAIRMENT							
At 31 December 2015	**-**	**(543)**	**(3,939)**	**(221)**	**(311)**	**-**	**(5,014)**
Depreciation charge for the year	-	(181)	(1,356)	(86)	(68)	-	(1,692)
Sales / Disposals	-	-	1	7	2	-	9
At 31 December 2016	**-**	**(725)**	**(5,295)**	**(300)**	**(377)**	**-**	**(6,697)**
Depreciation charge for the year	-	(184)	(1,371)	(72)	(57)	-	(1,685)
Sales / Disposals	-	-	0	21	1	-	22
At 31 December 2017	**-**	**(909)**	**(6,666)**	**(351)**	**(433)**	**-**	**(8,360)**
NET BOOK VALUE							
At 31 December 2016	**3,536**	**7,568**	**21,173**	**711**	**311**	**207**	**33,507**
At 31 December 2017	**3,536**	**7,425**	**20,601**	**725**	**288**	**452**	**33,027**

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

Company	Land	Buildings	Machinery and equipment	Transportation equipment	Furniture and fixtures	Construction in progress (CIP)	Total
COST OR VALUATION							
At 31 December 2015	**2,502**	**4,827**	**7,508**	**558**	**522**	**-**	**15,916**
Additions	-	-	116	33	21	-	169
Sales / Disposals	-	-	-	-	(2)	-	(2)
At 31 December 2016	**2,502**	**4,827**	**7,624**	**590**	**541**	**-**	**16,083**
Additions	-	-	442	97	29	-	568
Sales / Disposals	-	-	-	(33)	(2)	-	(35)
At 31 December 2017	**2,502**	**4,827**	**8,066**	**655**	**568**	**-**	**16,617**
DEPRECIATION AND IMPAIRMENT							
At 31 December 2015	**-**	**(306)**	**(1,475)**	**(164)**	**(230)**	**-**	**(2,175)**
Depreciation charge for the year	-	(102)	(506)	(62)	(58)	-	(728)
Sales / Disposals	-	-	-	-	1	-	1
At 31 December 2016		**(408)**	**(1,981)**	**(226)**	**(287)**	**-**	**(2,902)**
Depreciation charge for the year	-	(102)	(508)	(49)	(51)	-	(709)
Sales / Disposals	-	-	-	21	1	-	22
At 31 December 2017		**(509)**	**(2,489)**	**(254)**	**(336)**	**-**	**(3,589)**
NET BOOK VALUE							
At 31 December 2016	**2,502**	**4,419**	**5,642**	**364**	**255**	**-**	**13,181**
At 31 December 2017	**2,502**	**4,317**	**5,577**	**401**	**232**	**-**	**13,028**

Finance leases
The carrying value of machinery and equipment held under finance leases as at 31 December 2017 and 31 December 2016 was € 3,066 and € 3,228, respectively:

	Machinery and equipment	Transportation equipment	Furniture and fixtures	Total
Balance at 31.12.2015	**3,225**	**159**	**5**	**3,389**
Additions 2016	-	-	-	-
Depreciation charge for the year 2016	(140)	(20)	(1)	(160)
Balance at 31.12.2016	**3,085**	**139**	**4**	**3,228**
Additions 2017	-	-	-	-
Depreciation charge for the year 2017	(140)	(20)	(1)	(160)
Sales / Disposals 2017	-	-	(2)	(2)
Balance at 31.12.2017	**2,945**	**119**	**2**	**3,066**

Mortgages and pledges
At 31 December 2017 and 31 December 2016, the Group had mortgages and pledges on its property, plant and equipment for securing bank debt, as stated in Notes 26 and 31.

15. INTANGIBLE ASSETS

Intangible assets are analysed as follows:

	Group	Company
	Software	Software
Net book value at 31 December 2015	**218**	**217**
Additions	1	1
Amortisation	(31)	(31)
Net book value at 31 December 2016	**188**	**187**
Additions	1	1
Amortisation	(30)	(30)
Net book value at 31 December 2017	**158**	**158**

16. INVESTMENT PROPERTY

Investment property is analysed as follows:

	Group		Company	
	31 December		31 December	
	2017	2016	2017	2016
Balance at 01 January	**1,041**	**1,042**	**-**	**-**
Additions	-	-	-	-
Impairment charge	-	-	-	-
Depreciation	-	-	-	-
Fair value adjustment	(7)	(1)	-	-
Net book value at 31 December	**1,033**	**1,041**	**-**	**-**

The investment properties are annually valued on 31 December at fair value by an independent professionally qualified valuer, according to the methods compatible with IFRS 13 in combination with IAS 40. The above investment property fair values were determined with the use of the comparative method.

17. INVESTMENT IN ASSOCIATE

Investment in associate is analysed as follows:

	Group		Company	
	31 December		31 December	
	2017	2016	2017	2016
Balance at 01 January	**750**	**750**	**750**	**750**
Additions	-	-	-	-
Impairment charge	-	-	-	-
Sales	-	-	-	-
Net book value at 31 December	**750**	**750**	**750**	**750**

The details of the associate are as follows:

Name	County of incorporation	Principal activities	Holding % 2017	Holding % 2016
Attica Recycling S.A.	Greece	Collection of non–dangerous recyclable waste	50%	50%

18. OTHER NON-CURRENT ASSETS

Other non-current assets are analysed as follows:

	Group		Company	
	31 December		31 December	
	2017	2016	2017	2016
Due from related parties	2,404	2,404	2,404	2,404
Provision of impairment of due from related parties	(2,310)	(2,310)	(2,310)	(2,310)
Guarantees	125	124	35	33
	218	**217**	**129**	**127**

The amounts due from related parties refer to capital granted to the associate entity Attica Recycling S.A. for investing purposes. Group management estimated that the amount of Euro 2,310 thousand of due from related parties should be charged as a provision for impairment as it were considered past due.

19. INVENTORIES

Inventories are analyzed as follows:

	Group		Company	
	31 December		31 December	
	2017	2016	2017	2016
Merchandise	16	30	16	15
Finished and semi-finished products	1,110	1,262	605	719
Raw materials	3,320	3,592	2,084	2,358
Spare parts	154	102	0	0
Byproducts	9	12	8	12
Consumables	72	81	11	7
Packing materials	88	81	76	70
	4,771	**5,160**	**2,800**	**3,182**

The total cost of inventories is included in cost of sales for the year ended 31 December 2017 and 31 December 2016, amounted to € 22.9 million and € 21.3 million, respectively for the Group and € 23.5 million and € 23.5 million, respectively for the Company.

20. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are analysed as follows:

	Group		Company	
	31 December		31 December	
	2017	2016	2017	2016
Current trade accounts receivable	18,945	19,070	16,345	14,294
Post-dated cheques receivable	10,746	9,937	8,639	7,846
Notes receivable	1,201	1,201	-	-
	30,893	**30,209**	**24,984**	**22,140**
Less: allowance for doubtful receivables	(12,502)	(12,537)	(7,572)	(7,623)
	18,391	**17,672**	**17,412**	**14,517**

As at 31 December 2017, trade receivables of an initial value of € 12,502 (31 December 2016: € 12,537) for the Group and of € 7,692 (31 December 2016: € 7,623) for the Company were impaired and fully provided for. See below for the movements in the provision for impairment of receivables.

	Group	Company
Balance at 31 December 2015	**(12,427)**	**(7,491)**
Charge to consolidated statement of comprehensive income (income statement)	(178)	(166)
Used provision	69	33
Balance at 31 December 2016	**(12,537)**	**(7,623)**
Charge to consolidated statement of comprehensive income (income statement)	(86)	(69)
Reversal of provision related to doubtful receivables	120	120
Used provision	1	-
Balance at 31 December 2017	**(12,502)**	**(7,572)**

The Group has established specific criteria for granting credit to customers, which are generally based upon the customer's activity, size, operation and consideration of relevant financial data.

Business is generally conducted with such customers under normal terms with collection expected within one hundred and twenty (120) days after the date of goods delivered.

In 2013, the Company entered into a factoring agreement with Piraeus Factoring for the amount of € 5.5 million. The agreement is with recourse for invoices outstanding for less than 180 days and for postdated cheques. The outstanding balance of accounts receivable and post-dated cheques factored as at 31 December 2017, amounted to € 0 million and € 1.5 million, respectively (December 31, 2016: € 0 million and € 3.8 million). The outstanding balance of the relevant obligation with respect to the factored accounts receivable as at 31 December 2017, amounted to € 0 million (December 31, 2016: € 0 million) and the post-dated cheques as at 31 December 2017, amounted to € 1.4 million (December 31, 2016: € 3.4 million) and are included in short-term borrowings in the accompanying statements of financial position.

In 2008 and 2009, the Company entered into two factoring agreements with EFG Factors for the total amount of € 4.9 million. The agreements are with recourse for invoices outstanding for less than 180 days and for postdated cheques. The outstanding balance of accounts receivable and postdated cheques factored as at 31 December 2017, amounted to € 0.3 million and € 5.2 million, respectively (December 31, 2016: € 0.4 million and € 3.9 million). The outstanding balance of the relevant obligation with respect to the factored accounts receivable as at 31 December 2017, amounted to € 0.3 million (December 31, 2016: € 0.4 million) and the post-dated cheques as at 31 December 2017, amounted to € 5.0 million (December 31, 2016: € 3.5 million) and are included in short-term borrowings in the accompanying statements of financial position.

The cost of these transactions amounted to € 491 and € 595 for the year ended 31 December 2017 and 2016 respectively and are included in the interest expense (Note 10).

The ageing analysis of trade accounts receivable is as follows:

			Past due but not impaired			
	Total	**Neither past due nor impaired**	**<30 days**	**31-60 days**	**61-90 days**	**>91 days**
31 Dec. 2017	30,893	15,132	462	91	53	2,653
31 Dec. 2016	30,208	14,243	550	59	46	2,774

See Note 34 on credit risk of trade receivables, which explains how the Company and the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

21. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables are analysed as follows:

	Group		Company	
	31 December		31 December	
	2017	2016	2017	2016
Advances to suppliers	1,942	2,396	831	4,109
Purchases in transit	45	218	44	102
Prepaid expenses	107	104	57	57
Prepaid taxes	459	285	149	166
Advances to personnel	49	53	36	41
Accrued income	-	-	-	-
Other	16	19	16	16
	2,617	**3,074**	**1,133**	**4,492**

22. CASH AND CASH EQUIVALENTS

Cash and short-term deposits are analysed as follows:

	Group		Company	
	31 December		31 December	
	2017	2016	2017	2016
Cash in hand	16	8	8	4
Cash at banks	181	227	153	176
	197	**234**	**161**	**179**

Cash at banks earns interest at floating rates based on monthly bank deposit rates. Interest earned on cash at banks and time deposits is accounted for on an accrual basis and amounted to € 0 and € 0 for the year ended 31 December 2017 and 2016, respectively and is included in finance income in the profit or loss component of the accompanying consolidated statement of comprehensive income (Note 10).

23. SHARE CAPITAL

The Company's share capital at 31 December 2017 and 2016 consists of 1,083,120 common, registered shares of € 3 par value each, amounting to € 3,249 (31 December 2016: € 3,249).

24. LEGAL, TAX FREE RESERVES AND EXTRAORDINARY RESERVES

Legal, tax free reserves and extraordinary reserves are analysed as follows:

Legal Reserve
Under Greek corporate law (L.2190/1920), corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a legal reserve, until such reserve equals one-third of the outstanding share capital. The above reserve cannot be distributed during the existence of the Company. As at 31 December 2017 and 2016 the Group has formed the amount of € 515 and € 446 as legal reserve respectively, and the Company has formed the amount of € 429

and € 423 as legal reserve respectively.

Tax Free reserves

1. Under the provisions of Law 1892/1990 (Article 20), corporations were allowed to provide tax deferred reserves equal to a certain percentage, as defined therein, of their pre-tax profits, as reflected in their statutory books, after allowing for legal reserve, dividends and Board of Directors fees. According to the provisions of this law, which expired on December 31, 2004, new capital productive investments had to be made during the following three years after the reserve was formed for an amount equal to 130% of the tax free reserve.

At December 31, 2004, the Company had fulfilled all its obligations under this law. According to Greek tax regulations, this reserve is taxed when distributed to shareholders. The Company does not have any intention to distribute this reserve and, accordingly, has not provided for deferred income tax liability that would be required in the event the reserve was to be distributed. As at 31 December 2017 and 2016 the Company has formed the amount of € 659 as tax free reserve.

2. Under the provisions of Law 1828/1989 (Article 22), corporations were allowed to provide tax free reserves equal to a certain percentage, as defined therein, of their pre-tax profits, as reflected in their statutory books, after allowing for legal reserve, dividends and Board of Directors fees. According to the provisions of this law, which expired on December 31, 2005, new capital productive investments had to be made during the following three years after the reserve was formed for an amount equal to the tax free reserve. Based on Law 1892/1990, article 20, which amended Law 1828/1989, the level of new capital productive investments was increased to 130% of the tax free reserve provided. At December 31, 2004, the Company had fulfilled all its obligations under this law. According to Greek tax regulations, this reserve is exempt from income tax provided it is not distributed to shareholders. The Company has no intention of distributing this reserve and, accordingly, has not provided for deferred income tax liability that would be required in the event the reserve is distributed. As at 31 December 2017 and 2016 the Company has formed the amount of € 738 as tax free reserve.

3. Under the provisions of Law 3299/2004, corporations were allowed to provide tax free reserves from their undistributed annual net profits equal to the amount of grant. According to the provisions of this law, new capital productive investments have to be made during the following ten years after the reserve was formed for an amount equal to the tax free reserve provided. As at 31 December 2017 and 2016 the Company has formed the amount of € 1,058 as tax free reserve.

4. As at 31 December 2017 and 2016, other tax free reserves amounted to € 2,381 have been recorded under various laws. According to the tax regulations, these reserves are exempt from income tax, provided they are not distributed to the shareholders. The Company has no intention of distributing these reserves and, accordingly, has not provided for deferred income tax liability that would be required in the event these reserves are distributed.

Extraordinary Reserves

As at 31 December 2017 and 2016 extraordinary reserves amounted to € 1,504 and € 605 respectively have been established following the decision of the related entity's general assembly of shareholders. The reserves can be distributed and have been formed from profits which have been previously taxed.

25. DIVIDENDS

Under Greek corporate law, companies are required each year to declare from their profits, dividends of at least 35% of net profit, after allowing for the legal reserve and certain profits from the sale of shares described under Paragraph 1 of article 3 of L.148/1967. The above provisions do not apply, if the General Shareholders Meeting by a majority of at least 65% resolves not to distribute profits. In this case, the non-distributed profits are transferred to a "special reserves for capitalization

account". The Company is obliged within four years from the formation of reserves to capitalize these reserves by the issuance of new shares which it grants free to the beneficiaries (Para. 2 article 3 of the Law 148/1967). The above provisions of Paragraphs 1 and 2 do not apply, if approved by the General Shareholders Meeting by a majority of at least 70% of the paid up share capital.

Furthermore, Greek corporate law requires certain conditions to be met before dividends can be distributed, which are as follows:

a) No dividends can be distributed to the shareholders as long as a company's net equity, as reflected in its financial statements, is, or after such distribution, will be less than the outstanding capital plus non-distributable reserves and,

b) No dividends can be distributed to the shareholders as long as the unamortized balance of "Pre-operating Expenses", as reflected in its financial statements, exceeds the aggregate of distributable reserves plus retained earnings.

No dividends were declared or paid by EL PACK S.A. during the years ended 31 December 2017 and 31 December 2016. In addition, during the aforementioned years, no dividends were declared or paid by the subsidiaries to non-controlling interests.

26. INTEREST BEARING LOANS AND BORROWINGS

Interest bearing loans and borrowings are analysed as follows:

	Group		Company	
	31 December		31 December	
	2017	2016	2017	2016
Bond loans	19,796	20,734	18,986	19,924
Bank loans	2,577	2,835	2,300	2,467
Less: Current portion	(2,135)	(1,197)	(1,999)	(1,105)
	20,238	22,373	19,288	21,287
Less: Bond Loan issuance costs	(159)	(198)	(159)	(198)
Long-term portion	**20,079**	**22,175**	**19,128**	**21,089**

Bank	Currency	Contract amount	Maturity	Repayment Schedule	Interest rate	31 Dec. 2017	31 Dec. 2016
a) EFG Eurobank Ergasias S.A.	€	3,000	2019	Quarterly payments	Euribor + 5.25%	936	1,874
b) EFG Eurobank Ergasias S.A.	€	2,000	2020	Semi-annual payments	Euribor + 4.75%	417	583
d) EFG Eurobank Ergasias S.A.	€	1,000	2020	Semi-annual payments	Euribor + 4.75%	276	368
e) EFG Eurobank Ergasias S.A. – Piraeus Bank S.A., National Bank of Greece, Attica Bank S.A. (Syndicated)	€	18,050	2022	Semi-annual payments	Euribor + 4.50%	18,050	18,050
f) Alpha Bank S.A.	€	1,884	2022	Semi-annual payments	Euribor + 4.50%	1,884	1,884
g) Piraeus Bank S.A	€	810	2022	Semi-annual payments	Euribor + 4.50%	810	810
Total long-term debt						**22,373**	**23,570**
Less: Current portion						**(2,135)**	**(1,197)**
Less : Bond Loan issuance costs						**(159)**	**(198)**
Long-term portion						**20,079**	**22,175**

The fair value of variable rate loans and borrowings and other long-term liabilities are analysed in Note 34.

A. Joint Finance – EL PACK S.A.

i. Bond Loan - Syndicated

On December 22, 2015, EL PACK S.A. entered into a € 18 million bond loan facility agreement with a consortium of banks, and specifically EFG Eurobank Ergasias S.A., Piraeus Bank S.A, Attica Bank S.A and National Bank of Greece S.A to be used to refinance the current portion of long-term

indebtedness.

The bond loan, which was issued in full on March 30, 2016, has six years duration, is repayable in semi-annual installments and bears interest at the Euro interbank borrowing rate ("Euribor") plus an applicable margin ranging of 4.50%.

The bond loan will be fully, unconditionally, irrevocably and jointly and severally guaranteed by Company's shareholders and the subsidiary Fthiotis Paper Mill S.A.

The bond loan is secured as follows:

a) First ranking mortgage over Company's land, building and machinery equipment situated in Patra's industrial zone.
b) Second ranking mortgage over Guarantor's land, building and machinery equipment (Fthiotis Paper Mill S.A) situated in the area of Damasta, Fthiotis.

The other securities concern assignments of insurance contracts, pledged bank accounts and future mortgage on machinery.

The bond loan contained events of default, including, without limitation, failure to make payments under the facility, liquidation, merger, reduction in share capital, transfer of significant assets, voluntary or involuntary bankruptcy or insolvency proceedings, change in the structure of the majority shareholders, change of management by shareholders, cross default under other agreements and liabilities towards Greek authorities and change of use of proceeds of bond loan as defined.

The bond loan also contains financial covenants including requirements to maintain minimum ratio of net debt to EBITDA and EBITDA to interest expense.

ii. Bank Loan - Alpha Bank SA.

In the context of the Joint Finance and the signing of the Convention between the Creditors, the Borrower and the Guarantors of the Joint Finance at December 22, 2015, the company EL PACK SA agreed to refinance existing short-term debt of the Company to the bank Alpha Bank A. E. with long-term loan of € 1.9 million.

The loan, which was issued in full on March 30, 2016, bears interest at interbank lending rate («Euribor») plus a margin ranging 4.50%.

The loan, both on the repayment schedule and the collateral, has similar «pro rata» terms with the Syndicated Bond Loan.

***B.* Bond Loan - EFG Eurobank Ergasias S.A. – EL PACK S.A.**

On Mach 26, 2013, EL PACK S.A. entered into a bond loan facility agreement with EFG Eurobank Ergasias S.A. which provided it with a facility of € 3 million to be used for working capital purposes.

The bond loan was issued in full in March 2013, has six years duration, is repayable in quarterly instalments and bears interest at the Euro interbank borrowing rate ("Euribor") plus an applicable margin ranging of 5.25%.

The bond loan will be fully, unconditionally, irrevocably and jointly and severally guaranteed by the subsidiary Sigma Pack S.A and the Company's shareholders with personal guarantee up to € 1 million.

The bond loan is secured as follows:

a) First ranking mortgage over part of the Company's Guarantor "Sigma Pack" land and building,

situated in Kapandriti region.
b) Pledge on machinery of Company' s Guarantor "Sigma Pack".
The other securities concern assignments of receivables from insurance contracts, pledged bank accounts and pledge on shares.

The bond loan contained events of default, including, without limitation, failure to make payments under the facility, liquidation, and merger, reduction in share capital, transfer of significant assets, voluntary or involuntary bankruptcy or insolvency proceedings, and change in the structure of the majority shareholders.

The bond loan also contains financial covenants including requirements to maintain minimum ratio of net debt to EBITDA and EBITDA to interest expense.

C. **Bond Loan – Piraeus Bank S.A. – Fthiotis Paper Mill S.A.**

On December 9, 2015, Fthiotis Paper Mill S.A. entered into a bond loan facility agreement with Piraeus Bank S.A. which provided it with a facility of € 810 to be used to refinance the existing short term debt.

The bond loan, which was issued in full on February 15, 2016, has six years duration, is repayable in semi-annual instalments and bears interest at the Euro interbank borrowing rate ("Euribor") plus an applicable margin ranging of 4.50%.

The bond loan will be fully, unconditionally, irrevocably and jointly and severally guaranteed by the Company and one of its shareholders.

The bond loan is secured as follows:
a) First ranking mortgage over Fthiotis Paper Mill S.A land, building and machinery equipment situated in Damasta area

The other securities concern assignments from insurance contracts and pledged bank accounts.
The bond loan contained events of default, including, without limitation, failure to make payments under the facility, liquidation, merger, reduction in share capital, transfer of significant assets, voluntary or involuntary bankruptcy or insolvency proceedings, change in the structure of the majority shareholders, cross default under other agreements and liabilities towards Greek authorities and change of use of proceeds of bond loan as defined.

The bond loan also contains financial covenants including requirements to maintain minimum ratio of net debt to EBITDA and EBITDA to interest expense.

D. **Bank Loan – EFG Eurobank Ergasias S.A. – Fthiotis Paper Mill S.A.**

On December 27, 2010, Fthiotis Paper Mill S.A. entered into a loan facility agreement with EFG Eurobank Ergasias S.A. which provided it with a facility of up to € 1 million to be used for general working capital needs. The loan facility was fully disbursed in January 2011.

The loan was refinanced on December 27, 2012, with an extension of the repayment through to December 31, 2020. The loan is now repayable in semi-annual installments and bears interest at Euro interbank borrowing rate ("Euribor") plus 4.75%.

The 70% of the total amount of the loan facility is guaranteed by the Greek Government. Fthiotis Paper Mill S.A. shall pay to the Greek Government 1% annually on the guaranteed amount of the loan facility as insurance commission. The loan is also fully, unconditionally, irrevocably and jointly and severally guaranteed by Company's shareholders.

The loan is secured by a first mortgage on land, buildings and machinery of the factory "Paper Fthiotis SA" located in the area of Damasta and assignment of receivables from insurance contracts.

The loan facility contains events of default, including, without limitation, failure to make three consecutive payments under the facility, liquidation, merger, reduction in share capital, transfer of significant assets, voluntary or involuntary bankruptcy or insolvency proceedings and cross default under other agreements.

***E.* Bank Loan – EFG Eurobank Ergasias S.A. – EL PACK S.A.**

On October 5, 2010, EL PACK S.A. entered into a loan facility agreement with EFG Eurobank Ergasias S.A. which provided it with a facility of up to € 2 million to be used for general working capital needs. The loan facility was fully disbursed in November 2010.

The loan was refinanced on June 28, 2012, with an extension of the repayment through to June 30, 2020. The loan is now repayable in eighteen semi-annual equal installments and bears interest at Euro interbank borrowing rate (“Euribor”) plus 4.75%.

The 70% of the total amount of the loan facility is guaranteed by the Greek Government. EL PACK S.A. shall pay to the Greek Government 1% annually on the guaranteed amount of the loan facility as insurance commission. The loan is also fully, unconditionally, irrevocably and jointly and severally guaranteed by Company’s shareholders.

The loan facility contains events of default, including, without limitation, failure to make three consecutive payments under the facility, liquidation, merger, reduction in share capital, transfer of significant assets, voluntary or involuntary bankruptcy or insolvency proceedings and cross default under other agreements.

The loan is secured by assignment of receivables from insurance contracts, as well as a pledge by the company worldwide.

Interest expense on long-term loans and borrowings for the year ended December 31, 2017 and 2016, amounted to € 1,214 and € 1,203, respectively (Note 10).

The Company’s interest bearing loans and borrowings are secured by mortgages and pledges on its property, plant and equipment for an amount of € 33.8 million as at December 31, 2017 and 2016.

The annual principal payments required to be made on all loans subsequent to December 31, 2017 and December 31, 2016 are as follows:

	Group		Company	
	31 December		31 December	
	2017	2016	2017	2016
later than 1 year and not later than 3 years	3,985	3,706	3,670	3,434
later than 3 years and not later than 5 years	16,253	18,667	15,618	17,853
more than 5 years	-	-	-	-
	20,238	**22,373**	**19,288**	**21,287**

27. FINANCE LEASE OBLIGATIONS

The Company has finance lease obligations resulting from the leasing of various items of property, plant and equipment. These items relate to machinery, software, hardware and motor vehicles.

The finance lease liabilities as at 31 December 2017 and 31 December 2016 are analysed as follows:

	Group		Company	
	31 December		31 December	
	2017	2016	2017	2016
Obligation under finance lease	25	72	25	51
Less: Current portion	(19)	(46)	(19)	(25)
Long-term portion	**7**	**26**	**7**	**26**

Future minimum lease payments under the finance lease and the present value of the net minimum lease payments as at 31 December 2017 and 31 December 2016 are as follows:

	Group 31 December 2017		Company 31 December 2017	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	19	19	19	19
After one year but no more than five years	7	7	7	7
Total future minimum lease payments	**26**	**25**	**26**	**25**
Less: Amounts representing finance charges	(1)	-	(1)	-
Present value of minimum lease payments	**25**	**25**	**25**	**25**

	Group 31 December 2016		Company 31 December 2016	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	48	46	27	25
After one year but no more than five	27	26	27	26
Total future minimum lease payments	**75**	**72**	**54**	**51**
Less: Amounts representing finance charges	(3)	-	(3)	-
Present value of minimum lease payments	**72**	**72**	**51**	**51**

The outstanding lease agreements mature through to 2019. The repayment terms of these agreements vary from 36 to 76 months and the related finance lease obligations are mainly repayable in monthly installments. The finance lease obligations bear interest at variable rates as applicable to each lease agreement. The majority of lease agreements include escalation clauses and renewal terms.

The most significant obligations assumed under the lease terms, other than rental payments, are the upkeep and insurance of the facilities, the honoring of the terms of the lease agreement, restrictions on the transfer of 50% of the business as well as restrictions on changes in management.

Finance charges incurred by the Group under finance leases for the year ended 31 December 2017 and 2016, amounted to € 4 and € 14, respectively (Note 10).

28. PROVISION FOR STAFF RETIREMENT INDEMNITIES

A. State Pension:

The Company's employees are covered by several State sponsored pension funds. Each employee is required to contribute a portion of their monthly salary to the fund, with the Company also contributing a portion. Upon retirement, the pension fund is responsible for paying the employees retirement benefits. As such, the Company has no legal or constructive obligation to pay future benefits under these plans. The Company's contributions to the pension funds for the year ended 31 December 2017 and 31 December 2016 have been recorded in expenses and were € 1,313 and € 1,261, respectively (Note 4).

B. Staff Retirement Indemnities:

Under Greek labour law, employees and workers are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employees or workers compensation, length of service and manner of termination (dismissed or retired). Employees or workers who resign or are dismissed with cause are not entitled to termination payments. The indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal without cause.

The Company charges operations for benefits earned in each period with a corresponding increase in pension liability.

The movements in the net liability in the accompanying consolidated statement of financial position have as follows:

	Group		Company	
	31 December		31 December	
	2017	2016	2017	2016
Net liability at the beginning of the period	**839**	**911**	**642**	**673**
Actual benefits paid	(183)	(34)	(181)	(10)
Remeasurement (gains) / losses in other comprehensive income	169	(102)	126	(61)
Expense recognised in the consolidated income statement (Note 4)	212	64	192	40
Net liability at the end of the period	**1,038**	**839**	**779**	**642**

Independent actuaries evaluated the Company's liabilities arising from the obligation to pay retirement indemnities. The details and principal assumptions of the actuarial studies as at 31 December 2017 and 31 December 2016 are as follows:

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

	Group		Company	
	31 December		31 December	
	2017	2016	2017	2016
Current service cost	39	44	24	29
Past service cost	-	-	-	-
Termination cost	161	2	159	(3)
Interest cost on benefit obligation	13	18	10	13
Expense recognised in the statement of comprehensive income (Note 4)	**213**	**64**	**193**	**40**
Recognition of remeasurement (gains) / losses	169	(102)	126	(61)
Remeasurement (gains) / losses recognised in other comprehensive income	**169**	**(102)**	**126**	**(61)**
Reconciliation of benefit obligation:				
Net liability at the beginning of the period	**839**	**911**	**642**	**673**
Service cost	200	46	183	26
Interest cost	13	18	10	13
Benefits paid	(183)	(34)	(181)	(10)
Remeasurement (gains) / losses	169	(102)	126	(61)
Present value of obligation at the end of the period	**1,038**	**839**	**779**	**642**

Principal assumptions:

	2017	2016
Discount rate	1.5%	1.5%
Rate of average annual long term compensation increase	1.75%	1.75%
Rate of average annual long term inflation	1.75%	1.75%

29. RELATED PARTIES

Related parties include, apart from subsidiaries and associates:
a) The members of the Board of Directors and key management personnel of the Company
b) Related family and financially dependents (spouses, children etc.) of the Board and members of management.
c) Companies that do business with the Company and the Group, in which the major shareholders of the Group, the members of the Group Boards of Directors and / or their dependents / relatives exert at least significant influence.

Compensation paid to the Group directors and executive officers for the year ended 31 December 2017 and 2016, not included in payroll cost, amounted to € 425 and € 459 respectively. Compensation paid to the Group executive officers for the year ended 31 December 2017 and 2016, included in payroll cost, amounted to € 838 and € 1,460 respectively.

The Company has formed receivables impairment provisions from related parties totaling € 3.8 million.

The balances with related parties on 31 December 2017 and 31 December 2016 are as follows:

31 December 2017	Group		Company	
A. Companies	**Receivables**	**Payables**	**Receivables**	**Payables**
Sigma Pack S.A.	-	-	1,117	30
Fthiotis Papermill S.A.	-	-	695	327
Fthiotis Recycling S.A.	152	109	140	53
Attica Recycling S.A.	46	-	46	-
BelPack EOOD	4	215	-	116
Euroglass OOD	3	-	3	-
Uniglass Hellas M.A.E.	-	3	-	-
Spyrakis & Co.	5,392	326	5,370	325
	5,597	**653**	**7,371**	**851**
B. Directors - Management:	**-**	**-**	**-**	**-**

31 December 2016	Group		Company	
A. Companies	**Receivables**	**Payables**	**Receivables**	**Payables**
Sigma Pack S.A.	-	-	1,972	-
Fthiotis Papermill S.A.	-	-	2,217	-
Fthiotis Recycling S.A.	434	15	-	-
Attica Recycling S.A.	36	-	36	-
BelPack EOOD	750	244	28	206
Euroglass OOD	3	-	3	-
Yioula Glassworks S.A.	68	46	68	-
Spyrakis & Co.	5,351	-	4,724	-
	6,642	**305**	**9,048**	**207**
B. Directors - Management:	**-**	**-**	**-**	**-**

Transactions with related parties for the year ended 31 December 2017 and 31 December 2016 are as follows:

31 December 2017	Group		Company	
A. Companies	**Purchases**	**Sales**	**Purchases**	**Sales**
Sigma Pack S.A.	-	-	853	122
Fthiotis Papermill S.A.	-	-	9,671	24
Fthiotis Recycling S.A.	4,085	396	119	320
Attica Recycling S.A.	-	-	-	-
BelPack EOOD	87	2,052	87	143
Euroglass OOD	-	-	-	-
Uniglass Hellas M.A.E.	-	-	-	-
Spyrakis & Co.	3,540	2,696	3,529	597
	7,712	**5,144**	**14,259**	**1,205**
B. Directors - Management:	**-**	**-**	**-**	**-**

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

31 December 2016	Group		Company	
A. Companies	Purchases	Sales	Purchases	Sales
Sigma Pack S.A.	-	-	991	179
Fthiotis Papermill S.A.	-	-	9,600	13
Fthiotis Recycling S.A.	2,800	361	328	291
Attica Recycling S.A.	-	-	-	-
BelPack EOOD	37	1,915	37	25
Euroglass OOD	-	-	-	-
Yioula Glassworks S.A.	75	473	35	473
Spyrakis & Co.	3,790	2,940	3,777	495
	6,702	**5,689**	**14,769**	**1,477**
B. Directors - Management:	**-**	**-**	**-**	**-**

30. TRADE ACCOUNTS PAYABLE

The trade accounts payable as at 31 December 2017 and 31 December 2016 are analysed as follows:

	Group		Company	
	31 December		31 December	
	2017	2016	2017	2016
Suppliers	4,863	5,218	2,966	2,791
Notes payable	427	131	427	131
Cheques payable	892	683	709	569
Other creditors	-	-	-	-
Total	**6,181**	**6,031**	**4,101**	**3,490**

31. SHORT-TERM BORROWINGS

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

	Group		Company	
	31 December		31 December	
	2017	2016	2017	2016
Bank loans	1,914	1,750	1,495	1,311
Factoring	7,409	7,300	7,409	7,300
Total	**9,323**	**9,050**	**8,904**	**8,612**

The weighted average interest rate on short-term borrowings for the year ended 31 December 2017 and 31 December 2016 was 5.6% and 6.7% respectively.

Interest on short-term borrowings for the year ended 31 December 2017 and 2016, amounted to € 580 and € 1,155, respectively, and is included in the interest expense in the accompanying consolidated statement of comprehensive income (Note 10).

The short term borrowing of subsidiary SIGMA PACK S.A. with Piraeus Bank is secured with first rank mortgage of land up to the amount of € 520.

32. ACCRUED AND OTHER CURRENT LIABILITIES

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

	Group		Company	
	31 December		31 December	
	2017	2016	2017	2016
Advances from customers	534	554	163	126
Accrued interest	261	955	256	913
Salaries payable	226	230	169	175
Social security funds payable	532	555	215	205
Taxes payable, other than income taxes	606	650	280	352
Accrued expenses	171	178	27	30
Other liabilities	70	38	66	35
Total	**2,399**	**3,161**	**1,176**	**1,836**

33. CONTINGENCIES AND COMMITMENTS

(a) Litigation and claims:

The Group is a party to various lawsuits and arbitration proceedings in the normal course of business. According to the Group's management and its legal advisors, all of the lawsuits are expected to be settled without any material adverse effect on the consolidated financial position or results of operations.

(b) Commitments:

Guarantees:
At 31 December 2017 and 31 December 2016, EL PACK S.A. had outstanding corporate guarantee in favor of UBB Bank in Bulgaria amounting to € 1 million with maturity date on June 30, 2019. This guarantee has been provided as security for the loan obtained by the related company «BelPack EOOD».

In addition, at 31 December 2017 and 31 December 2016 the Group has outstanding payment guarantees on contracts with suppliers of € 796 and € 788 respectively. Other than that, the group has not offered other guarantees in favor of third parties.

34. FINANCIAL RISK MANAGEMENT

1. Fair Values and Fair Value Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The carrying amounts reflected in the accompanying consolidated statements of financial position for cash and short-term deposits, short-term borrowings, trade and other receivables, trade and other payables, due to/from related parties and accrued and other current liabilities approximate their

respective fair values due to the relatively short-term maturity of these financial instruments.

Available for sale investments consist of investments in common and preferred shares, and therefore have no fixed maturity date or fixed rate. Interest-bearing loans are measured at amortized cost using the effective interest method. The fair value of variable rate loans is determined using discounted cash flows using interest rate determined by the market. The fair value of loans with fixed interest rate is based on negotiated prices at the date of the financial statements.

During the year ended December 31, 2017 and December 31, 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. Credit Risk

a) <u>Trade and other receivables</u>

The Group's exposure to credit risk, due to non-performance of obligations by the counterparties as at 31 December 2017 and 2016, is mainly affected by the characteristics of each customer. The demographic characteristics of the Group's client base, including the risk of default payments that characterizes the specific market and the country where customers operate in, affect credit risk less as there is no geographic concentration of credit risk. Net sales per customer does not exceed 10% of total consolidated net sales for the year ended at 31 December 2017 and 2016. Therefore, there is a significant diversification of credit risk to a large number of customers.

The Board of Directors has established a credit policy, according to which each new customer is examined on an individual basis for its credit ability before the ordinary payment terms are proposed to such. The examination of credit ability performed by the Group includes the examination of bank resources and other third party resources for credit rating, if available.

Credit lines are defined for each customer, and are re-examined according to the current conditions, while if necessary the sales and payment terms are readjusted. The credit lines of customers are mainly defined according to the Company's credit management procedure.

During the monitoring of customer credit risk, customers are grouped according to their credit characteristics, the maturity characteristics of their receivables and any possibly prior payment problems displayed. Customers and other receivables mainly include wholesale customers of the Group. Customers characterized as "high risk" are placed in a special customer statement and future sales must be pre-collected and approved by the Company's CFO, COO, or CEO. According to the history and the customer's ability to secure the receivables, the Group may request real guarantees or collateral (i.e. letters of guarantee).

The Group registers an impairment provision, which represents its estimation for losses regarding its customers, other receivables and investments in securities. This provision is mainly comprised of impairment losses of specific receivables that it is estimated (based on the given conditions) that they will be realized but have not yet been finalized.

b) Guarantees

According to the Group's policy, no collateral is provided; however, if the Board of Directors decides so in exceptional cases, such collateral may be provided to subsidiaries.

3. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

If interest rates were increased by 1%, the effect in the Group income statement and in shareholders' equity would be for 2017 € 316 (2016: € 331) and if interest rates were decreased by 1%, then the effect in the Group income statement and in shareholders' equity would be for 2017 € 316 (2016: € 331).

4. Foreign Currency Risk

The Group enters into transactions denominated in Euro related to the sales and purchases of goods. Therefore, the Group is not exposed to market risk related to possible foreign currency fluctuations.

5. Capital Management

For the purpose of the Group's capital management, capital includes share capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximize the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by the sum of total capital plus net debt.

The Group includes within net debt, interest bearing loans and borrowings, short-term borrowings and finance lease obligation, less cash and cash equivalents.

	Group	
	31 December	
	2017	**2016**
Interest bearing loans and borrowings (Note 26)	22,214	23,372
Short-term borrowings (Note 31)	9,323	9,050
Finance lease obligations (Note 27)	25	72
Less: Cash and cash equivalents (Note 22)	(197)	(234)
Net debt	**31,365**	**32,260**
Total equity	15,356	14,312
Total equity and net debt	**46,721**	**46,571**
Gearing ratio	**67.1%**	**69.3%**

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 31 December 2016.

6. Liquidity Risk

Liquidity risk is the risk that the Group would be unable to fulfill its financial obligations when they fall due. The approach adopted by the Group for the liquidity management is to secure, through holding the minimum necessary cash and sufficient credit limits from cooperating banks that will always have enough liquidity in order to fulfill its financial liabilities when those become due, under normal as well as difficult conditions, without sustaining non-acceptable losses or risking the Group's reputation.

In order to avoid liquidity risks, the Group realizes a cash flow provision for a period of one year during the preparation of the annual budget, and a monthly rolling three-month provision in order to secure that it has adequate cash equivalents to cover its operating needs, including covering its financial liabilities. This policy does not take into account the relevant effect from extreme conditions that cannot be forecasted.

The table below summarizes the maturity profile of financial liabilities at 31 December 2017 and 31 December 2016, respectively, based on contractual undiscounted payments.

Year ended December 31, 2017	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest bearing loans and borrowings	751	1,384	20,238	-	22,373
Short-term borrowings	6	9,316	-	-	9,322
Finance lease obligations	5	14	7	-	26
Trade accounts payable	3,129	3,052	116	-	6,297
Other financial liabilities	1,965	434	-	-	2,399
Income taxes payable	-	608	-	-	608
	5,856	**14,809**	**20,361**	**-**	**41,026**

Year ended December 31, 2016	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest bearing loans and borrowings	375	822	22,373	-	23,570
Short-term borrowings	26	9,024		-	9,050
Finance lease obligations	22	27	27	-	75
Trade accounts payable	2,749	3,282	582	-	6,614
Other financial liabilities	2,620	540	-	-	3,161
Income taxes payable	-	371	-	-	371
	5,793	**14,067**	**22,982**	**-**	**42,841**

35. EVENTS AFTER THE REPORTING PERIOD

No significant subsequent events have occurred after December 31, 2017.

Athens, April 18th, 2018

Chairman of the B.o.D. & Managing Director	B.o.D. Member
Antonios Evang. Spyrakis ID: AB 593784	Anastasios K. Voulgarakis ID: AE 076262
Finance Director	Chief Accountant
Efstratios S. Rekas ID: AK 800630	Christos V. Kitsakis ID: AM 596248 E.C.G. Licence No. 10909/A' Class