EL PACK S.A.

Consolidated and Separate Financial Statements for the year ended 31 December 2018

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.

Index of Contents

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 2018, 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 2018, 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 abovementioned IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 31/12/2018.

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, 2019

The Certified Auditor Accountant

SOL
CERTIFIED PUBLIC ACCOUNTANTS
Crowe Horwath

Panagiotis I. Korovesis
Institute of CPA (SOEL) Reg. No.: 16071
SOL Certified Auditors Accountants S.A.,
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CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts in thousands of Euro)		Group		Company	
		1 Jan. – 31 Dec.		1 Jan. – 31 Dec.	
	Notes	2018	2017	2018	2017
Revenues:					
Net sales	8	43,631	43,244	39,085	35,477
Cost of sales	6	(31,549)	(32,558)	(30,366)	(27,795)
Gross profit		**12,082**	**10,685**	**8,719**	**7,682**
Selling, general and administrative expenses	7	(7,599)	(6,814)	(6,493)	(5,827)
Other income	9	192	284	134	147
Other expenses	9	(383)	(603)	(149)	(178)
Operating profit		**4,292**	**3,553**	**2,212**	**1,824**
Net finance costs	10	(1,712)	(1,851)	(1,588)	(1,737)
Profit / (Loss) before tax		**2,580**	**1,702**	**623**	**87**
Income tax expense	11	(29)	(537)	97	(37)
Profit / (Loss) for the period		**2,552**	**1,165**	**721**	**50**
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	(95)	(169)	(102)	(126)
Income tax on other comprehensive income items that are not reclassified	11	17	49	20	36
Net other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods		**(78)**	**(120)**	**(81)**	**(89)**
Other comprehensive income / (loss) for the period, net of tax		**(78)**	**(120)**	**(81)**	**(89)**
Total comprehensive income / (loss) for the period, net of tax		**2,474**	**1,044**	**639**	**(39)**
Net profit / (loss) attributable to:					
Equity holders of the parent		2,039	853	721	50
Non-controlling interests		513	312	-	-
		2,552	**1,165**	**721**	**50**
Total comprehensive income / (loss) attributable to:					
Equity holders of the parent		1,960	741	639	(39)
Non-controlling interests		514	303	-	-
		2,474	**1,044**	**639**	**(39)**
Profit / (Loss) per share attributable to the equity holders of the parent basic and diluted (expressed in euro per share)		**1.8821**	**0.7874**	**0.6652**	**0.0459**

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 2018

(All amounts in thousands of Euro)		Group		Company	
		31 December		31 December	
	Notes	2018	2017	2018	2017
Assets					
Non-current assets					
Property, plant and equipment	14	32,322	33,027	12,759	13,028
Intangible assets	15	130	158	130	158
Goodwill	13	2,120	2,120	-	-
Investment property	16	931	1,033	-	-
Investment in subsidiaries	12	-	-	12,571	12,491
Investment in associates	17	750	750	750	750
Other non-current assets	18	232	218	141	129
Total non-current assets		**36,485**	**37,307**	**26,350**	**26,555**
Current assets					
Inventories	19	5,686	4,771	3,504	2,800
Trade accounts receivable	20	17,123	18,391	16,511	17,412
Prepayments and other receivables	21	3,041	2,617	1,322	1,133
Cash and cash equivalents	22	195	197	165	161
Total current assets		**26,045**	**25,975**	**21,501**	**21,506**
Total assets		**62,530**	**63,282**	**47,852**	**48,061**
Equity and liabilities					
Equity					
Share capital	23	3,249	3,249	3,249	3,249
Legal reserve	24	557	515	432	429
Tax free reserves	24	4,837	4,837	4,837	4,837
Extraordinary reserves	24	1,504	1,504	605	605
Retained earnings		2,868	736	969	341
Equity attributable to equity holders of the parent		**13,016**	**10,841**	**10,092**	**9,461**
Non-controlling interests		4,652	4,514	-	-
Total equity		**17,668**	**15,356**	**10,092**	**9,461**
Non-current liabilities					
Interest bearing loans and borrowings	26	18,548	20,079	17,733	19,128
Finance lease obligations	27	-	7	-	7
Other long-term liabilities		164	276	-	35
Provision for staff retirement indemnities	28	1,186	1,038	916	779
Deferred tax liabilities	11	4,854	5,862	1,816	2,270
Total non-current liabilities		**24,752**	**27,262**	**20,466**	**22,220**
Current liabilities					
Trade accounts payable	30	5,130	6,181	4,726	4,101
Short-term borrowings	31	9,278	9,323	8,860	8,904
Current portion of interest bearing loans and borrowings	26	1,571	2,135	1,435	1,999
Current portion of finance lease obligations	27	7	19	7	19
Income taxes payable		975	608	328	182
Accrued and other current liabilities	32	3,149	2,399	1,939	1,176
Total current liabilities		**20,110**	**20,665**	**17,294**	**16,380**
Total liabilities		**44,862**	**47,926**	**37,760**	**38,600**
Total equity and liabilities		**62,530**	**63,282**	**47,852**	**48,061**

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 2018

	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 2017	**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**
Balance 1st January 2018 prior IFRS 9 implementation	**3,249**	**515**	**4,837**	**1,504**	**736**	**10,841**	**4,514**	**15,356**
Impact of IFRS 9 implementation	-	-	-	-	(61)	(61)	(20)	(81)
Balance 1st January 2018 post IFRS 9 implementation	**3,249**	**515**	**4,837**	**1,504**	**675**	**10,781**	**4,494**	**15,275**
Net profit / (loss) for the period	-	-	-	-	2,039	2,039	513	2,552
Other comprehensive income / (loss)	-	-	-	-	(79)	(79)	1	(78)
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**1,960**	**1,960**	**514**	**2,474**
Subsidiary share increase	**-**	-	**-**	-	276	276	(356)	(81)
Formation of legal reserve	**-**	43	**-**	-	(43)	-	-	-
Balance 31st December 2018	**3,249**	**557**	**4,837**	**1,504**	**2,868**	**13,016**	**4,652**	**17,668**

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

	Company					
(All amounts in thousands of Euro)	**Share capital**	**Legal Reserve**	**Free Tax and Special Reserves**	**Other Reserves**	**Retained Earnings**	**Total**
Balance 1st January 2017	**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**
Balance 1st January 2018 prior IFRS 9 implementation	**3,249**	**429**	**4,837**	**605**	**341**	**9,461**
Impact of IFRS 9 implementation	-	-	-	-	(8)	(8)
Balance 1st January 2018 post IFRS 9 implementation	**3,249**	**429**	**4,837**	**605**	**333**	**9,453**
Net profit / (loss) for the period	-	-	-	-	721	721
Other comprehensive income / (loss)	-	-	-	-	(81)	(81)
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**639**	**639**
Formation of legal reserve	-	2	-	-	(2)	-
Balance 31st December 2018	**3,249**	**432**	**4,837**	**605**	**969**	**10,092**

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 2018

(All amounts in thousands of Euro)		Group		Company	
		1 Jan. – 31 Dec.		1 Jan. – 31 Dec.	
	Notes	2018	2017	2018	2017
Cash flows from operating activities					
Profit / (Loss) before tax		**2,580**	**1,702**	**623**	**87**
Adjustments to reconcile loss before tax to net cash flows:					
- Depreciation and amortization	5	1,713	1,715	727	739
- Provisions	4,20	(2)	179	(42)	141
- Loss / (Profit) on revaluation of investment property		102	7	-	-
- Net foreign exchange differences		13	(30)	13	(30)
- Finance costs	10	1,699	1,881	1,576	1,767
- Other income		11	(63)	8	7
Cash flows from operating activities before changes in working capital		**6,115**	**5,392**	**2,904**	**2,711**
(Increase) / Decrease in:					
Inventories		(916)	390	(704)	382
Trade accounts receivable		1,234	(686)	1,029	(2,844)
Prepayments and other receivables		(220)	456	(202)	3,357
Increase / (Decrease) in:					
Trade accounts payable		(1,163)	(316)	589	470
Accrued and other current liabilities		755	(69)	772	(5)
Changes in working capital		**(309)**	**(225)**	**1,485**	**1,360**
Interest paid		(1,666)	(2,537)	(1,544)	(2,386)
Income taxes paid		(836)	(401)	(224)	(151)
Payment of staff retirement indemnities	28	(26)	(183)	(26)	(181)
Net cash generated from operating activities		**3,279**	**2,045**	**2,595**	**1,354**
Cash flows from investing activities					
Acquisition of subsidiaries, associates, joint ventures and other investments		(81)	-	(81)	-
Capital expenditure for property, plant and equipment	14	(1,005)	(1,219)	(451)	(569)
Proceeds from disposal of property, plant and equipment		15	77	15	6
Interest and other related income received		-	0	-	-
Net cash flows used in investing activities		**(1,071)**	**(1,142)**	**(517)**	**(563)**
Cash flows from financing activities					
Proceeds from interest bearing loans and borrowings		-	322	-	322
Repayments of interest bearing loans and borrowings		(2,191)	(1,216)	(2,056)	(1,105)
Proceeds from finance leases		-	-	-	-
Payment of finance lease liabilities		(19)	(47)	(19)	(26)
Net cash flows (used in) / from financing activities		**(2,210)**	**(940)**	**(2,074)**	**(808)**
Net (decrease) / increase in cash and cash equivelants		(2)	(38)	4	(18)
Cash and cash equivelants at the beginning of the period	22	197	234	161	179
Cash and cash equivelants at the end of the period	22	**195**	**197**	**165**	**161**

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 31-33, Athinon Avenue, 104 47. 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 2018 and 2017 was 270 (191 for the Company) and 256 (182) 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 the amount of consideration expected to be received in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (value-added tax, other sales taxes etc.). Revenue is recognized when (or as) a performance obligation is satisfied by transferring the control of a promised good or service to the customer. A customer obtains control of a good or service if it has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service. Control is transferred over time or at a point in time.

Revenue from the sale of goods is recognized when control of the good is transferred to the customer, usually upon delivery and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Revenue arising from services is recognized in the accounting period in which the services are rendered, and it is measured using either output methods or input methods, depending on the nature of service provided.

A receivable is recognized when there is an unconditional right to consideration for the performance obligations to the customer that are satisfied. A contract asset is recognized when the performance obligation to the customer is satisfied before the customers pays or before payment is due, usually when goods or services are transferred to the customer before the Group or the Company has a right to invoice. A contract liability is recognized when there is an obligation to transfer goods or services to a customer for which the Group or the Company has received consideration from the customer (prepayments) or there is an unconditional right to receive consideration before the Group or the Company transfers a good or a service (deferred income). The contract liability is derecognized when the promise is fulfilled and revenue is recorded in the profit or loss statement.

Revenue from rental income arising, from operating leases, is accounted for on a straight-line basis over the lease terms.

Interest income is recognized using the effective interest method. If there is an impairment of loans or receivables, their carrying value is reduced to their recoverable amount, which is the present value of the future cash flows discounting with the initial effective interest rate. Afterwards, the interest income is recognized with the same interest rate (the initial effective interest rate) multiplied with the impaired carrying value.

Dividend income is recognized when the right to receive the payment is established.

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.

I) Financial Instruments:

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

Financial assets

Initial recognition and subsequent measurement
From January 1, 2018, the financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model within which the financial asset is held.
With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are initially measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI criterion and is performed at an instrument level.

For the purpose of subsequent measurement, financial assets are classified in three categories:
- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income
- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss or through other comprehensive income are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss or in the statement of OCI respectively.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The fair values of quoted investments are based on quoted market bid prices. For investments where there is no quoted market price, fair value is determined using valuation techniques, unless the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, where the entity is precluded from measuring these investments at fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the settlement date (i.e. the date that the asset is transferred or delivered to the Group or the Company).

Impairment of financial assets
The Group and the Company assess at each reporting date, whether a financial asset or group of financial assets is impaired as follows:

The Group and the Company recognize an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognize a loss allowance based on lifetime ECLs at each reporting date.

Derecognition of financial assets
A financial asset (or, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Group or the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its 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.

Financial liabilities

Initial recognition and subsequent measurement
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The measurement of financial liabilities depends on their classification.

Derecognition of financial liabilities
A financial liability is derecognized 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 recognized in the income statement.

Offsetting of financial assets and liabilities
Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Group or the Company has a legally enforceable right to set off the recognized amounts and intends either to settle such asset and liability on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

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 2018, the Group exceeded these rights and in the year 2019 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 expected credit losses according to the provisions of IFRS 9. To this end the Group has established a provision matrix that is based on the Group's historical credit loss experience, information on days past due for groupings of various customer segments with similar characteristics, existing collaterals, reasonable and supportable information that is available at the reporting date about past events, current conditions, forecasts of future economic conditions, in addition with specific information for individual receivables.

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, 2019 by the Board of Directors of EL PACK S.A. for the year ended December 31st, 2018.

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, 2018, that have no significant impact on the financial statements of the Group and the Company.

IFRS 9 "Financial Instruments" The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

The Group adopted the new standard as of 1 January 2018 without restating comparative information. The cumulative effect of the adjustments arising from the new requirements are therefore recognized in the opening balance of retained earnings on 1 January 2018.

The following table shows the adjustments recognized for each individual line item. Line items that were not affected by the changes have not been included. The adjustments are presented in more detail below.

Group Balance sheet extract (in thousands of Euro)	*31 December 2017 As published*	*IFRS 9*	*1 January 2018 post IFRS 9 impact*
Trade accounts receivable	18,391	114	18,277
Deferred tax liabilities	5,862	33	5,828
Retained earnings	736	81	655

Parent Balance sheet extract (in thousands of Euro)	31 December 2017 As published	IFRS 9	1 January 2018 post IFRS 9 impact
Trade accounts receivable	17,412	11	17,401
Deferred tax liabilities	2,270	3	2,267
Retained earnings	341	8	333

(a) Classification and measurement
Under IFRS 9, financial assets are subsequently measured at fair value through profit or loss (FVPL), amortized cost, or at fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

Upon the adoption of IFRS 9, the Group and the Company had no reclassifications and changes in the measurement of their financial instruments.

(b) Impairment
The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

For trade receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been as significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group considers that financial assets with contractual payments over 180 days past due, constitute default events.

However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The effect of the above change on the statement of financial position as at 1 January 2018 resulted in a decrease of retained earnings of € 81 thousands, a decrease of € 114 thousands in trade receivables, and an decrease of € 33 thousands in deferred tax liabilities.

(c) Hedge accounting
At the date of the initial application, there were no hedging relationships under IFRS 9 and as such, the adoption of the hedge accounting requirements of the new standard had no impact on the Group's financial statements. The Group's risk management policies and hedge documentation are aligned with the requirement of the new standard.

IFRS 15 “Revenue from contacts with customers” IFRS 15 has been issued in May 2014. 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 recognizes 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.

On 1 January 2018, the Group and the Company adopted IFRS 15, however they had no impact on their profitability, liquidity or financial position by applying IFRS 15 for the first time. Therefore, opening retained earnings for 2018 were not adjusted.

Moreover, the Group has changed its accounting policy in order to adjust it to the requirement of the new standard.

IFRS 4 (Amendments) “Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts” The amendments introduce two approaches. The amended standard: a) gives 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) gives companies, whose activities are predominantly connected with insurance, an optional temporary exemption from applying IFRS 9 until 2021. The entities that have elected to defer the application of IFRS 9 continue to apply the existing financial instruments standard—IAS 39. The amendments have no impact on the financial statements of the Group and the Company.

IFRS 2 (Amendments) “Classification and measurement of shared-based Payment transactions” The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in 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. The amendments have no impact on the financial statements of the Group and the Company.

IAS 40 (Amendments) “Transfers of Investment Property” The amendments clarified 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. The amendments have no significant impact on the financial statements of the Group and the Company.

IFRIC 22 “Foreign currency transactions and advance consideration” 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 no impact on the financial statements of the Group and the Company.

Annual Improvements to IFRS 2014 (2014 – 2016 Cycle)

IAS 28 “Investments in associates and Joint ventures” 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 (FVTPL), this election should be made separately for each associate or joint venture at initial recognition. The amendments have no impact on the financial statements of the Group and the Company.

B. New standards, amendments to standards and interpretations issued but not yet effective nor 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 16 "Leases" (effective for annual periods beginning on or after 1 January 2019). IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the 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 with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in 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 standard will affect primarily the accounting for Group's and Company's operating leases.
As at the reporting date, the Group and the Company have non-cancellable operating lease commitments of € 7. Based on Management's estimation, the impact of adoption of IFRS 16, is not expected to be significant as the amount of operating leases is small and concern mainly car leases. The Group's and the Company's activities as a lessor are not material and hence they do not expect any significant impact on the financial statements.

The Group and the Company will apply the standard from its mandatory adoption date of 1 January 2019. They intend to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. They also intend to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, lease contracts for which the underlying asset is of low value and short-term leases.

IFRS 9 (Amendments) "Prepayment Features with Negative Compensation" (effective for annual periods beginning on or after 1 January 2019). The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss.

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.

IAS 28 (Amendments) "Long term interests in associates and joint ventures" (effective for annual periods beginning on or after 1 January 2019). The 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. The amendments have 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.

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

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 3 (Amendments) "Definition of a business" (effective for annual periods beginning on or after 1 January 2020). The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. The amendments have not yet been endorsed by the EU.

IAS 1 and IAS 8 (Amendments) "Definition of a material" (effective for annual periods beginning on or after 1 January 2020). The amendments clarify the definition of material and how it should be applied by including in the definition guidance which until now was featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved.
Finally, the amendments ensure that the definition of material is consistent across all IFRS. The amendments have not yet been endorsed by the EU.

Annual Improvements to IFRS (2015 – 2017 Cycle) (effective for annual periods beginning on or after 1 January 2019). The amendments set out below include changes to four IFRSs. The amendments have not yet been endorsed by the EU.

IFRS 3 "Business combinations" 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" 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" The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

IAS 23 "Borrowing costs" The amendments clarify that 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.	
	2018	2017	2018	2017
Wages and salaries	6,095	5,539	4,481	3,992
Social security costs (Note 28)	1,384	1,313	953	900
Other staff costs	50	32	31	21
Staff retirement indemnities (Note 28)	79	213	61	193
Total payroll:	**7,608**	**7,097**	**5,526**	**5,105**
Less: amounts charged to cost of production	(3,799)	(3,724)	(2,273)	(2,248)
Payroll expense charged on other functions (Note 7)	**3,808**	**3,373**	**3,254**	**2,858**

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

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.	
	2018	2017	2018	2017
Depreciation on property, plant and equipment (Note 14)	1,682	1,685	696	709
Amortisation of intangible assets (Note 15)	30	30	30	30
Total depreciation and amortization	**1,713**	**1,715**	**727**	**739**
Less: amounts charged to cost of production	(1,517)	(1,530)	(608)	(611)
Depreciation and amortisation expense charged on other functions (Note 7)	**196**	**185**	**119**	**128**

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.	
	2018	2017	2018	2017
Changes in inventories of finished goods and work in progress	(208)	28	(165)	26
Cost of raw materials and other consumables	17,614	19,180	20,125	18,992
Cost of goods	4,021	3,674	5,846	4,457
Payroll and related costs (Note 4)	3,799	3,724	2,273	2,248
Third party fees	728	778	303	264
Depreciation and amortisation (Note 5)	1,517	1,530	608	611
Shipping and handling costs	545	524	217	232
Taxes other than income taxes	34	32	11	10
Utilities	1,832	1,763	343	324
Repairs and maintenance	1,099	924	537	434
Insurance	193	192	76	76
Other	375	208	193	122
	31,549	**32,558**	**30,366**	**27,795**

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

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.	
	2018	2017	2018	2017
Payroll and related costs (Note 4)	3,808	3,373	3,254	2,858
Third party fees	654	636	591	565
Depreciation and amortisation (Note 5)	196	185	119	128
Shipping and handling costs	1,813	1,823	1,730	1,720
Taxes other than income taxes	288	251	114	89
Utilities	52	33	47	28
Repairs and maintenance	204	135	161	116
Insurance	106	110	82	82
Other	477	267	395	242
	7,599	**6,814**	**6,493**	**5,827**

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

	Group		Company	
	1 Jan. – 31 Dec.		1 Jan. – 31 Dec.	
	2018	2017	2018	2017
Selling	3,621	3,591	3,135	3,105
General and administrative	3,978	3,223	3,358	2,722
	7,599	**6,814**	**6,493**	**5,827**

8. NET SALES

Revenues are analysed as follows:

	Group		Company	
	1 Jan. – 31 Dec.		1 Jan. – 31 Dec.	
	2018	2017	2018	2017
Sales of goods	4,081	3,752	5,894	4,516
Sales of products and byproducts	38,866	38,814	32,425	30,211
Sales of other inventories	684	678	767	750
Total	**43,631**	**43,244**	**39,085**	**35,477**

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

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.	
	2018	2017	2018	2017
Grants	1	15	-	15
Income from insurance indemnities	-	0	-	0
Rental income	16	2	9	7
Gains on disposal of property, plant and equipment	0	70	-	-
Reimbursements - Discounts on previous years electricity consumption	50	65	-	-
Reversal of provision related to doubtful receivables	119	120	119	120
Commissions received	2	2	2	2
Other	4	8	4	3
Other income	**192**	**284**	**134**	**147**
Taxes and penalties	(30)	(27)	(1)	(1)
Losses on destruction of inventory	(146)	(368)	(116)	(86)
Loss on revaluation of investment property (Note 16)	(102)	(7)	-	-
Losses on disposal of property, plant and equipment	(11)	(7)	(8)	(7)
Provision for doubtful debts	(38)	(86)	(16)	(69)
Other	(56)	(107)	(8)	(16)
Other expenses	**(383)**	**(603)**	**(149)**	**(178)**
Total other income, net	**(191)**	**(319)**	**(15)**	**(31)**

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.	
	2018	2017	2018	2017
Interest on loans and borrowings (Note 26)	(1,027)	(1,176)	(977)	(1,112)
Interest on short-term borrowings (Note 31)	(100)	(89)	(80)	(63)
Interest payable to suppliers	(56)	(33)	(17)	(12)
Other finance charges	(50)	(49)	(37)	(47)
Finance charges payable under factoring agreements (Note 20)	(423)	(491)	(423)	(491)
Finance charges payable under finance leases (Note 27)	(1)	(4)	(1)	(2)
Amortization of Bond loan issuance costs	(40)	(39)	(40)	(39)
Interest income on cash at banks and on time deposits (Note 22)	-	0	-	0
Exchange gain / (loss)	(15)	29	(15)	29
Total net finance cost	**(1,712)**	**(1,851)**	**(1,588)**	**(1,737)**

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

11. INCOME TAX

In accordance with the Greek tax regulations, the standard corporate tax rate applied by companies for the fiscal years 2018 and 2017 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.**	
	2018	**2017**	**2018**	**2017**
Current income tax	982	635	331	206
Deferred tax	(957)	(102)	(430)	(171)
Other taxes	4	5	2	2
Total income tax expense reported in the consolidated income statement	**29**	**537**	**(97)**	**37**

Consolidated statement of Other Comprehensive Income (OCI)	**Group**		**Company**	
	1 Jan. – 31 Dec.		**1 Jan. – 31 Dec.**	
	2018	**2017**	**2018**	**2017**
Deferred tax related to items recognized in OCI during the period:				
Net gain / (loss) on actuarial gains and losses	(17)	49	(20)	36
Deferred tax charged to OCI	**(17)**	**49**	**(20)**	**36**

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 2018 and 2017 is summarized as follows:

	Group		**Company**	
	1 Jan. – 31 Dec.		**1 Jan. – 31 Dec.**	
	2018	**2017**	**2018**	**2017**
Profit / (Loss) before income tax	**2,580**	**1,702**	**623**	**87**
At the Greek's statutory income tax rate of 29%	748	494	181	25
Tax effect of change in statutory tax rate	(740)	-	(269)	-
Reassessment of unrecognized deferred tax assets in subsidiaries	4	-	-	-
Tax effect of tax free earnings	(34)	(35)	(34)	(35)
Non-deductible expenses	41	47	20	21
Previous year tax difference & other taxes	11	32	5	26
Income tax expense reported in the consolidated income statement	**29**	**537**	**(97)**	**37**

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.

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

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 2017 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 2018, 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 2018. 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.**	
	2018	**2017**	**2018**	**2017**
Property, plant and equipment	(6,313)	(7,441)	1,128	126
Intangible assets	(33)	(35)	1	(6)
Leasing	(0)	(0)	0	(3)
Investment properties	(144)	(190)	46	2
Provision for inventories	-	-	-	-
Provision for staff retirement indemnities	297	301	(5)	58
Provision for accounts receivable	1,377	1,553	(209)	24
Losses available for offsetting against future taxable income	-	8	(8)	(49)
Other	(37)	(58)	21	0
Deferred tax expense			**974**	**152**
Net deferred tax assets / (liabilities)	**(4,854)**	**(5,862)**		

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

Company	Statement of Financial Position		Statement of Comprehensive Income	
	31 December		1 Jan. – 31 Dec.	
	2018	2017	2018	2017
Property, plant and equipment	(2,548)	(3,060)	512	151
Intangible assets	(33)	(35)	1	(6)
Leasing	(0)	(0)	0	0
Investment properties	-	-	-	-
Provision for inventories	-	-	-	-
Provision for staff retirement indemnities	229	226	3	40
Provision for accounts receivable	585	671	(89)	20
Other	(49)	(72)	23	2
Deferred tax expense			**451**	**207**
Net deferred tax assets / (liabilities)	**(1,817)**	**(2,270)**		

Reflected in the statement of financial position as follows:

	Group		Company	
	31 December		31 December	
	2018	2017	2018	2017
Deferred tax assets	1,686	1,862	814	897
Deferred tax liabilities	(6,541)	(7,724)	(2,631)	(3,167)
Deferred tax liabilities, net	**(4,854)**	**(5,862)**	**(1,817)**	**(2,270)**

Movements in deferred tax liabilities as presented below:

	Group		Company	
	31 December		31 December	
	2018	2017	2018	2017
As at 01 January	**(5,862)**	**(6,013)**	**(2,270)**	**(2,477)**
Impact of IFRS 9 implementation	33		3	
Tax income / (expense) during the period recognized in consolidated statement of comprehensive income	957	102	430	171
Tax (expense) / income during the period recognized in OCI	17	49	20	36
As at 31 December	**(4,854)**	**(5,862)**	**(1,817)**	**(2,270)**

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.

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

Tax Unaudited fiscal years

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

Company	Unaudited fiscal years
EL PACK S.A.	2013 - 2018
SIGMA PACK S.A.	2013 - 2018
FTHIOTIS PAPERMILL S.A.	2013 - 2018

For the fiscal year 2013, Certified Auditors Accountants tax audited the above companies and issued tax certificates without qualifications, according to the terms of article 82, par. 5 of the Law 2238/1994. For the fiscal years 2014-2017 the tax audit was conducted again by the Certified Auditors Accountants and tax certificates without qualifications have also been issued according to the article 65A, par. 1 of L. 4174/2013. The Group management deams that in case of any tax re-audit of those tax years by the tax authorities will not be imposed any additional taxes.

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	2018	2017	2018	2017
Sigma Pack S.A	Production of corrugated cartonboard and microwelle	Greece	100%	75.00%	301	220
Fthiotis Paper Mill S.A.	Paper production	Greece	71.98%	71.98%	12,270	12,270
			Total		**12,571**	**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 8.2% 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 31.12.2018 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 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**
Additions	-	23	303	187	101	389	1,003
Transfers	-	297	257	-	-	(554)	-
Sales / Disposals	-	-	(19)	(46)	(38)	-	(103)
At 31 December 2018	**3,536**	**8,654**	**27,808**	**1,217**	**784**	**288**	**42,287**
DEPRECIATION AND IMPAIRMENT							
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)**
Depreciation charge for the year	-	(186)	(1,371)	(76)	(49)	-	(1,682)
Sales / Disposals	-	-	8	33	37	-	77
At 31 December 2018	**-**	**(1,095)**	**(8,029)**	**(395)**	**(446)**	**-**	**(9,965)**
NET BOOK VALUE							
At 31 December 2017	**3,536**	**7,425**	**20,601**	**725**	**288**	**452**	**33,027**
At 31 December 2018	**3,536**	**7,558**	**19,779**	**822**	**338**	**288**	**32,322**

(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 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**
Additions		4	241	115	89	-	449
Sales / Disposals		-	(19)	(39)	(35)	-	(93)
At 31 December 2018	**2,502**	**4,830**	**8,288**	**731**	**622**	**-**	**16,973**
DEPRECIATION AND IMPAIRMENT							
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)**
Depreciation charge for the year	-	(102)	(501)	(52)	(42)	-	(696)
Sales / Disposals	-	-	8	29	34	-	70
At 31 December 2018	**-**	**(611)**	**(2,982)**	**(277)**	**(345)**	**-**	**(4,215)**
NET BOOK VALUE							
At 31 December 2017	**2,502**	**4,317**	**5,577**	**401**	**232**	**-**	**13,028**
At 31 December 2018	**2,502**	**4,219**	**5,306**	**455**	**278**	**-**	**12,759**

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

Mortgages and pledges
At 31 December 2018 and 31 December 2017, 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 2016	**188**	**187**
Additions	1	1
Amortisation	(30)	(30)
Net book value at 31 December 2017	**158**	**158**
Additions	2	2
Amortisation	(30)	(30)
Net book value at 31 December 2018	**130**	**130**

16. INVESTMENT PROPERTY

Investment property is analysed as follows:

	Group		Company	
	31 December		31 December	
	2018	2017	2018	2017
Balance at 01 January	**1,033**	**1,041**	**-**	**-**
Additions	-	-	-	-
Impairment charge	-	-	-	-
Depreciation	-	-	-	-
Fair value adjustment	(102)	(7)	-	-
Net book value at 31 December	**931**	**1,033**	**-**	**-**

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	
	2018	2017	2018	2017
Balance at 01 January	**750**	**750**	**750**	**750**
Additions	-	-	-	-
Impairment charge	-	-	-	-
Sales	-	-	-	-
Net book value at 31 December	**750**	**750**	**750**	**750**

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

The details of the associate are as follows:

Name	County of incorporation	Principal activities	Holding % 2018	Holding % 2017
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	
	2018	2017	2018	2017
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	138	125	47	35
	232	**218**	**141**	**129**

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	
	2018	2017	2018	2017
Merchandise	16	16	16	16
Finished and semi-finished products	1,193	1,110	649	605
Raw materials	4,234	3,320	2,747	2,084
Spare parts	79	154	-	-
Byproducts	11	9	11	8
Consumables	66	72	7	11
Packing materials	86	88	75	76
	5,686	**4,771**	**3,503**	**2,800**

The total cost of inventories is included in cost of sales for the year ended 31 December 2018 and 31 December 2017, amounted to € 21.4 million and € 22.9 million, respectively for the Group and € 25.8 million and € 23.5 million, respectively for the Company.

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

20. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are analysed as follows:

	Group		Company	
	31 December		31 December	
	2018	2017	2018	2017
Current trade accounts receivable	18,944	18,945	16,580	16,345
Post-dated cheques receivable	9,513	10,746	7,411	8,639
Notes receivable	1,201	1,201	-	-
	29,659	**30,893**	**23,991**	**24,984**
Less: Provision for impairment of receivables	(12,536)	(12,502)	(7,481)	(7,572)
	17,123	**18,391**	**16,511**	**17,412**

As at 31 December 2018, trade receivables of an initial value of € 12,536 (31 December 2017: € 12,502) for the Group and of € 7,481 (31 December 2017: € 7,572) for the Company were impaired and fully provided for.

The aging analysis of trade receivables and the respective balances of impairments are as follows:

	Group		Company	
	Trade receivables	Impairments	Trade receivables	Impairments
Current	13,185	3	14,904	3
Past due 1 - 30 days	1,030	2	1,030	2
Past due 31 - 60 days	26	0	26	0
Past due 61 - 90 days	148	1	20	0
Past due 91 - 180 days	155	40	155	40
Past due 181 - 365 days	693	383	230	172
More than 365 days past due	14,422	12,107	7,627	7,264
Total	**29,659**	**12,536**	**23,991**	**7,481**

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.

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.

After the adoption of IFRS 9 on 1.1.2018, the Group and the Company apply the IFRS 9 simplified approach for measuring expected credit losses. The approach uses a lifetime expected loss allowance for all trade receivables.

On that basis, an impairment analysis is performed as at 31.12.2018 using a provision matrix that is based on the Group's historical credit loss experience, information on days past due for groupings of various customer segments with similar characteristics, existing collaterals, reasonable and supportable information that is available at the reporting date about past events, current conditions, forecasts of future economic conditions, in addition with specific information for individual receivables.

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

See below for the movements in the provision for impairment of receivables

	Group	Company
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)**
Impact of implementation of IFRS 9	(114)	(11)
Charge to consolidated statement of comprehensive income (income statement)	(38)	(16)
Reversal of provision related to doubtful receivables	119	119
Used provision	-	-
Balance at 31 December 2018	**(12,536)**	**(7,481)**

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 2018, amounted to € 0 million and € 2.6 million, respectively (December 31, 2017: € 0 million and € 1.5 million). The outstanding balance of the relevant obligation with respect to the factored accounts receivable as at 31 December 2018, amounted to € 0 million (December 31, 2017: € 0 million) and the post-dated cheques as at 31 December 2018, amounted to € 2.6 million (December 31, 2017: € 1.4 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 2018, amounted to € 0.4 million and € 4.1 million, respectively (December 31, 2017: € 0.3 million and € 5.2 million). The outstanding balance of the relevant obligation with respect to the factored accounts receivable as at 31 December 2018, amounted to € 0.3 million (December 31, 2017: € 0.3 million) and the post-dated cheques as at 31 December 2018, amounted to € 3.8 million (December 31, 2016: € 5.0 million) and are included in short-term borrowings in the accompanying statements of financial position.

In 2017, the Company entered into a factoring agreement with LAIKI FACTORS & FORFAITERS for the total amount of € 1.3 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 2018, amounted to € 0.0 million and € 0.3 million, respectively (December 31, 2017: € .0 million and € 0.7 million). The outstanding balance of the relevant obligation with respect to the factored accounts receivable as at 31 December 2018, amounted to € 0 million (December 31, 2017: € 0 million) and the post-dated cheques as at 31 December 2018, amounted to € 0.3 million (December 31, 2017: € 0.7 million) and are included in short-term borrowings in the accompanying statements of financial position.

The cost of these transactions amounted to € 423 and € 491 for the year ended 31 December 2018 and 2017 respectively and are included in the interest expense (Note 10).

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.

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

21. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables are analysed as follows:

	Group		Company	
	31 December		31 December	
	2018	2017	2018	2017
Advances to suppliers	2,065	1,942	922	831
Purchases in transit	-	45	-	44
Prepaid expenses	190	107	140	57
Prepaid taxes	715	459	202	149
Advances to personnel	54	49	41	36
Accrued income	-	-	-	-
Other	17	16	17	16
	3,041	**2,617**	**1,322**	**1,133**

22. CASH AND CASH EQUIVALENTS

Cash and short-term deposits are analysed as follows:

	Group		Company	
	31 December		31 December	
	2018	2017	2018	2017
Cash in hand	8	16	6	8
Cash at banks	187	181	159	153
	195	**197**	**165**	**161**

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 2018 and 2017, 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 2018 and 2017 consists of 1,083,120 common, registered shares of € 3 par value each, amounting to € 3,249 (31 December 2017: € 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 2018 and 2017 the Group has formed the amount of € 557 and € 515 as legal reserve respectively, and the Company has formed the amount of € 432 and € 429 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 2018 and 2017 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 2018 and 2017 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 2018 and 2017 the Company has formed the amount of € 1,058 as tax free reserve.

4. As at 31 December 2018 and 2017, 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 2018 and 2017 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.

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

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 2018 and 31 December 2017. 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	
	2018	2017	2018	2017
Bond loans	18,022	19,796	17,256	18,986
Bank loans	2,216	2,577	2,032	2,300
Less: Current portion	(1,571)	(2,135)	(1,435)	(1,999)
	18,667	20,238	17,853	19,288
Less: Bond Loan issuance costs	(120)	(159)	(120)	(159)
Long-term portion	**18,548**	**20,079**	**17,733**	**19,128**

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

Bank	Currency	Contract amount	Maturity	Repayment Schedule	Interest rate	31 Dec. 2018	31 Dec. 2017
a) EFG Eurobank Ergasias S.A.	€	3,000	2019	Quarterly payments	Euribor + 5.25%	186	936
b) EFG Eurobank Ergasias S.A.	€	2,000	2020	Semi-annual payments	Euribor + 4.75%	250	417
d) EFG Eurobank Ergasias S.A.	€	1,000	2020	Semi-annual payments	Euribor + 4.75%	184	276
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%	17,070	18,050
f) Alpha Bank S.A.	€	1,884	2022	Semi-annual payments	Euribor + 4.50%	1,782	1,884
g) Piraeus Bank S.A	€	810	2022	Semi-annual payments	Euribor + 4.50%	766	810
Total long-term debt						**20,238**	**22,373**
Less: Current portion						**(1,571)**	**(2,135)**
Less : Bond Loan issuance costs						**(120)**	**(159)**
Long-term portion						**18,548**	**20,079**

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.

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

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, 2018 and 2017, amounted to € 1,067 and € 1,214, 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, 2018 and 2017.

The annual principal payments required to be made on all loans subsequent to December 31, 2018 and December 31, 2017 are as follows:

	Group		Company	
	31 December		31 December	
	2018	2017	2018	2017
later than 1 year and not later than 3 years	4,653	3,985	4,387	3,670
later than 3 years and not later than 5 years	14,014	16,253	13,466	15,618
more than 5 years	-	-	-	-
	18,667	**20,238**	**17,853**	**19,288**

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 2018 and 31 December 2017 are analysed as follows:

	Group		Company	
	31 December		31 December	
	2018	2017	2018	2017
Obligation under finance lease	7	25	7	25
Less: Current portion	(7)	(19)	(7)	(19)
Long-term portion	**-**	**7**	**-**	**7**

Future minimum lease payments under the finance lease and the present value of the net minimum lease payments as at 31 December 2018 and 31 December 2017 are as follows:

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

	Group 31 December 2018		Company 31 December 2018	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	7	7	7	7
After one year but no more than five years	-	-	-	-
Total future minimum lease payments	**7**	**7**	**7**	**7**
Less: Amounts representing finance charges	(0)	-	(0)	-
Present value of minimum lease payments	**7**	**7**	**7**	**7**

	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	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**

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 2018 and 2017, amounted to € 1 and € 4, 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 2018 and 31 December 2017 have been recorded in expenses and were € 1,384 and € 1,313, respectively (Note 4).

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

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	
	2018	2017	2018	2017
Net liability at the beginning of the period	**1,038**	**839**	**779**	**642**
Actual benefits paid	(26)	(183)	(26)	(181)
Remeasurement (gains) / losses in other comprehensive income	95	169	102	126
Expense recognised in the consolidated income statement (Note 4)	79	212	61	192
Net liability at the end of the period	**1,186**	**1,038**	**916**	**779**

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 2018 and 31 December 2017 are as follows:

	Group		Company	
	31 December		31 December	
	2018	2017	2018	2017
Current service cost	57	39	41	24
Past service cost	-	-	-	-
Termination cost	7	161	9	159
Interest cost on benefit obligation	16	13	12	10
Expense recognised in the statement of comprehensive income (Note 4)	**79**	**213**	**61**	**193**
Recognition of remeasurement (gains) / losses	95	169	102	126
Remeasurement (gains) / losses recognised in other comprehensive income	**95**	**169**	**102**	**126**
Reconciliation of benefit obligation:				
Net liability at the beginning of the period	**1,038**	**839**	**779**	**642**
Service cost	63	200	49	183
Interest cost	16	13	12	10
Benefits paid	(26)	(183)	(26)	(181)
Remeasurement (gains) / losses	95	169	102	126
Present value of obligation at the end of the period	**1,186**	**1,038**	**916**	**779**

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

Principal assumptions:

	2018	2017
Discount rate	1.6%	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 2018 and 2017, not included in payroll cost, amounted to € 425 and € 425 respectively. Compensation paid to the Group executive officers for the year ended 31 December 2018 and 2017, included in payroll cost, amounted to € 1,170 and € 838 respectively.

The Company has formed receivables impairment provisions from related parties totaling € 3.7 million.

The balances with related parties on 31 December 2018 and 31 December 2017 are as follows:

31 December 2018	**Group**		**Company**	
A. Companies	**Receivables**	**Payables**	**Receivables**	**Payables**
Sigma Pack S.A.	-	-	1,459	77
Fthiotis Papermill S.A.	-	-	717	1,782
Fthiotis Recycling S.A.	113	260	67	12
Attica Recycling S.A.	64	-	64	-
BelPack EOOD	4	777	-	741
Euroglass OOD	3	-	3	-
Uniglass Hellas M.A.E.	-	3	-	-
Spyrakis & Co.	5,170	309	5,155	293
	5,354	**1,349**	**7,466**	**2,904**
B. Directors - Management:	**-**	**-**	**-**	**-**

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:	**-**	**-**	**-**	**-**

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

Transactions with related parties for the year ended 31 December 2018 and 31 December 2017 are as follows:

31 December 2018	**Group**		**Company**	
A. Companies	**Purchases**	**Sales**	**Purchases**	**Sales**
Sigma Pack S.A.	-	-	2,348	122
Fthiotis Papermill S.A.	-	-	11,115	48
Fthiotis Recycling S.A.	4,058	365	184	279
Attica Recycling S.A.	-	-	-	-
BelPack EOOD	22	1,560	20	1,426
Euroglass OOD	-	-	-	-
Uniglass Hellas M.A.E.	-	-	-	-
Spyrakis & Co.	3,534	2,576	3,527	567
	7,614	**4,501**	**17,195**	**2,442**
B. Directors - Management:	**-**	**-**	**-**	**-**

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:	**-**	**-**	**-**	**-**

30. TRADE ACCOUNTS PAYABLE

The trade accounts payable as at 31 December 2018 and 31 December 2017 are analysed as follows:

	Group		**Company**	
	31 December		**31 December**	
	2018	**2017**	**2018**	**2017**
Suppliers	4,217	4,863	3,948	2,966
Notes payable	104	427	104	427
Cheques payable	809	892	673	709
Other creditors	-	-	-	-
Total	**5,130**	**6,181**	**4,726**	**4,101**

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

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	
	2018	2017	2018	2017
Bank loans	2,331	1,914	1,913	1,495
Factoring	6,947	7,409	6,947	7,409
Total	**9,278**	**9,323**	**8,860**	**8,904**

The weighted average interest rate on short-term borrowings for the year ended 31 December 2018 and 31 December 2017 was 4.7% and 5.6% respectively.

Interest on short-term borrowings for the year ended 31 December 2018 and 2017, amounted to € 523 and € 580, 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	2017	2017	2017
Advances from customers	1,053	534	725	163
Accrued interest	256	261	247	256
Salaries payable	210	226	151	169
Social security funds payable	502	532	221	215
Taxes payable, other than income taxes	795	606	435	280
Accrued expenses	197	171	33	27
Other liabilities	137	70	128	66
Total	**3,149**	**2,399**	**1,939**	**1,176**

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 2018 and 31 December 2017, 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 2018 and 31 December 2017 the Group has outstanding payment guarantees on contracts with suppliers of € 796. 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, 2018 and December 31, 2017, 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) Trade and other receivables

The Group's exposure to credit risk, due to non-performance of obligations by the counterparties as at 31 December 2018 and 2017, 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 2018 and 2017. 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).

After the adoption of IFRS 9 on 1.1.2018, the Group and the Company apply the IFRS 9 simplified approach for measuring expected credit losses, and record impairment provision based on a lifetime expected loss allowance approach for all trade receivables (see notes 2 E and 20).

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 2018 € 304 (2017: € 316) and if interest rates were decreased by 1%, then the effect in the Group income statement and in shareholders' equity would be for 2018 € 304 (2017: € 316).

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

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	
	2018	**2017**
Interest bearing loans and borrowings (Note 26)	20,118	22,214
Short-term borrowings (Note 31)	9,278	9,323
Finance lease obligations (Note 27)	7	25
Less: Cash and cash equivalents (Note 22)	(195)	(197)
Net debt	**29,208**	**31,365**
Total equity	17,668	15,356
Total equity and net debt	**46,876**	**46,721**
Gearing ratio	**62.3%**	**67.1%**

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2018 and 31 December 2017.

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.

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

The table below summarizes the maturity profile of financial liabilities at 31 December 2018 and 31 December 2017, respectively, based on contractual undiscounted payments.

Year ended December 31, 2018	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest bearing loans and borrowings	749	822	18,667	-	20,238
Short-term borrowings	5	9,273	-	-	9,278
Finance lease obligations	5	2	-	-	7
Trade accounts payable	3,260	1,870	-	-	5,130
Other financial liabilities	2,134	1,016	-	-	3,149
Income taxes payable	-	975	-	-	975
	6,153	**13,957**	**18,667**	**-**	**38,778**

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**

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

35. EVENTS AFTER THE REPORTING PERIOD

On April 8th 2019, the draft contract regarding the merger by absorption of the subsidiary SIGMA PACK S.A. and the related party SPYRAKIS & Co. by EL PACK S.A. was announced in the General Commercial Registry (G.E.MI). The merger is expected to be completed by the 30th of September 2019. No other significant subsequent events have occurred after December 31, 2018.

Athens, April 18th, 2019

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