FLEXOPACK

FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY

TZIMA POSITION – 194 00 KOROPI ATTICA
General Commercial Registry No. 582101000
S.A. Reg. No. 18563/06/B/88/14

Annual Financial Report for financial year 2013 (January 1st 2012 - December 31st 2013)

According to article 4 of L. 3556/2007

and the relevant authorized and executive decisions issued by the Board of Directors of the Hellenic Capital Market Commission

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It is confirmed that the present Annual Financial Report that concerns the financial year 2013 (January 1st 2013 – December 31st 2013), is that approved by the Board of Directors of "FLEXOPACK PLASTICS S.A." on the 20th of March 2014 and is posted on the internet on the company's official website www.flexopack.gr. The Annual Financial Report will remain available to investors on the internet for a period of at least five (5) years from its preparation date and initial release.

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CHAPTER 1 : Statements by Representatives of the Board of Directors

(according to article 4 par. 2 of L. 3556/2007, as is in effect)

1. Georgios Ginosatis of Spyridonos, resident of Koropi Attica, 6 Karaiskaki Str., Chairman of the Board of Directors and Chief Executive Officer

2. Stamatios Ginosatis of Spyridonos, resident of Koropi Attica, 204 Vas. Konstantinou Str., Vice-Chairman of the Board of Directors and Deputy Chief Executive Officer.

3. Asimina Ginosati of Dimitrios, resident of Koropi Attica, 204 Vas. Konstantinou Str., Executive Member of the Board of Directors.

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We the following signatories, under our capacity as mentioned above, according to the stipulations by law (article 4 par. 2 l. 3556/2007) and specifically as appointed by the Board of Directors of the Société Anonyme Company with the name "FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY", (hereinafter the "Company" or "FLEXOPACK"), hereby state that to our knowledge:

(a) The Annual financial statements of the Company for financial year 2013 (1.1.2013-31.12.2013), individual and consolidated, which were prepared in accordance with the current accounting standards in effect, accurately present the assets and liabilities, the equity and results for the period of the Company, as well as of the companies included in the consolidation and considered aggregately as a whole, and

(b) the Annual Report of the Board of Directors of the Company depicts in true manner the most significant events occurring during the financial year 2013, their effect on the annual financial statements, including the description of the major risks and uncertainties which the Company faces, the important changes taking place between the Company and its related parties (as they are defined by IAS 24), as well as the development, performance and position of the Company and the companies included in the consolidation regarded as a whole.

Koropi, 20 March 2014

The parties of the statement

Georgios Ginosatis	Stamatios Ginosatis	Asimina Ginosati
ID NO. AE 153990	ID NO. S 500301	ID NO. AB 243605

CHAPTER 2: Annual Report by the Board of Directors (including the Corporate Governance Statement), for financial year 2013.

The current Annual Management Report by the Board of Directors (hereinafter for the sake of brevity the "Report" or "Annual Report"), refers to the financial year 2013 (01.01.2013 – 31.12.2013) was prepared and is in line with the relevant provisions of Law 3556/2007 (Government Gazette 91^{A}/30.04.2007) and the relevant, as stated by law, executive decisions issued by the Hellenic Capital Market Commission and specifically Decisions No. 1/434/2007 and 7/448/11.10.2007 by the Board of Directors of the Capital Market Commission.

The Report includes in synopsis and in understandable, essential and comprehensive manner all sub-sections required, according to the above legislative framework, and depicts in true and precise manner all the relevant by law information, so as to create an essential and in depth sum of information for the activities during the period under consideration of the Societe Anonyme "FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY" (which in the current Report will be called for the sake of brevity as "Company" or "Issuer" or "FLEXOPACK") as well as of FLEXOPACK Group.

Given the fact that the Company prepares consolidated and non-consolidated financial statements, the present Report is exclusive, however its basic and primary reference is to the Company's consolidated financial data and those of its related companies. References to non-consolidated financial data in the following analysis, are made in specific points deemed reasonable or necessary by the Company's Board of Directors, for the better understanding of the Report's contents.

The related and associate companies that are included in the consolidated financial statements with the respective participation percentages of the Company on 31.12.2013, are the following:

a) "Fescopack Sp. Z.o.o", which is based in Poland, in which the Company participates now with 97.86%,

b) "FLEXOSYSTEMS Ltd Belgrade", which is based in Serbia, with a 100% participation of the Company

c) the Société Anonyme company "INOVA SA PLASTICS", which is based in Greece, with a 50% participation of the Company, and finally

d) the Société Anonyme company, "VLAHOU BROS SA", which is based in Greece, with a 47.71% participation of the Company.

From the above four (4) legal entities, the Company has the relationship of parent to subsidiary, as described in article 42e par. 5 of c.l. 2190/1920, only with the foreign companies Fescopack Sp. Zo.o. and FLEXOSYSTEMS Ltd Belgrade.

Finally, it is noted that the present Report is included in total with the annual financial statements and the other required by law information and statements in the Annual Financial Report which concerns the closing financial year 2013 (01.01.2013 – 31.12.2013).

The sub-sections of the Report and the content of such are as follows:

SECTION A
Significant events of fiscal year 2013

The significant events that occurred during the fiscal year 2013 and any impact of theirs on the financial statements have as follows:

1. Extraordinary General Meeting of Shareholders – Issuance of common debenture loan

On February 13, 2013, was held at the offices of the Company (Tzima Koropi, Hephaestus rural street), the Extraordinary General Meeting of shareholders, which was attended in person or by proxy, by shareholders representing 8,828,604 common voting shares, i.e. percentage of 75.33 % of total 11,720,024 shares and of equal voting rights.

The Extraordinary General Meeting of Shareholders took the following decisions on the agenda issues:

a. It decided on the issuance by the Company, in accordance with the provisions of C.L.2190/1920 and Law 3156/2003, as currently in force, of one and/or more common Debenture Loans of up to five million (5,000,000) euros and a maximum duration of up to six (6) years, through a private placement. The Board of Directors of the Company was also provided with an authorization for the preparation and signature of the relevant documents and contracts and the conduct of all the necessary operations.

In execution of the decision of the Extraordinary General Meeting of shareholders on February 13, 2013, and in pursuance to the decision taken on February 19, 2013, by the Board of Directors, the Company, on the 27^{th} of February 2013, signed a Coverage Contract of a common, paper debenture loan through a private placement, in accordance with the provisions of Law 3156/2003 and the C.L.2190/1920, as currently in force, of a total nominal value of 3,500,000 Euros and a duration of six (6) years. Payment proxy, Administrator, Representative and Bondholder that fully and primarily covered the above issuance is Emporiki Bank of Greece SA. The product of this common, and non insured debenture loan will be used to finance the investment program of the Group and particularly for the strengthening of the infrastructure (buildings and machinery of its subsidiary in Poland).

2. Extraordinary General Meeting of shareholders of the subsidiary company «FESCOPACK Sp. Zoo»

The Extraordinary General Meeting of shareholders of the subsidiary company «FESCOPACK Sp. Zoo», headquartered in Poland, in which the Company was involved at that time with a stake of 75%, during the meeting of the 13^{th} of March 2013, resolved to increase its share capital through a cash payment at the amount of 14,700,000 zloty (i.e. approximately 3.5 million euro based on the current parity, at the time of the decision), by issuing 29,400 new ordinary voting shares with a nominal value of 500 zloty each.

Upon the completion of this increase, the share capital of that subsidiary will amount to zloty 16,076,000, divided into 32,152 common voting shares of zloty 500 each.

It is noted that the Company, at the above Extraordinary General Meeting of shareholders of the subsidiary, declared, firstly, that it will fully exercise the right of preference for participation in the abovementioned decided increase and, secondly, that it will cover the whole of any unsubscribed shares of this increase.

Through the aforesaid increase, FLEXOPACK will finance the investment program of its subsidiary in Poland, in order to expand the production facilities of that subsidiary both in building level and in mechanical equipment level.

3. Reply - update to relevant question of the Capital Markets Commission

The Company, on March 27, 2013, pursuant to the provisions of paragraph 4.1.3.1 and 4.1.3.6 of the Athens Exchange Regulation and Article 10, paragraph 1 of Law 3340/2005 and upon the relevant question submitted by the Capital Markets Commission, following the recent economic developments in Cyprus and in order to protect its investors and the proper functioning of the stock market from relevant rumors and unconfirmed reports, it informed investors about the following, with respect to the impact of the financial crisis in Cyprus on the activities, results and financial position of the Company:

a) there is no substantial activity of the Company and the Group, in general, in Cyprus,

b) there are no cash deposits of the Company and/or other companies of the Group of over 100,000 Euro in Cyprus, neither in the Bank of Cyprus nor the CPB,

c) There is no exposure of the Company and/or other companies of the Group to transferable securities (shares, bonds) or financial instruments of the above two banks and

d) The percentage of turnover of the Company in Cyprus for the year ended 31.12.2012 amounts to only 0.51%.

Based on the above data estimates, the aforementioned developments are expected to have no impact on the turnover, the results and financial position of both the Company and the Group.

4. Annual General Meeting of Shareholders of the Company

On Friday, the 28th of June of 2013, at 15:00, the Annual General Meeting of shareholders of the Company was held at the offices of the Company (Tzima, Koropi, Hephaestus rural street), which was attended in person or by proxy, by shareholders representing 8,828,604 ordinary, registered shares and equal voting rights, i.e. 75.33% of total 11,720,024 shares and equal voting rights of the Company.

The Annual General Meeting of the Company took the following decisions on the agenda issues:

With regards to the 1st issue, it unanimously approved the Annual Financial Statements (Company and consolidated) relating to the fiscal year of 2012 (01.01.2012-31.12.2012) and, in overall, the annual Financial Report for this year, in the form that they were published and submitted to the competent Surveillance and Supervisory Authorities.

With regards to the 2nd issue, it unanimously approved the annual Management Report of the Board of Directors, which is entirely included in the Minutes of the Board of Directors of the 12th of March 2013, as well as the Audit Report of the 13th of March 2013, of the Chartered Auditor-Accountant of the Company, Seraphim D. Makris, regarding the annual financial statements relating to the fiscal year of 2012.

With regards to the 3rd issue, it unanimously approved the allocation (distribution) of profit for the fiscal year 2012 (01.01.2012-31.12.2012) and specifically approved of the non-distribution of dividends to the Company's shareholders from the profit of fiscal year 2012 (01.01.2012-31.12 .2012).

With regards to the 4th issue, it unanimously approved the discharge of the members of the Board of Directors and the Auditors of the Company from any liability stemming from their actions and the overall management of the closing fiscal year of 2012 (01.01.2012-31.12.2012) and the annual financial statements of this year.

With regards to the 5th issue, it unanimously approved the election of the Audit Company "SOL SA Certified Public Accountants" and especially of Seraphim Makris of Dimitrios (CPA License Reg. No. 16311) as a Regular Auditor and of Mr. Efstathios Banilas of Panagiotis (CPA License Reg. No. 16451) as a Deputy Auditor for the fiscal year of 2013 (01.01.2013-31.12.2013) and for the audit of the annual and semi-annual (company and consolidated) financial statements of the Company, as well as for the issuance of the appropriate annual tax certificate as provided in paragraph 5 of article 82 of Law 2238/1994 and also approved of their remuneration for both these tasks, which will not exceed the amount of 45.000,00 Euro plus VAT.

With regards to the 6th issue, it unanimously approved the remuneration paid to the members of the Board of Directors for services provided to the Company during the past fiscal year of 2012 (01.01.212-31.12.2012) and it also pre-approved the remuneration payable to Board members until the next annual Ordinary General Meeting.

With regards to the 7th issue, it unanimously approved the provision of authorization, in accordance with Article 23 paragraph 1 of C.L. 2190/1920, to members of the Board of Directors and the Managers of the Company to carry out transactions falling under any of the intended purposes of the Company on behalf of third parties and to participate in the Board of Directors or the Management of Group Companies (existing and future), which pursue the same, related or similar purposes.

With regards to the 8th issue, it unanimously approved of the extension of the scope of the Company and the resulting amendment of Article 3 of the Company's Articles of Association, in the form that had just been published and announced by the Company.

With regards to the 9th issue, it unanimously approved of the increase of the Company's share capital by the amount of 1,172,002.40 Euros, through the capitalization of part of the reserve "share premium" and through the increase of the nominal value of each share of the Company by 0.10 Euro, i.e. from 0.53 Euro to 0.63 Euro.

With regards to the 10th issue, it unanimously approved of the reduction of the Company's share capital by the amount of 1,054,802.16 Euro, through the reduction of the nominal value of each share by 0.09 Euros, i.e. from 0.63 Euro to 0.54 Euro and the equivalent refund -payment of the respected amount to the Company shareholders.

With regards to the 11th issue, it unanimously approved of the provision to the Board of Directors of the necessary authorizations for the execution of the abovementioned decisions on the increase and reduction, respectively, of the share capital of the Company and it specifically authorized the Company's Board of Directors, to proceed, in accordance with what is provided by the Athens Exchange Regulation, to all the imposed actions and procedures in front of any competent authority and agency for the implementation of both the aforementioned decisions, as indicatively the setting of the beneficiary date (record date), cutoff date, payment-refund date and, in general, to take the appropriate actions for the implementation of the abovementioned decision and the refund-payment of the amount of the reduction to the shareholders of the Company.

With regards to the 12th issue, it unanimously adopted the relative, in view of the aforementioned taken decisions, amendment of Article 5, par. 1 of the Company's Articles of Association in the form which had just been published and announced by the Company.

With regards to the 13th issue, some announcements, on behalf of the Presidium, regarding the results and progress of the Company, took place.

5. Completion of the share capital increase of subsidiary company

The Company, on September 30, 2013, informed the investors that the decided share capital increase of the subsidiary «FESCOPACK Sp. Zoo», headquartered in Poland, through cash payment, at the amount of 14,700,000 zloty (approximately 3.5 million euro) by issuing 29,400 new ordinary, voting shares, was fully covered in its entirety by the Company. Consequently, the share capital of the above subsidiary amounts to 16,076,000 zloty, divided into 32,152 common, voting shares of 500 zloty each, and the Company's participation in it (since it covered the entire amount of the decided increase) now amounts to 97.86%.

Following the completion of this increase, investment programs, aimed at expanding the production facilities of the abovementioned subsidiary, both at building, as well as at mechanical equipment level, are now in full swing.

6. Issuance of tax certificate for the fiscal year of 2012

The Company, on October 1, 2013, pursuant to the provisions of paragraph 4.1.3.1 of the Athens Exchange Regulation and Article 10, paragraph 1 of Law 3340/2005, notified investors that following the special tax audit for the fiscal year 2012, conducted by the statutory auditors in accordance with Article 82, paragraph 5 of Law 2238/1994, both to the Company and its associates "INOVA SA PLASTIC" and "VLACHOU BROS SA", respective tax certificates without reservation, were issued.

7. Completion of the process of the Company's share capital reduction that was decided by the Annual General Meeting of June 28, 2013

The Annual General Meeting of Shareholders held on June 28, 2013, decided, inter alia:

a) the increase of the Company's share capital by the total amount of Euro 1,172,002.40 through the capitalization of part of the reserve "share premium" and through the corresponding increase in the nominal value of each share of the Company by 0.10 Euro, from 0.53 Euro to 0.63 Euro, and

b) the reduction of the Company's share capital by the total amount of Euro 1,054,802.16, through a corresponding reduction of the nominal value of each share by € 0.09 per share, i.e. from 0.63 Euro to 0.54 Euro and through the return - payment of the corresponding amount to the shareholders of the Company.

After the abovementioned increase and simultaneous reduction of the share capital of the Company with a corresponding increase and decrease of the par value of each share, the Company's share capital amounts to six million, three hundred and twenty-eight thousand, eight hundred and twelve euro and ninety-six cents (6,328,812.96), fully paid up and divided into 11,720,024 common, registered shares of a nominal value of 0.54 Euro each.

On 01/10/2013, was posted in the General Commercial Registry (GCR), the protocol number K2-5828/27-09-2013 decision of the Minister of Development and Competitiveness, approving the amendment of the Article 5, par. 1 of the Company's Articles of Association.

The Board of Directors of the Athens Exchange was informed during the meeting of the 10th of October 2013 about the simultaneous increase and decrease of the share capital of the Company through the corresponding increase and decrease in the nominal value of the shares and the cash payment to shareholders of the amount of 0.09 Euro per share.

As beneficiaries of the capital return, under rule cum (record date), were defined the investors, that were registered in the D.S.S. on the 18th of October 2013 (cutoff date October 16, 2013, before the start of the trading session of the Athens Exchange).

From that same date, the starting price of the Company's shares on ASE was formed in accordance with the Regulation of the Athens Exchange, in conjunction with the No 27 Decision of the Board of Athens Exchange, as currently in effect.

The payment date for the return of capital (Euro 0.09 per share) was set on October 23, 2013, while the cash payment for the return of capital was held by the "National Bank of Greece SA". Twelve (12) months after the payment date, i.e. from 10.23.2013 and onward, it was set that the return of capital in cash will only be executed in the Company's offices (Tzima, Hephaestus rural road, Koropi, Attica).

8. Participation in exhibitions

As part of the effort for further enhancement of the Group's export activity and awareness of its products in foreign markets, the company participated in the first half of 2013, in the IFFA 2013 Exhibition, held in Frankfurt, Germany.

Through its participation in these exhibitions, the Group seeks to increase awareness of its products, to enhance the Company's international contacts and to expand the Group's presence both in product level, as well as in geographical level.

SECTION B'
Basic risks and uncertainties

Given its exporting activities and particularly its global orientation, the Group operates within an intense competitive global environment. The Group's general activities create several financial and other risks, including exchange rate risk, interest rate risk, credit and liquidity risk. The Group's overall risk management program focuses on the volatility of financial markets and aims at minimizing the potential adverse effects of such volatility on the financial performance of the Group.

The Group's financial assets and financial liabilities mainly consist of cash & cash equivalents, trade and other receivables, bank loans, as well as liabilities towards suppliers and related liabilities.

Financial risks

The usual Financial risks to which the Group is exposed, are as follows:

A. Exchange rate risk

The Group operates on a global level and realizes transactions in foreign currency, mainly a) in U.S. dollars (U.S.D.) due to the Company's exports and b) in Polish zlotys (PLN) due to the subsidiary Company FESCOPACK Sp.z.o.o which operates in Poland.

The Group's exposure to foreign exchange risk mainly emerges from existing or expected cash flows in foreign currency (exports-imports), as well as from investments in foreign operations whose equity is exposed to exchange rate risk during the translation of their financial statements for consolidation purposes.
The Group's priced sales as at 31/12/2013 in foreign currency represent 11.52% of total sales, from which 3.24% concerned sales in U.S.D., 6.24% sales in PLN and the remaining 2.03% sales in other foreign currencies.
The largest part of the foreign exchange risk that emanates from exports in foreign currency (U.S.D.) is hedged with the use of natural hedging instruments, namely by the maintenance of liabilities towards foreign suppliers in the same currency.
The Group also has the capacity to use forwards in foreign currency and foreign exchange futures.
The Group monitors the movements of the above exchange rates closely. Nevertheless, given the fact that pricings in foreign currency represent a relatively low percentage, exchange rate risk is currently assessed as absolutely controlled and is unable to significantly affect the Group's results.

B. Credit risk

The Group does not face significant credit risk until today. Trade receivables stem from a wide client base, both from Greece and from abroad. The Group's turnover mainly consists of transactions with reliable and creditworthy firms and companies in general, with which it sustains a long-term collaboration.
On this basis and in conjunction with the existing experience and continuous monitoring of the credit ability of each customer-counterparty the Group trades with, credit risk is estimated at relatively low levels.
It should be noted that the Group has established and systematically applies credit control procedures that aim at minimizing bad debt. The Credit Control Department defines credit limits per customer and specific sales and payment terms are applied, while possible security is requested when deemed necessary. The Group continuously and systematically monitors the performance and financial position of its customers, in order to be pro-active and to evaluate the need to take specific measures per customer, also according to the market characteristics and difficulties where each customer operates in.
It is noted that credit risk, even though present, particularly in relation to customers that operate financially in countries whose economies have significantly been affected by the economic crisis, as well as to customers within Greece, is currently assessed, according to historic data recorded by the Group and also according to the aforementioned pro-active measures taken and the processes established, as limited and controlled.

C. Liquidity risk

In General, the monitoring of liquidity risk is focused on systematic monitoring and effectively managing cash inflows and outflows on a constant basis, in order for the Group to be able to smoothly meet its cash liabilities.
Liquidity risk is maintained at low levels by holding and ensuring adequate cash balances, while it should also be noted that there are adequate unused credit lines with financial institutions, in order to face any possible shortage in cash, which however despite the clearly negative circumstances and conditions particularly in the domestic market, have not been used until today, and are not expected to be used in the near future.
According to the above, liquidity risk is currently not assessed as capable to significantly affect the Group's activity and development.

D. Cash flow risk due to changes in interest rates

The Group's operating revenues and cash flows are affected by changes in interest rates, particularly following the steep increase in the cost of capital during the past years, however the Group's relatively low level of bank debt and the fact that cash & cash equivalents exceed the level of total bank debt render the above risk as controlled and not capable to materially affect the Group's activity and growth.

E. Capital Management

The Group's objectives in relation to capital management are the smooth operation of its business activities, ensuring financing for its investment plans and the optimal allocation of capital in order to decrease the cost of capital.
For the purpose of capital management, the Group monitors the following ratio on a continuous basis:
"Net Bank Debt to Total Employed Capital"

Net bank debt is calculated as total short-term and long-term interest-bearing debt minus total cash & cash equivalents.
Total employed capital is calculated as total net debt plus total equity.

For financial years ended on December 31st 2013 and 2012 respectively, the above financial ratios evolved as follows.

Amounts in thousands euro

	Group		Company	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Long-term bank debt	5,673	3,486	5,663	3,418
Short-term bank debt	4,707	5,004	4,499	4,758
Total Bank Debt	10,380	8,490	10,162	8,176
Minus: Cash & cash equivalents	14,866	11,083	12,144	10,968
Net Bank Debt (1)	**-4,486**	**-2,592**	**-1,981**	**-2,792**
Total equity (2)	**44,077**	**42,831**	**44,371**	**42,951**
Total employed capital (1)+(2)	**39,592**	**40,239**	**42,390**	**40,159**
Net bank debt / Total employed capital	**-11.3%**	**-6.4%**	**-4.7%**	**-7.0%**

The Group may affect its capital structure, by repaying part of its debt or receiving additional debt, by increasing its share capital or returning capital to shareholders and by distributing or not distributing dividends.

II. Other risks to which the Group is exposed

A. Risk arising from competition of foreign and domestic firms

There is risk from competition particularly of foreign firms, however the sector in which the Company operates is characterized by significant entry barriers for new entrants due to the particular technological know-how required and the significant investments in infrastructure that are required.
The Group based on the fully staffed and equipped Research and Development Department it owns, and on the long-term presence in the sector it possesses, manages to differentiate its products from the current competition and to present innovative diversified solutions. The quality of the Group's produced products, the brand name, especially the brand name of the Company, and the development of long-term relationships with suppliers and customers, contribute to this differentiation.

Taking the above factors into account, this risk, even though present, is considered to be at low levels and in any case insufficient to affect the Group's performance during the present financial year.

B. Risk of reduced demand due to consumption slowdown

The Group is active in an intensive and competitive global environment. Its specialized know-how in conjunction with the research, development and creation of new products and strong infrastructure in production equipment, assist the Group in remaining competitive and expanding its penetration in new markets.

The products of the Group are used mainly in food packaging which, since food is of first need, are usually affected the least from consumption slowdown, however they may be affected subsequently by external factors that may prevail in the markets in which the Group is active. External factors that may harm demand for the Group's products include the probability of illnesses in meat, the change in food and nutrition patterns, climate changes, a slowdown of the global economy etc.

During the present period and given that the general economic conditions continue to be characterized by relevant uncertainty and liquidity constraints that lead frequently to a climate of negative psychology in the market, the assessment of this risk remains as significant, because despite the fact that the Group's operation is directly linked to the food sector, which traditionally is less affected by any economic crisis, there are indications that point to the fact that the declining trend in demand has not been fully reversed.

For this reason, and until clear and final indications arise for a final reversal of the negative climate, the risk is considered as substantially significant for the current year as well, as it may possibly affect to a certain extent the performance and in general the future results of the Group.

C. Risk from the price increase of raw materials

The Group due to lack of domestic production of raw materials, is exposed to price volatility of raw materials that it acquires internationally. This volatility may result from abrupt changes in oil prices or other related reasons.

In order to reduce this risk, the Group's inventory and commercial policy is adjusted accordingly in order to diversify and transfer part of this risk, to the extent that this is possible and according to the current conditions present each time as regards to competition. Nevertheless, if the cost of raw materials cannot be essentially transferred to the price of the final product, then this risk is considered as substantial and may negatively affect the Group's results.

D. Risk related to the cost of production

Consumption of electric energy is a significant cost factor as regards to the Group's production activity. Given that prices of electric energy posted a large increase, in tackling this risk the Group places efforts to invest in low energy consumption equipment and at the same time it targets at developing and operating specialized energy management systems, while it also makes efforts to re-negotiate its overall relationship with its energy provider-supplier. These efforts have been initiated over the past several months and have started delivering results, an event that creates conservative optimism and in any case signals the obligation of the Group to intensify these efforts aiming at the reduction of the particular cost (on the level of both competitive as well as regulated charges).

Nevertheless, this risk is assessed as quite significant and capable to adversely affect the Group's results.

E. Risks related to work safety

Work safety for the Group's employees is a top priority and necessary condition when operating its production facilities. A workplace safety plan that focuses on establishing a safety culture throughout all the Group's activities and operations is applied on a continuous and constant basis. Moreover, broad educational programs are applied to systematically train and educate employees on workplace safety and hygiene issues. The application of such programs is continuously reviewed by the Company's relevant Department.

F. Environmental risks

Protection of the environment and sustainable development are fundamental principles for the Group. For this reason, the Group takes strict measures in the areas where it operates, which in several cases extend further than those imposed by law. The Group invests in best available techniques for protecting the environment, it closely monitors planned changes in environmental law and it ensures to take the necessary measures in advance so as to avoid any risk of not complying with the new law once effected in a prompt manner.

SECTION C
Significant transaction with related parties

The present section includes the most important transactions made during the fiscal year 2013 between the Company and its related parties as defined by IAS 24 and in particular:

a) Transactions between the Company and any related party that have materially affected the financial position or performance of the Company during the specific fiscal year.
b) Any changes in the transactions between the Company and any related party described in the last Annual Report, which could have a material effect on the financial position or performance of the Company during fiscal year 2013.

It is noted that the following reference to those transactions, includes the following elements:
(a) The amount of such transactions for the year 2013
(b) The outstanding balance of these transaction at the yearend (31/12/2013)
(c) The nature of the related party relationship with the Company and
(d) Any information on transactions, which is necessary for the understanding of the financial position of the Company, but only if such transactions are material and have not been concluded under normal market conditions.

The most significant transactions carried out during the year 2013 between the Company and its associates (as defined by IAS 24) are presented in the following table.

Financial Year 1/1-31/12/2013 (Amounts in thousands euro)

COMPANY	FESCOPACK Sp. zo.o	FLEXOSYSTEMS Ltd Belgrade	INOVA SA	VLAHOU BROS SA	Total 1/1-31/12/2013
Sales of goods and services	4,100	529	159	1,841	6,629
Income from dividends	0	0	0	0	0
Sales of fixed assets	0	0	0	0	0
Purchases of goods and services	330	0	1	494	824
Receivables	1,377	167	67	1,157	2,768
Liabilities	149	0	0	224	373

Benefits towards management and executives	
Transactions and remuneration of senior executives and management	880
Receivables from senior executives and management	0
Liabilities towards senior executives and management	29

Notes:

1. There are no other related parties to the Company, within the meaning of IAS 24, other than the abovementioned.
2. No loans have been granted to the Board members or other senior executives of the Company (and their families).
3. There were no changes in the transactions between the Company and its related parties that could have a material effect on the financial position and performance of the Company for the year 2013.
4. The transactions described above have been concluded under normal market conditions and contain no exceptional or individual trait which would render imperative the further analysis of them or the analysis of them per related party.
5. None of these transactions exceeds 10% of the value of the assets of the Company, as reflected in its latest published statements. Also, none of these transactions may be regarded as significant within the meaning of Article 10 of Law 3340/2005, as specialized by Circular 45/2011 of the SEC.
6. The Company's transactions and outstanding balances with subsidiaries have been eliminated from the consolidated financial statements.

SECTION D
Development, performance and financial position

This section includes a brief review of the development, performance, activity and position of the companies included in the consolidation.

A. The main figures of the income statement for 2013 are listed below in thousands of euros.

GROUP	1/1-31/12/2013	1/1-31/12/2012	Absolute change	Change %
Turnover	54,567	54,068	499	0.92%
Other operating income	987	706	281	39.80%
Earnings before taxes, financing and investment results and total depreciation	7,657	7,541	116	1.54%
Earnings before taxes	4,310	4,375	(65)	-1.49%
Earnings after taxes	2,320	3,512	(1,192)	-33.95%
Earnings after taxes and minority interests	2,322	3,499	(1,177)	-33.64%

COMPANY	1/1-31/12/2013	1/1-31/12/2012	Absolute change	Change %
Turnover	54,207	53,404	802	1.50%
Other operating income	1,023	731	292	39.99%
Earnings before taxes, financing and investment results and total depreciation	7,592	7,421	171	2.30%
Earnings before taxes	4,467	4,337	130	2.99%
Earnings after taxes	2,476	3,480	(1,005)	-28.87%

B. Below is cited a brief analysis of key, consolidated, financial figures of the Group for the year 2013 compared to fiscal year 2012, so as the comparative evaluation between these 2 fiscal years is easy.

The most significant changes in the consolidated elements of the abovementioned financial statements come mainly from the parent company and have as follows.

a) The decrease of 1,192 thousand Euros presented in the consolidated "Profit after tax" is mainly due to:
1) The increase in the income tax and the deferred tax of the Group and of the Company, which amounted to 729 thousand Euros, and arose from the revaluation of the 31/12/2012 accumulated deferred tax assets and liabilities, as a result of the increase in the tax rate to 26% for the year 2013 from 20% in the year 2012.
2) The encumbrance of income tax by 111 thousand Euros due to the independent taxation of the tax free reserves of Law 2238/1994, in accordance with Article 72 of Law 4172/2013.
The abovementioned surcharges amounting to 840 thousand Euros (excluding income tax increase) were recognized in the income statement under income tax and encumbered, in whole, the results of 2013.
b) Excluding the abovementioned surcharges amounting to 840 thousand Euros, the percentage reduction in after-tax profits of the Group amounted to 10.03% and in corporate level, amounted to 4.73%.
The increase in total debt by 1,890 million Euros is due to the Debenture loan of 3,500 million Euros taken from the parent company, as explained in Note 6.15 of the financial statements.
The net bank debt remained in negative levels.

SECTION E
Analytic information, according to article 4 par. 7 l. 3556/2007, as currently in effect

According to article 4 par. 7 of Law 3556/2007 the Company is obliged to disclose analytic information in the present Report, as regards to a number of issues. Therefore, in compliance with the relevant legal provision, the following are disclosed:

1) The Company's share capital amounted to 6,328,812.96 Euro as of 31.12.2013, is paid up in full and is divided into 11,720,024 common voting registered shares with a nominal value of 0.54 Euro each. All Company shares are listed and traded on the Athens Exchange.

Each share includes all the rights and obligations defined by law and the Company's Articles of Association. Ownership of a share automatically implies acceptance of the Company's Articles of Association and of the decisions made in accordance with law and the Company's Articles of Association, by several instruments of the Company. Each share provides one (1) voting right.

2) There are no limitations as regards to transfers of Company shares, either from the company's Articles of Association, or from specific agreements, or from other regulatory provisions etc, except for limitations imposed by existing common Bond Loan agreements and specifically by the Terms of Common Bond Loans issued by the Company, according to which the Ginosati family aggregately must own a percentage of at least 34% of the Company's paid up share capital, in order to maintain the capacity of a "Controlling Majority".

3) The Company's main participations, are as follows:

- FESCOPACK Sp.z.o.o: foreign Company domiciled in Poland. Following the completion of the share capital increase, the Company now holds 97.86% of shares and voting rights,

- "FLEXOSYSTEMS Ltd Belgrade", foreign company, based in Serbia. The Company holds 100% of shares and voting rights,

- INOVA PLASTICS SA: domestic company in which the Company holds 50% of shares and voting rights, and

- VLAHOU BROS SA: domestic company in which the Company holds 47.71% of shares and voting rights.

With regard to significant direct and indirect holdings of voting rights of the Company, in the concept of the clauses of articles 9 – 11 of L. 3556/2007, and based on the data that have been made known to the Company during the preparation of the current report, these holdings are the following:

(a) Stamatios Ginosatis: 29.180% (direct participation)

It is noted that on 12.19.2013, Mr. Stamatios Ginosatis, Vice Chairman and Deputy Managing Director of the Company, transferred under the cause of selling, the bare ownership of 1,609,933 common, registered Company shares to Mr. Dimitrios Ginosatis, while at the same date, he transferred, also under the cause of selling, the bare ownership of 1,609,933 common, registered shares to Mr. Spyridon Ginosatis. Mr. Stamatios Ginosatis retained the lifetime usufruct of all of the transferred shares, i.e. of 3,219,866 shares, which includes the voting rights and the right to receive the corresponding dividends.
(b) George Ginosatis: 16.750% (direct participation)
It is noted that on 12.19.2013, Mr. George Ginosatis, Chairman and CEO of the Company, transferred, under the cause of selling, the bare ownership of 881,787 common, registered shares to Ms. Stamatina Ginosati, while at the same date, he transferred, also under the cause of selling, the bare ownership of 881,787 common, registered shares to Ms. Catherine Ginosati. Mr. George Ginosatis retained the lifetime usufruct of all the transferred shares, i.e. of 1,763,574 shares, which includes the voting rights and the right to receive the corresponding dividends.
(c) Nikolaos Gkinosatis: 16.289% (direct participation)
It is noted that on 12.19.2013, Mr. Nikolaos Ginosatis, shareholder of the Company, transferred, under the cause of selling, the bare ownership of 600,000 common, registered shares to Ms. Stamatina Ginosati, maintaining the lifetime usufruct of all the transferred shares, which includes the voting rights and the right to receive the corresponding dividends.
(d) Competrol Establishment: 7.764 % (direct participation)
(e Collins Stewart (CI) Limited: 5.107 % (direct participation)

4) There are no shares, which provide special control rights.

5) To the Company's knowledge, no restrictions on voting rights exist for the Company's shareholders. However, the notes presented in 3) with regard to the beneficial interest of the major shareholders are highlighted.

6) To the Company's knowledge, there are no agreements between shareholders that imply limitation on the transfer of shares or limitations on the exercise of voting rights.

7) As regards to the appointment and replacement of the Company's Board members and the amendment of the Company's Articles of Association, there are no rules that differ than those stipulated in C.L. 2190/1920, as such is in effect today.

8) The Board of Directors or specific members of the Board of Directors have no special authority for the issuance of new shares or the purchase of treasury shares, as no relevant decision has been made according to article 16 or according to article 13 of C.L. 2190/1920.

9) There is no significant agreement contracted by the Company, which becomes in effect, is amended or terminated in case of change in the Company's control following a tender offer, with the exception of:

a) the Bond Loan contracted by the Company and the National Bank of Greece S.A. dated 26.03.2007, according to which "Bondholders have the right to denounce the loan if the Issuer's shareholding structure is altered as regards to the controlling majority and specifically if the Ginosatis family in total ceases to own a percentage at least equal to 33.4% of the Issuer's paid up share capital" and,

b) the Bond Loans contracted by the Company and the Emporiki Bank of Greece S.A. dated 28.09.2010 and 27.02.2013, which similarly include the right of the Bondholder to denounce the loan "if the Issuer's current shareholding structure is altered, directly or indirectly, as regards to the controlling majority and specifically if the Ginosatis family in total ceases to own a percentage at least equal to 34%, given that the management of the Issuer remains under the control of the Ginosatis family, of the Issuer's paid up share capital and voting rights".

The aforementioned term is common practice and is included in all common Bond Loans (in fact the controlling majority is usually defined as over 50%).

10) There is no agreement between the Company and the Board members or employees, which provides for indemnity in case of resignation or termination of employment without reason or termination of employment term or their employment emanating from any public tender offer.

Explanatory report regarding the information, prepared according to the article 4 par. 8 L. 3556/2007

The numbering in the present explanatory report (which is prepared according to article 4 par. 8 of L. 3556/2007) follows the respective relevant numbering of information of article 4 par. 7 of L. 3556/2007, as such information is presented above:

1. The structure and form of the Company's share capital is presented in detail in article 5 of the Company's Articles of Association. The Company's shares were listed on the Athens Exchange on April 2nd 1996 and since then are traded without interruption.

2. No such limitation is imposed either by law, either by the company's Memorandum of Association, or by any other agreement, apart from the common Bond Loan Agreements, reference to which is made also in point 9.

3. Data regarding the number of shares and voting rights owned by individuals with significant participations, have been derived by the shareholders registry kept by the Company and by disclosures notified according to law to the Company, on behalf of shareholders.

4. There are no other categories of shareholders, namely there are only common registered shares with voting rights.
5. No such limitations have been notified to the Company.
6. Likewise no such agreements have been notified to the Company.
7. On the specific issues, the Company's Articles of Association do not deviate from the provisions of c.l. 2190/1920. It is explicitly mentioned that the Company's Articles of Association are fully conformed to the provisions of l. 3604/2007.
8. There is no such special authority.
9. In the lack of such agreements, apart from those mentioned, no clarification is deemed necessary.
10. Likewise, in the lack of such agreements no clarification is deemed necessary.

SECTION F
Information on labor and environmental issues

On 31/12/2013 the Group employed 244 people and the Company 218 people, under regular employment terms. It should be noted that the Company maintains an excellent relationship with its employees and no work problems arise since one of the top priorities for the Company is to maintain and promote a peaceful work environment and to continuously improve and upgrade working conditions, in order to achieve the best possible utilization of human resources on a production level. The Company takes care of all necessary measures and adopts practices in order to fully comply with current labor and insurance regulation.
The Company recognizing the need for continuous improvement of its environmental targets based on the principle of sustainable development and compliance with current regulation and international standards, aims for balanced economic development in harmony with nature. Following a viable growth route it develops its activities in such a way to secure the protection of environment and the health and safety of its employees, the local community and the public.
The Company's policy to secure environmental protection is particularly based on the following basic principles:
• It takes measures to protect the environment in line with environmental legislation and the approved, in relation to its operation license, environmental terms.
• It applies an Environmental Management System on the overall activities of its production process.
• It adopts specific rules for environmental controls on its internal production operation.
• It improves its overall environmental behavior particularly on issues of prevention of environmental pollution and management of emergencies.
• It establishes, to the extent and degree possible, the definition of ecological sensitivity and environmental vision, which inspires the highest level throughout the entire pyramid of the Company's employees.
Finally, it must be noted that the production process has been planned in a way that renders the use of available sources effective and minimizes the negative effect on the environment.

SECTION G
Other information, Treasury shares, Events after the reporting period

1 None of the Group's companies has branches, apart from the parent Company whose old building, which is located across from the old industrial plan, is considered as a branch. During the closing year there was no transfer of domicile for any of the Group's companies, nor was any decision made regarding the opening or operation of any branch.
2 The Company has a special Research and Development Department, which promotes activities for the development of new products and the improvement of existing products.

3 None of the companies participating in the consolidation, own shares or interests of par. 5 article 103 of c.l.2190/1920.

4. In late 2013, the project of installing the SAP ERP software to the Company was completed and the new software system works productively from January 2014.
The project included the installation, adjustment and customization, the implementation and the actual operation of the SAP ERP software and of the individual components thereof, so that it can function in accordance with the operational needs of the Company.
It should be noted that the transition to the new software system and its full, productive operation since January of the current year, had as an inevitable consequence the appearance of certain delays in the flow of the production process of the Company, which will gradually be eliminated, as the familiarity of the whole personnel with its use and operation grows. In any case, the first substantial positive effects of the transition to the new system are expected to become visible throughout the course of the current year.
5. No other significant events took place after the end of the current fiscal year 2013 and until the date of the compilation of this Report, which are worth of mentioning in this report.

SECTION H
<u>Corporate governance statement</u>

The present Corporate Governance Statements (hereinafter the "Statement" or "CGS") is prepared according to article 43a par. 3.d of c.l. 2190/1920 and is part of the Annual Report of the Company's Board of Directors.
The Contents of the CGS are as follows:

*** INTRODUCTION**
*** 1. Corporate Governance Code**
1.1 Disclosure of the Company's voluntary compliance with the Corporate Governance Code.
1.2 Deviations from the Corporate Governance Code and justification of such. Special provisions of the Code not applied by the Company and explanation for their non-application.
1.3 Corporate governance practices applied by the Company, apart from those stated by law
*** 2. Board of Directors**
2.1 Composition and operation of the Board of Directors
2.2 Information on the members of the Board of Directors
2.3 Audit Committee
*** 3. General Meeting of shareholders**
3.1 Operation of the General Meeting and basic authorities of such
3.2 Shareholders' rights and how such are exercised
***4. Internal control and risk management system**
4.1 Basic characteristics of the internal control system
4.2 Risk management of the Company and Group in relation to the procedure for preparing financial statements (separate and consolidated)
***5. Other management, supervisory bodies or committees of the Company**
***6. Additional information**

* <u>INTRODUCTION</u>
The term "corporate governance" describes the manner in which companies are managed and controlled. Corporate governance is defined and structured as a system of relations between the Company's

Management, the Board of Directors, shareholders and other interested parties, it constitutes the structure through which the Company's objectives are approached and set out, the means to achieve and evaluate such objectives are defined, the major risks the Company faces during its operation are detected, and the effective as well as systematic monitoring of Management's performance while implementing the above is rendered possible.
The effective and essential corporate governance plays a substantial and leading role in promoting competitiveness of companies, improving their operating infrastructure and developing innovative actions, while the increased transparency it promotes results in an improvement of transparency throughout the entire economic activity of private companies as well as public organizations and institutions, for the benefit of all shareholders of companies and such relevant individuals.

In October of 2013 the new Corporate Governance Code was released, which was compiled at the initiative of the Federation of Enterprises (SEV), and subsequently amended in its first revision by the Hellenic Council of Corporate Governance (HCGC).
HCGS was founded in 2012 and constitutes the result of collaboration between Hellenic Exchanges (Helex) and the Federation of Enterprises (SEV), which recognized the joint contribution of corporate governance in the continuous improvement of the competitiveness of Greek enterprises an cooperate towards this direction ever since.

***<u>1. Corporate Governance Code</u>**

<u>1.1 Disclosure of the Company's voluntary compliance with the Corporate Governance Code</u>
In Greece, the corporate governance framework has mainly been developed through the adoption of mandatory rules such as law 3016/2002, as it is in effect until today, which imposes the participation of non-executive and independent executive members in the Board of Directors of Greek companies, whose shares are traded on an organized stock exchange, the establishment and operation of an internal audit unit and the adoption of an internal operation regulation. Following, other subsequent legislation has incorporated the European directives on corporate law in Greek law, thus creating new corporate governance rules, such as law 3693/2008, which imposes the establishment of audit committees as well as significant disclosure requirements as regards to the ownership and governance of a Company and law 3884/2010 that refers to shareholders' rights and additional corporate disclosure requirements towards shareholders during the preparation of a general meeting. Finally, law 3873/2010 also incorporated the EU Directive 2006/46/EC in Greek law, thus operating as a reminder for the need to establish a Corporate Governance Code and at the same time acting as its foundation.
The Company <u>fully complies with the statutory requirements and regulations of the aforementioned legislation (specifically c.l. 2190/1920, 3016/2002 and 3693/2008), which also constitute the minimum content of any Corporate Governance Code and essentially (the relevant provisions) make up such an informal Code.</u>

In view of the process of the CGC, which took place by the HCCG during the previous year, and the forthcoming reform of the law 3016/2002, by the promotion for voting of the already published draft law, regarding corporate governance (whose consultation has already been completed between market players and therefore requires ratification by the Parliament), and the non- finalization of those changes, through which the context of corporate governance will be reformed, enhanced and enriched, the Company has judged as appropriate, during the present fiscal year, the suspension of any work regarding the formation of its own CGC, so as the content and provisions of it, when finally formed, to reflect and be compatible with the new regulations.

In view of the above mentioned, the Company declares that, at present, even during the current fiscal year, it adopts as Corporate Governance Code (CGC) the Code of Corporate Governance that was formed from the Greek Council of Corporate Governance (HCGC) (available on http://www.helex.gr/el/esed), to which it states that it is subject to with the following deviations and exceptions.

1.2 Deviations from the Corporate Governance Code and justification of these. Specific provisions of the Code that the Company does not apply and explanations on the reasons for non-compliance.

First of all, the Company confirms, through this statement, that it strictly follows the provisions of the Greek legislation regarding corporate governance (C.L.2190/1920, L.3016/2002 and 3693/2008), which form the minimum content of any Corporate Governance Code, that is aimed at companies whose shares are traded on a regulated market.

An important addition, however, to the new Corporate Governance Code is the adoption of the standard regarding explanations of non-compliance of the Company with certain specific practices of the Code. This means that the new Code follows the approach of 'comply or explain' and requires from listed companies, which choose to adopt it, to disclose their intention and either comply with all the specific practices of the Code, or explain the reasons of non-compliance with certain specific practices.

In connection with these additional practices and principles established by the new CGC, there exist, at present, certain deviations (including the case of non-application), for which deviations a brief analysis and explanation on the reasons justifying them follows.

•Part A-The Board of Directors and its members

I. Role and Responsibilities of the Board of Directors

- The Board has not proceeded so far to the establishment of a separate committee, which heads the procedure of Board nominees applications and prepares the recommendations to the Board, regarding the remuneration of the executive members and the key senior executives.

This deviation is justified by the fact that the Company's policy, in relation to the remuneration of executive Board members and the key senior executives, is established, consistent and rational, adapted to the prevailing economic conditions and the overall economic potential of the Group, while the Board ensures its faithful and strict adherence, in order to avoid cases of paying exorbitant fees that are not in consistence with both the services provided and the general economic situation of the country.

Further, the non-existence of a separate committee, heading the procedure for Board nominees applications, is explained by the fact that Board nominees, since the establishment of the company until today, meet all the necessary requirements and provide all guarantees for the award to those of the membership to the Board, they are noted for their high professional training, knowledge, skills and expertise, they stand out for their morality and integrity and therefore there has not arisen so far any need to establish such a committee.

II Size and Composition of the Board

- The Board does not consist of seven (7) to fifteen (15) members.

According to the Articles of Association and, in particular, Article 9 paragraph 1 of it "the Company is managed by the Board of Directors, which consists of five (5) to seven (7) members, natural or legal entities."

This deviation is perceived as normal, as the size and the general organization of the Company do not justify the existence of such a crowded Board, while, at the same time, the flexible structures adopted by the Company as to the composition of the Board of Directors and generally as to the administrative structure and organization (vertical decision-making structures avoiding multilevel horizontal structures) allow for rapid decision-making and implementation of effective monitoring and enforcement.

-The BoD consists mainly of non-executive members.

The current Board of Directors currently consists of six (6) members, three (3) of which are executive and the remaining three (3) are non-executive, including two (2) independent non-executive members.

The current balanced composition of the existent Board of Directors has ensured, through practical and tangible results, throughout all the previous years, the productive operation of the Company, the effective promotion of corporate objectives and activities and the reconciliation of all views with respect to the applied Company policies.

The service of corporate interests and needs of the Company and the Group, which it heads, can be achieved only through the presence of a sufficient number of executive members in the Board of Directors.

Besides, the presence of two (2) independent non-executive members of the Board of Directors ensures the required objectivity and neutrality of the decisions made, without any psychological, professional, family or economic influence of persons engaged in the Management of the Company and a sufficient counterweight for the proper and effective functioning of the Board.

That deviation from the provisions of the Corporate Governance Code cannot be deemed to be subject to a time limit, since the Company, based on the current structure and operation does not intend to align directly with this requirement, as it considers that this requirement (with regards to the composition of the Board mainly by non-executive members) is not responsive to the needs of the Company, its structure and its organizational functioning.

- This diversity policy, including gender balance for board members as adopted by the Board of Directors will be posted on the corporate website. The corporate governance statement should include specific reference to: a) the diversity policy applied by the Company as to the composition of the Board and senior management and b) the representation percentage of each sex respectively.

The current Board of Directors consists of a majority of men, i.e. out of a total of six (6) members in the Board, four (4) members are men and two (2) members are women.

This divergence which, however, is immaterial since there exists a relative balance in both the level of representation of each gender and the composition of the Board, is justified by the increased demands associated with the membership in the Board in relation to the productive activity of the Company and, in particular, the productive nature of the Company (industry) which creates special requirements for the composition and constitution of the management team of the Company.

III Role and profile of the Chairman of the Board of Directors

- No explicit distinction between the responsibilities of the Chairman and the Chief Executive Officer is established. This diversion is due to the fact that it is not advisable to create this distinction in view of the organizational structure and operation of the Company, and in view of the fact that the Vice Chairman of the Board has and shall exercise himself the powers of the CEO. When the company further strengthens its extroversion, gains stronger international presence and greatly increases the volume of its business, the need for establishing an explicit distinction between the responsibilities of the Chairman and Chief Executive Officer will be reassessed. In each case, the possession of the powers of Deputy Managing Director by the Vice Chairman of the Board substantially fulfills this requirement, as it creates a peer axis of administration and representation of the Company.

- The Board does not appoint an independent Vice Chairman among its independent members.

This diversion is offset by the Executive Vice Chairman appointment, since at present, the everyday and substantial assistance of Vice Chairman to the Chairman and the provision of any possible assistance to him, is evaluated as highly important, in order to effectively perform his tasks and, in general, his responsibilities and in order to contribute greatly to the achievement of corporate objectives.

IV. Duties and conduct of the Board members

- The Board has not adopted, as part of its Internal Company Regulations, policies which ensure that the BoD has sufficient information on which to base its decisions regarding transactions between related parties in accordance with the standard of a prudent businessman. These policies should also be applicable to transactions of the Company's subsidiaries with related parties. The CGS should include specific reference to policies implemented by the Company in relation to the abovementioned.

Although there is no specific and concrete policy in this direction, which sets the context of acquiring sufficient information on behalf of the Board, in order to base its decisions on transactions between related parties on the standard of a prudent businessman, the Board of Directors, in managing corporate affairs and, hence, in transactions between the Company and related parties, presents the diligence of a prudent businessman, so that these transactions are, firstly, fully transparent and consistent with the terms and conditions of the market and, on the other hand, fully compatible with the current regulatory framework, as determined by the relevant provisions of both the corporate and tax legislation. The same diligence is presented regarding transactions of the Company's subsidiaries with related parties.

If necessary, the Company will proceed to establishing a working group for defining the applicable procedures for the acquisition, on behalf of the Board, of sufficient information, in order to base its decisions on transactions between related parties on the standard of a prudent businessman. However, at present, and in view of the integrated organization and operation structures of the Company, there exists no such need.

- There is no obligation of any disclosure with regards to professional commitments of Board members (including significant non-executive commitments to companies and non -profit institutions) prior to their appointment to the Board.

This deviation is explained by the fact that Board members have such a high educational level, demonstrating professionalism and practical commitment to the Company and, therefore, despite the lack of statutory liability for the disclosure of any professional commitments of Board members before their election therein, they would outright proceed to the relevant disclosure if they considered that there exists any conflict of interest or any form of psychological, professional or economic influence.

V. Nomination of Board members

- Board members are not elected for a maximum term of office of four (4) years.

According to Article 9, par. 2 of the existing Articles of Association "Board members are elected by the General Meeting of shareholders of the Company for a five-year term".

This deviation is due to the necessity of avoiding the election of the Board of Directors at shorter intervals, which entails the encumbrance of the Company with costs for the formalities of publicity and the continuous submission of legitimizing documents to the cooperating banks, financial institutions and other legal entities or privates.

Besides, the provision for a maximum term of office of members of the Board amounting to four (4) years runs the risk that the elected Board may not be able to complete its work and that the effective administration of the company affairs and management of corporate property is jeopardized, due to the frequent change of management and the potential divergence of minds that may exist concerning the promotion of the interests and activities of the Company.

- There is no Board nomination committee.

This deviation is justified by the size, structure and operation of the Company at the present time, which do not render necessary the existence of nomination committee. Moreover, whenever the issue of electing a new Board of Directors arises, the Management of the Company shall ensure the existence and implementation of fully transparent procedures, assess the size and the composition of the Board to be elected, examine the qualifications, knowledge, attitudes, skills, experience, ethics and integrity of the Board candidates and, thus, fully meet the work that the nomination committee should do, if it existed.

VI. Functioning of the Board of Directors

- There are no specific internal regulations of the Board.

This deviation is explained by the fact that the provisions of the Articles of Association in conjunction with the existing regulatory framework are evaluated as satisfactory for the organization and the overall functioning of the BoD and ensure the full, proper and timely fulfillment of duties and the adequate consideration of all issues, on which it is required to take decisions.

- The BoD, at the beginning of each calendar year, shall not adopt a calendar of meetings and a 12-month action plan, which may be revised depending on the needs of the Company.

This deviation is easily understood from the fact that all members of the Board of Directors are residents of the county of Attica and hence the convocation and convening of the Board is easy, whenever required by the needs of the Company or the law, without a predetermined plan of action.

- There is no provision for the support of the BoD in the performance of its work by a competent, qualified and experienced company secretary, who will attend the meetings.

This deviation is justified by the fact of the existence of high-tech equipment for the prompt and accurate recording and chartering of Board meetings. Further, all members of the Board are able, if needed, to resort to the services of legal advisors of the Company to ensure compliance of the Board with the current legal and regulatory framework.

It should be noted that according to the new CGC, the corporate secretary tasks can be performed either by a senior officer or a legal advisor. The corporate secretary's duty is to provide practical support to the Chairman and the other Board members, individually and collectively, with the ultimate purpose to ensure full compliance of the Board with legal and statutory requirements and provisions.

The Company intends to consider, in the near future, the necessity of establishing a company secretary position with a view to ensure the further effective functioning of the Board and the provision of any necessary assistance to the members thereof.

- *there is no provision for the existence of induction programs for new Board members and the continuous professional and vocational training for the rest of the members.*

This deviation is explained by the fact that only persons with proven experience, high educational level and identified organizational and administrative skills are proposed for Board members. Besides, the basic principle governing the operation of both the Company and the Group is the continuing training and education of the personnel and its seniors and the reinforcement of corporate consciousness at all levels by conducting periodic training sessions depending on the sector in which each member is active and the tasks with which he is bound, namely the continuous training governs as a principle the whole philosophy and operation of the Company and is not just limited to the members of the Board.

- there is no provision for providing adequate resources to the committees of the Board for the performance of their duties and engage external advisors to the extent needed.

This deviation is due to the fact that the Management of the Company considers and approves per case expenditure for the possible hiring of external consultants based on current business needs, restraining thus the operating expenses of the Company on purpose.

VII. Evaluation of the Board of Directors

- The evaluation of the effectiveness of the Board and its committees shall not take place at least every two (2) years and is not based on specific procedure. The Board does not evaluate the performance of the Chairman through the process headed by the independent Vice Chairman or other independent non - executive, independent non-executive member, in case of absence of the Vice Chairman.

At present, there is no institutionalized process to assess the effectiveness of the Board and its committees, nor is the performance of the Chairman of the Board evaluated, through a process headed by the Vice Chairman or other independent non -executive member, in case of absence of the Vice Chairman.

This process is not considered necessary in view of the organizational structure of the Company, since there exists no watertight among the Board members, and whenever deemed necessary or weaknesses or failures are identified, with regards to the organization and functioning of the Board, there take place meetings and thorough discussions, through which the problems presented are analyzed, taken decisions and other acts or declarations of the Directors are criticized, without any exceptions. Besides, the Board monitors and reviews periodically the proper implementation of the decisions taken on the basis of the established timelines, while the efficiency and overall performance of the Board itself is evaluated annually by the Annual General Meeting of the Company in accordance with the principles and the procedure described in detail in both the CL 2190/1920 and in the Company' Articles of Association.

The Company, in order to comply with the practice introduced by the new CGC, is in the process of examining the feasibility of establishing a system of monitoring and evaluation of the Board, whose conclusion is not possible to determine with absolute punctuality.

• ***Part B Internal control***

I. Internal Control- Audit Committee

- The Audit Committee shall not meet no less than four (4) times a year.

This deviation is explained by the convocation and convention of the audit committee, whenever significant issues, related to the financial reporting process and the reliability of the financial statements of the Company, are encountered. Besides, what is necessary, is not to convene meetings of no purpose, in order just to cover the provided by the CGC number of meetings, but to monitor the effectiveness of internal control and risk management of the Company, to examine, on a periodic basis, its system of internal control, in order to ensure that the main risks are identified and treated properly, to manage the conflicts of interests in the transactions with related parties and to obtain sufficient information regarding the Company's financial performance.

- there is no particular and specific internal regulation of the audit committee.

This deviation is due to the fact that the essential duties and responsibilities of the audit committee are sufficiently described in the provision of the current legislation and therefore the Company does not consider necessary, at this point in time, the compilation of a more specific Internal Regulation for this committee, since what is important, is the adherence and strict implementation of the existing regulatory framework and not to impose additional obligations, which may not be materialized.

- no particular funds are available to the audit committee for the utilization on its behalf of external consultants.

This deviation is justified by the present composition of the audit committee, the expertise and experience of its members, which ensure the proper and effective functioning of the Committee and the fulfillment of its tasks in full, so that no need for the use of services of external consultants arises.

In any case, however, if the assistance of external consultants is deemed appropriate and necessary, for the further improvement of the structure and functioning of the committee, it is taken for granted that the Company will make available all necessary funds.

• Part C-Fees

I. Level and structure of remuneration

- there is no remuneration committee, consisting solely of non-executive members, which are independent in their majority, whose mission is to define the remuneration of executive and non-executive board members and thus there are no settings for the duties of this committee, the frequency of its meetings and other issues relating to its functioning.

This deviation is due to the fact that the establishment of such a committee, given the structure and general operation of the Company has not been considered necessary to date and this is why the Management of the Company, who is in charge of the remuneration process and the submission of the relevant, ensures that this (remuneration process) is characterized by objectivity, transparency and professionalism, free from conflicts of interests. With regards to the determination of the remuneration of the Board members, executive and non-executive ones, the Company's management acts with a view to creating long-term corporate value, maintaining the necessary balance and promoting meritocracy, so that the company attracts executives suitably qualified for the effective operation of the Company.

The Management ensures that the remuneration of executive Board members is linked to the corporate strategy and the realization of the objectives of the Company, that there exists the appropriate balance between fixed elements (i.e. basic salary), variable performance-related components (e.g. bonus) and other contractual arrangements (e.g. pension, severance compensation , fringe benefits , including benefits in kind etc) and that the remuneration of non-executive directors reflects the actual time of service they devote to their duties and the powers delegated to them and that it is not directly linked to the performance of the Company, in order not to discourage placing possible challenge on choices and other decisions of the Management.

The Board, in determining the remuneration of board members and especially the executive ones, takes into account their duties and responsibilities, their performance against predetermined quantitative and qualitative objectives, the financial condition, performance and prospects of the Company, the level of remuneration for comparable executive services to similar companies as well as the level of remuneration of the employees of the Company and of the whole Group.

Through the procedure described above for determining the remuneration of the Board members, executive and non-executive ones, and the criteria taken into account for the determination of these, it is clearly excluded that there is no need of special remuneration committee recommendation, since the duties and responsibilities shall be effectively performed by the Company's management.

- Contracts of the executive members of the Board do not provide that the Board may require repayment of all or part of the bonus that is awarded to them because of misconduct or inaccurate financial statements of previous years or, in general, on the basis of incorrect financial data used for the calculation of this bonus .

This deviation is explained by the fact that, first of all, any bonus rights mature only after the verification and final approval of the annual financial statements and, on the other hand, the case of calculating the administered bonus based on inaccurate financial statements or erroneous financial data has never been encountered, thanks to the excellent organization and control procedures.

However, and in order to comply with the abovementioned requirement of the CGC, the Company's Management is seriously considering importing in the relevant contracts of the executive members of the Board, a provision on the right of the Board to require the return of all or part of the bonus that is awarded because of misconduct or false financial statements and other financial data.

- The remuneration of each executive Board member is not approved by the BoD upon the proposal of the Remuneration Committee, without the presence of executive members.

This deviation is due to the fact that there is no remuneration committee as mentioned above.

• Part D - Relations with shareholders

I. Communication with shareholders

- The Company has not adopted specific practices regarding communication with shareholders, which includes the Company's policy on interrogation by the shareholders to the Board.

At present, there is no specific statutory procedure for the submission of questions to the Board on behalf of the shareholders, since any of the shareholders has the ability to turn to the Shareholder's Department in order to submit requests and questions, which, if considered necessary, are transmitted, in groups, to the Board for further processing and the relevant response or update is forwarded without delay to the party concerned.

Direct communication between shareholders and the BoD would create difficulties for the smooth functioning of the BoD as it would encumber its members with a significant volume of work, largely ineffective, while at the same time, such communication would be negatively evaluated in the light of the principle of equivalent information of the Company's shareholders. Moreover, the institutionally existent and operating Shareholders Department serves this very purpose, and is responsible for the flow of information that is passed to shareholders.

Further, the provisions of article 39 of C.L. 2190/1920 describe in detail the process of participation of minority shareholders in the General Meetings of shareholders, a process strictly followed in each Ordinary or Extraordinary General Meeting, in order to ensure, in this way, adequate, accurate and timely information to shareholders regarding the state of corporate affairs.

However, despite the existence of the abovementioned safety valves, the Company is considering adopting a specific policy on the upgrade of the process regarding the submission of questions by shareholders to the Company, through the Shareholder's Department, but still believes that direct communication of any shareholder with Board members is neither necessary nor appropriate.

II The General Meeting of Shareholders

- No deviation was observed.

General note regarding the time waiver of non-compliance of the Company with the specific practices adopted by the new CGC

As mentioned in the Introduction of this Statement of Corporate Governance, the new CGC, as in force from October 2013, follows the approach of "comply or explain" and requires listed companies, which choose to apply it, to disclose their intention and either comply with all the specific practices of the Code or explain the reasons for non-compliance with certain specific practices.

Further, the relevant explanation of reasons for non-compliance with certain specific practices, is not limited to a simple reference to the general principle or specific practices which the Company does not conform to, but must, inter alia, indicate whether the deviation from the provisions of the Code is limited in time and when the Company intends to align with the provisions thereof.

Deviations of the Company from the practices established by the new CGC cannot be regarded as subject to strict time limit, given that these practices do not reflect the nature of the function, structure, organizational structure, delivery, corporate values and ethics, ownership status and the company's needs and complying with them may render the application of the "meaning" of the principles of the Code difficult.

In any case, any Code cannot, nor is it intended to replace the framework of the principles, values and structures of the organization and operation of any company and hence the adoption of provisions that are incompatible with these principles is not considered appropriate.

However, the Company has already undertaken to establish a working group, which examines the existing deviations from the specific practices that the new CGC establishes, explores the likelihood of compliance with those and considers the possibility of compiling and forming its own Corporate Governance Code, the identity and settings of which will primarily meet the individual needs and particularities of the Company and enhance long-term competitiveness and success of the Company.

1.3 Corporate governance practices applied by the Company, apart from those stated by law

The Company strictly applies the provisions of the aforementioned legal framework as regards to corporate governance. At the present time there are no applied practices apart from the above provisions.

* 2. Board of Directors

2.1 Composition and operation of the Board of Directors

The Board of Directors is the Company's highest management body, and is exclusively responsible for defining the Group's strategy and growth policy. Achieving the increase of the Company's long-term financial value, promoting the general corporate interests and the interests of shareholders, ensuring the Company's compliance towards law, applying transparency and corporate values throughout the Group's overall operations and activities, monitoring and resolving possible cases of conflicts of interest between Board members, managers and shareholders and the Company's interests, are basic responsibilities of the Board of Directors.

2.1.1 The Company's Board of Directors, according to article 9 of its Memorandum of Association, consists of five (5) to seven (7) members, physical or legal entities. In case of a legal entity, such must appoint a physical person to exercise the authorities of the legal entity as a Board member. The Board members are elected by the General Meeting of the Company's shareholders for a term of five years, which begins from the day of their election and is extended automatically until the first Ordinary General Meeting following the end of their term, which however cannot exceed a six-year period. The General Meeting may also elect deputy members, equal to the number of the ordinary members. The Board members always have the right to be re-elected and freely revocable by the General Meeting, regardless of the maturity of their term.

When undertaking their responsibilities, the members of the Board of Directors receive an official introductory briefing, while throughout their term the Chairman ensures the continuous enrichment of their knowledge on issues that concern the Company, their familiarity with such and its executives so as to enable them to efficiently and creatively contribute to the activities of the Board of Directors.

2.1.2 The Board of Directors convenes whenever deemed necessary by the law, the present Memorandum of Association or the Company's needs, following an invitation by the Chairman of the Board or his deputy or by two (2) Board members either at the domicile of the Company or in the district of another Municipality within the prefecture of the Company's domicile. The invitation must necessarily include the issues of the daily agenda with clarity, otherwise decision making is permitted only if all Board Members are present or represented at the meeting and no one opposes to the decision making. The Board of Directors also convenes to a meeting whenever requested by the Chairman or by two Board members, according to the provisions of article 20 par. 5 of c.l. 2190/20, as currently in effect. The Board of Directors validly convenes outside of its domicile at another location, either in Greece or abroad, if during the meeting all members are present or represented and no one opposes to holding the meeting and to the decision making. The Board of Directors may convene through a teleconference. In this case, the invitation towards the Board members includes all the necessary information for their participation in the teleconference.

2.1.3 The Board of Directors is in quorum and validly convenes, when fifty percent (50%) plus one (1) of the members are present or represented. However in no case may the number of members present in person, be less than three (3).

2.1.4 The Board of Directors decides with an absolute majority of its members, which are present or represented. In case of a tie vote, the vote of the Chairman of the Board does not overpower. Each Board member has one (1) vote. Exceptionally, a member may have two (2) votes when representing another member. Voting in the Board of Directors is conducted openly, unless a decision by the Board defines that a secret voting will take place and thus in this case voting is made with ballots.

2.1.5 The discussions and decisions of the Board of Directors are recorded in summary in a special book, that may be kept electronically as well and which is signed by the Chairman and his Deputy and by the members present during the meeting. Following a request by a Board member, the Chairman is obliged to record an exact summary of his opinion in the minutes. The book also includes a record of the Board members present or represented during the meeting. Copies of Board meeting minutes, which must be submitted to the Société Anonyme Registrar according to article 7a of CL 2190/1920, are submitted to the relevant Regulatory Authority within twenty (20) days from the meeting of the Board of Directors. Copies and excerpts of the Board of Directors' minutes are certified by the Chairman or his deputy, or in case of his inability by the General Manager of the Company. The preparation and signing of minutes by all Board Members or their representatives is equivalent with a decision by the Board, even if a meeting has not previously taken place.

2.1.6 The Board of Directors may assign the exercise of all or part of its authorities and responsibilities (apart from those that require collective action) as well as the internal control of the Company, and its representation, to one or more persons, member of the Board or not, by defining the extent of such an assignment at the same time.

2.1.7 If, for any reason, there is a vacant position in the Board of Directors due to resignation, death or loss of the member capacity in any other way, then the remaining Members, given that such are at least three, must temporarily elect a replacement for the remaining term of the substituted Member with the condition that this substitution is not plausible by the deputy members that may have been elected by the General Meeting. The above election by the Board of Directors takes place with a decision by the remaining members, if such are at least three (3) and is in effect for the remaining term of the member replaced. The decision for the election is subject to the disclosure requirements of article 7b of c.l. 2190/1920 and is announced by the Board of Directors in the immediately forthcoming general meeting, which may replace those elected, even if a relevant issue has not been included in the daily agenda. The actions of members elected by the above process are considered valid, even in the case where their election is not approved by the General Meeting.

2.1.8 In case of resignation, death or in any other manner loss of the capacity of Board member, the remaining members may continue the management and representation of the Company without replacing the former members according to the previous paragraph, with the condition that the number of such exceeds half of the members as such were numbered prior to the realization of the above events. In any case the remaining members cannot be less than three (3).

2.2 Information on the Board members

2.2.1 The present Board of Directors of the Company consists of six-members and specifically of the following:

i. Georgios Ginosatis of Spyridonos, resident of Koropi Attica, 6 Karaiskaki Street, **Chairman of the Board and Chief Executive Officer of the Company, executive member.**

ii. Stamatios Ginosatis of Spyridonos, resident of Koropi Attica, 204 Vas. Konstantinou Street, **Vice-Chairman of the Board and Deputy CEO of the Company, executive member.**

iii. Asimina Ginosati, of Dimitrios Papanikolaou, resident of Koropi Attica 204 Vas. Konstantinou Street, **executive Board Member.**

iv. Nikolaos Regos of Eleftherios, resident of Papagou Attica, 7 Reppa Street, **independent non-executive Board Member.**

v. Eleni-Flora Zaverdinou of Paraskevas, resident of Heraklion Attica, 20 Parthenonos Street, **independent non-executive Board Member, and**

vi. Nikolaos Vlachos of Matthaios, resident of Glyfada Attica, 4 Sokratous Street, **non-executive Board Member.**

The above Board of Directors was elected by the annual Ordinary General Meeting of the Company's shareholders on the 26th of July 2009 and was formed into a body on that date (26.06.2009), while its term ends on June 30th 2014 (Govt. Gazette, SA and LTD companies issue No. 8245/10.7.2009)

2.3 Audit Committee

2.3.1 The Company, in full compliance with the provisions and requirements of l. 3693/2008 elected during the annual General Meeting of shareholders on June 26th 2009 and Audit Committee, which consists of the following non-executive Board Members:

1) Mr. Nikolaos Regos,
2) Ms. Eleni-Flora Zaverdinou and
3) Mr. Nikolaos Vlachos.

It is noted that from the above members, two (2) (Nikolaos Regos and Eleni-Flora Zaverdinou) are also <u>independent</u> non-executive members of the Board of Directors.

2.3.2 The responsibilities and duties of the Audit Committee include:

a) monitoring the financial reporting process,

b) monitoring the effective operation of the internal control system and the risk management system, as well as monitoring the proper operation of the Company's internal audit unit,

c) monitoring the course of the mandatory audit of separate and consolidated financial statements of the Company,

d) reviewing and monitoring issues relating to the existence and maintenance of objectivity and independence of the legal auditor or auditing firm, especially as regards to the provision of other services by the legal auditor or the auditing firm, towards the Company.

2.3.3 The mission of the Audit Committee is to ensure the effectiveness and efficiency of the corporate activities, to control the reliability of financial information provided to investors and Company shareholders, the compliance of the Company with the effective legal and regulatory framework, the protection of the Company's investments and assets and locating and handling the most significant risks.

The broad audit responsibilities of the Audit Committee include among others monitoring the correct and efficient operation of the internal control system and risk management system, auditing the financial statements before their approval by the Board of Directors, monitoring the financial reporting process applied by the Company, ensuring the coordination of the audit work, the quality, independence and performance of Auditors.

2.3.4 The Audit Committee convened four times during financial year 2013.

2.3.5 It is clarified that the Ordinary Auditor of the Company, who conducts the audit of the annual and semi-annual financial statements, does not provide other non-auditing services to the Company, nor is he related in any other way with the Company, in order thus to ensure his objectivity, impartiality and independence, with the exception of assurance services that concern the conduct of the special tax audit required according to the provisions of article 82 par. 5 l.2238/1994, as amended and in effect today and the Circular with No. 1159/22.7.2011, according to which after the audit the "Annual Tax Certificate" is issued, following the relevant Report.

* 3. General Meeting of shareholders

3.1 Operation of the General Meeting and basic authorities of such

3.1.1 The General Meeting of shareholders is the highest-level body of the Company and is entitled to decide on any corporate affair and to decide on all issued submitted to such.

Specifically the General Meeting is exclusively responsible to decide on the following:

a) amendment of provisions of the Memorandum of Association.

An increase or decrease of share capital is also considered an amendment, except for the case of par. 1 article 6 of the present, as well as those stipulated by provisions of other laws.

b) election of Board Members, except for the case of article 10 of the present.

c) election of auditors.

d) approval of the Company's annual financial statements.

e) appropriation of the earnings of each financial year.

f) merger, spin-off, conversion, revival, extension of the duration or liquidation of the Company.

g) appointment of liquidators and
h) approval of the election, according to article 10 of the present Memorandum of Association, of temporary Board members, in replacement of members that have resigned, deceased or in any other way lost their member capacity.
3.1.2 The decisions of the General Meeting are mandatory also for shareholders that are absent or disagree.
3.1.3 The General Meeting of shareholders, is always convened by the Board of Directors and meets regularly at the Company's domicile or in the district of another Municipality within the domicile's prefecture, at least once each financial year and always within the first six-months from the end of each financial year. The General Meeting may also convene in a district of the Municipality where the Athens Exchange is based.
The Board of Directors may convene an extraordinary General Meeting of shareholders, when deemed necessary or when requested by shareholders that represent the respective percentage as stated by law and the Memorandum of Association.
3.1.4 The General Meeting, with the exception of repeated Meetings and those equivalent to such, is convened at least twenty (20) days prior to the date set for the meeting. It is noted that non-working days are also counted. The release date of the invitation and the date of the meeting are not counted. The invitation to the General Meeting of shareholders must include the time, day, hour and location where the Meeting will convene, the issues of the daily agenda with clarity, the shareholders that have the right to participate, as well as exact instruction on the manner in which shareholders will be able to participate in the meeting and exercise their rights either in person or through a proxy or possibly from long-distance. An invitation to convene a General Meeting is not required in the case where shareholders representing the total share capital are present or represented and no one from such opposes to conducting the Meeting and to the decision making process.
3.15 The General Meeting is in quorum and convenes validly on the daily agenda issues when shareholders representing at least one fifth (1/5) of the paid up share capital or present or represented in such.
If this quorum is not achieved, then the General Meeting convenes again in twenty (20) days from the date of the meeting that was cancelled, after an invitation for such at least ten (10) days before. This repeated meeting convenes validly on the issues of the initial daily agenda regardless of the portion of the paid up share capital represented in such.
3.1.6 The decisions of the General Meeting are made with absolute majority of votes, that are represented in such.
3. Exceptionally, for decision making on issues that concern:
a) change of the Company's nationality,
b) change of the Company's business objective,
c) increase of the shareholders' obligations,
d) increase of the share capital with the exception of the increases of article 6 par. 1 of the present or those stipulated by legal provisions, or by means of capitalization of reserves or share capital decrease, unless if carried out according to par. 6 of article 16 of c.l. 2190/1920,
e) issue of a loan with convertible bonds or with a participation right on earnings, according to article 8 and 9 of l. 3156/2002 respectively,
f) change in the way earnings are distributed,
g) extension of the duration or liquidation of the Company,
h) merger, spin-off, conversion, revival of the Company,
i) provision or renewal of authorization towards the Board of Directors for increase of the share capital according to par. 1 of article 6 of the present,
j) any other case, in which the law states that the following quorum is required by the General Meeting to make a specific decision:
the General Meeting is at quorum and convenes validly on such issues, when shareholders representing two thirds (2/3) of the paid up share capital are present or represented in the Meeting.

3.1.7 The Chairman of the Board of Directors temporarily acts as Chairman of the General Meeting or in case he is unable then his legal deputy, and the Chairman assigns one of the shareholders or their proxies present as Secretary, until the General Meeting ratifies the list of shareholders that are entitled to participate in the Meeting and elects the normal presidium. The Presidium consists of the Chairman and Secretary, who also acts as voting teller.

3.1.8 The discussions and decisions of the General Meeting are limited to issues of the daily agenda. The daily agenda is prepared by the Board of Directors and includes proposals of the Board towards the Meeting as well as possible proposals of the auditors or shareholders that represent one twentieth (1/20) of the paid up share capital. The discussions and decisions of the General Meetings are recording in a special book (minutes) and the relevant minutes are signed by the Chairman and Secretary of the Meeting. The beginning of the minutes include a record of shareholders that are present or represented in the General Meeting, whereas the minutes are prepared according to article 22 par. 8 of the Memorandum of Association.

Following a request by a shareholders, the Chairman of the Meeting must record the former's opinion in the minutes.

If only one (1) shareholder is present at the General Meeting, then the presence of a Notary Public is mandatory and such a Notary countersigns the minutes.

3.2 Shareholders' rights and how such are exercised

3.2.1 Participation and voting rights

3.2.1.1 Shareholders exercise their rights, in relation to the Company's Management, only through the General Meetings and according to those stated by law and the Memorandum of Association. Each share provides the right for one vote at the General Meeting, given those stated by article 16 of c.l. 2190/1920, as currently in effect.

3.2.1.2 Anyone who appears as a shareholder on the records of the Dematerialized Securities System managed by "Hellenic Exchanges S.A." (HELEX), which keeps records of the Company's securities (shares), has the right to participate in the General Meeting of shareholders. The shareholder capacity is evidenced by submitting the relevant written certification by HELEX or alternatively, by the Company's online connection with the records of HELEX. The shareholder's capacity must be in effect during the beginning of the fifth (5th) day prior to the date of the General Meeting (record date), and the relevant certification or electronic certification regarding the shareholder capacity must be provided to the Company at least the third (3rd) day prior to the date of the General Meeting.

3.2.1.3 Only those that have the shareholder capacity during the respective record date is considered by the Company to have the right of participation and voting at the General Meeting. In the cases of non-compliance with the provisions of article 28a of C.L. 2190/1920, the said shareholder participates in the General Meeting only after the latter's permission.

3.2.1.4 It is noted that the exercise of the above rights (participation and voting) does not require the blockage of the beneficiary's shares or any other relevant process, which limits the ability to sell or transfer shares during the time period between the record date and the date of the General Meeting.

3.2.1.5 The shareholder participates in the General Meeting and votes either in person or through a proxy. Each shareholder may appoint up to three (3) proxies. Legal entities participate in the General Meeting by appointing up to three (3) persons as representatives. However, if a shareholder owns Company shares, which appear in more than one securities accounts, this limitation does not obstruct the said shareholder from appointing different proxies for the shares that appear in each security account in relation to the General Meeting. A proxy that acts on behalf of more than one shareholder, can vote separately for each shareholder. A shareholder proxy must disclose to the Company, prior to the beginning of the General Meeting, any specific event that may be useful to shareholders in assessing the risk of the proxy serving other interests than those of the represented shareholder. According to the definition of the present paragraph, there might be conflict of interests specifically when the proxy:

a) is a shareholder that exercises control on the Company or is another legal entity controlled by the shareholder,
b) is a member of the Board of Directors or generally the management of the Company or of a shareholder that exercises control on the Company, or another legal entity that is controlled by a shareholder who exercises control on the Company,
c) is an employee or certified public accountant of the Company or shareholder that exercises control on the Company, or another legal entity controlled by the shareholder who exercises control on the Company,
d) is a spouse or first degree relative with one of the persons mentioned above in cases (a) through (c).
The appointment and revocation of a proxy is applied in written and disclosed to the Company in the same form, at least three (3) days prior to the date of the General Meeting.

3.2.2 Other shareholders' rights

3.2.2.1 Ten (10) days prior to the Ordinary General Meeting, any shareholder can obtain copies of the annual financial statements and reports by the Board of Directors and auditor from the Company. Such documents must be submitted in time by the Board of Directors to the Company's relevant office.
3.2.2.2 With the request of shareholders that represent one twentieth (1/20) of the paid up share capital, the Board of Directors of the Company is obliged to convene an Extraordinary General Meeting of shareholders, setting the date of such, which cannot be more than forty five (45) days from the day the request was delivered to the Chairman of the Board. The request must list the daily agenda issue. If a general meeting is not convened by the Board of Directors within twenty (20) days from the delivery of the relevant request, then the meeting takes place by the requesting shareholders, at the expense of the Company, by means of a decision by the court of first instance of the Company's domicile, which is issued during the injunction process. This decision states the place and time of the meeting, as well as the daily agenda.
3.2.2.3 With the request of shareholders that represent one twentieth (1/20) of the paid up share capital, the Board of Directors of the Company is obliged to list additional issues on the daily agenda of the General Meeting that has already been set, if the relevant request is received by the Board at least fifteen (15) days prior to the General Meeting. The Board of Directors must publish or disclose the additional issues, according to those stated by article 36 of c.l. 2190/1920, at least seven (7) days prior to the General Meeting. If the additional issues are not published, then the requesting shareholders are entitled to request postponement of the General Meeting according to paragraph 3 of article 39 of c.l. 2190/1920 and to proceed themselves with publishing the issues, according to those stated in the previous paragraph, at the expense of the Company.
3.2.2.4 With the request of shareholders that represent one twentieth (1/20) of the paid up share capital, the Board of Directors provides shareholders, according to those stated by article 27 par. 3 of c.l. 2190/1920, at least six (6) days prior to the date of the General Meeting, access to the draft resolutions on issues that have been included in the initial or revised daily agenda, if the relevant request is received by the Board of Directors at least seven (7) days prior to the date of the General Meeting.
3.2.2.5 Following a request of any shareholder that is submitted to the Company at least five (5) full days prior to the General Meeting, the Board of Directors is obliged to provide to the General Meeting the specifically required information on the Company's affairs, to the extent that such are useful for the real assessment of the daily agenda issues.
3.2.2.6 With the request of a shareholder or shareholders that represent one twentieth (1/20) of the paid up share capital, the Chairman of the General Meeting is obliged to postpone the decision making process only once, for all or specific issues, by the Extraordinary or Ordinary General Meeting, defining the day when the meeting will re-convene for decision making that is stated on the shareholders' request, which however cannot be more than thirty (30) days from the day of the postponement. The General Meeting that follows the postponement is considered a continuance of the previous and thus the disclosure requirements of the

shareholders' invitation are not repeated and new shareholders cannot take part in the Meeting, according to the provisions of articles 27 par.2 and 28 of c.l. 2190/1920.

3.2.2.7 With the request of shareholders that represent one twentieth (1/20) of the paid up share capital, which must be submitted to the Company five (5) full days prior to the ordinary General Meeting, the Board of Directors is obliged to announce to the General Meeting the amounts made during the past two-years for any cause by the Company to Board Members or Managers or other employees, as well as any amounts emanating from any other contract of the Company signed for any cause with such individuals. Also, with the request of any shareholder submitted as above, the Board of Directors is obliged to provide the specific information requested regarding the Company's affairs to the extent that such are useful for the real assessment of the daily agenda issues. The Board of Directors may decline the provision of such information for reasonable cause, stating the relevant justification in the minutes. Such a reasonable cause may consist according to the circumstances the representation of requesting shareholders in the Board of Directors, according to par. 3 or 6 of article 18 of c.l. 2190/1920.

3.2.2.8 Following a request by shareholders that represent one fifth (1/5) of the paid up share capital, which is submitted to the Company within the time limit of the previous paragraph, the Board of Directors is obliged to provide to the General Meeting information on the development of corporate affairs and the financial position of the Company. The Board of Directors may decline the provision of such information for reasonable cause, which is stated in the minutes. Such a reasonable cause may consist according to the circumstances the representation of requesting shareholders in the Board of Directors, according to par. 3 or 6 of article 18 of c.l. 2190/1920, given that the respective Board members have received the relevant information in an adequate manner.

3.2.2.9 Following a request by shareholders that represent one twentieth (1/20) of the paid of share capital, the decision making on any issue of the daily agenda of the General Meeting is conducted by open voting.

3.2.2.10 Company Shareholders, that represent one twentieth (1/20) of the paid up share capital, have the right to request an audit of the Company by the Unilateral Court of First Instance of the district of the Company's domicile, which holds the relevant jurisdiction. The audit is ordered if actions that violate the provisions of law or the Memorandum of Association or decisions by the General Meeting, are assumed.

3.2.2.11 Company Shareholders, that represent one fifth (1/5) of the paid up share capital, have the right to request audit of the Company by the relevant court, according to the previous paragraph, given that the overall developments of corporate affairs indicate the Management of corporate affairs is not conducted as according to proper and prudent management. This provision is not applied whenever the minority requesting the audit is represented in the Company's Board of Directors.

* 4. Internal control system and risk management

4.1 Basic characteristics of the internal control system

4.1.1 The Company's internal control is performed by the internal audit Service and conducted according to the audit schedule included in the Internal Operation Regulation adopted and approved by the Company.

It is noted that the audit, according to which the relevant Report is prepared, is performed within the regulatory framework of l. 3016/2002, as currently in effect, and specifically according to articles 7 and 8 of the latter law, as well as according to those stated by Decision No. 5/204/2000 issued by the Board of Directors of the Hellenic Capital Market Commission, as currently in effect following its amendment by Decision No. 3/348/19.07.2005 issued by the Commission's Board.

It is a basic responsibility of the Company's Management to ensure, through applying the necessary internal control systems, that the Group's overall organization has the ability to quickly and efficiently handle the risks from when such arise and in any case to take all the appropriate and necessary measures to minimize the consequences and adverse effects of such.

4.1.2 During the audit, the internal audit Service receives knowledge of all necessary accounting books, entries, files, bank accounts and portfolios of the Company and requests the complete and continuous cooperation of Management in order to be provided with all the requested information and data, with the

objective of obtaining reasonable assurance for the preparation of a Report that will be free from substantial inaccuracies as regards to the information and conclusions included in such. The audit does not include any assessment of the appropriateness of the accounting policies applied as well as of the logic of estimations made by Management, as such are responsibilities of the Company's legal auditor.
4.1.3 The objective of the audit is to assess the general level and operational processes of the internal control system. In each audit period, specific audit areas-divisions are selected, while the operation and organization of the Company's Board of Directors is evaluated and reviewed on a constant and continuous basis, as well as the operation of the 2 basic Services that operate according to the provisions of l. 3016/2002, namely the Shareholders' Service Department and the Corporate Releases Department.
4.1.4 It is noted nevertheless that the internal control and risk management systems provide reasonable but not absolute security, given that such are designed so as to minimize the possibility of relevant risks arising, without however being able to absolutely prevent such.

<u>4.2 Risk management of the Company and Group in relation to the financial reporting process (separate and consolidated)</u>
The Company has developed and applies policies and processes for the preparation of financial statements with the objective to ensure the reliability of such and to comply with the laws and regulations that govern their preparations and publications.
Such processes concern the audit and recording of income and expenses as well as monitoring the position and value of assets.
The policies and processes that have been established are evaluated and re-defined in case where such are considered inadequate or if changes in laws demand so.
At the end of each financial period, the Company's accounting department proceeds with actions that are required to prepare the financial statements according to law.
The established policies and processes related to the preparation of financial statements include, amongst others, the following:
Processes for closing financial periods, which include deadlines for submission, responsibilities, classification and analysis of accounts and information on required disclosures.
Reconciliations of the balances of the Customers and Suppliers accounts as well as other receivables and liabilities of the company in frequent time periods.
Processes that ensure that transactions are recognized according to the International Financial Reporting Standards.
Reconciliations of the bank accounts and loan accounts kept by the Company in approved Banks on a monthly basis.
Audits and reconciliation of checks receivable and payable.
Calculation of provisions for the Company's receivables and liabilities in cases when the relevant receipts have not yet been presented.
Physical recording of inventory and audits on imports-exports in warehouses on a monthly basis.
Audit and reconciliation of sales and issued receipts.
Policies and processes for purchases, payments, receipts, management of inventory etc.
Establishment of processes for accounting entries by different individuals in the context of distinguishing responsibilities.
Approvals and processes for the correct recording of Company expenses in the accounts of the kept Accounting Schedule and in the appropriate cost center.
Processes for approval of purchases, registration and monitoring of fixed assets and calculation of the required depreciations.
Processes for supervising and managing employees and payroll liabilities.

Processes that ensure the correct use of the Accounting Schedule applied by the Company and that the access and changes in such through the Company's IT system can be made only by authorized users with specific responsibilities.

The IT system used by the Company is continuously developed and upgraded by its IT department, in close cooperation with a recognized IT Company in order to adjust to the continuously expanding and specialized IT needs, with the objective to support the Company's long-term goals and prospects. Amongst others, the IT department is responsible for the application of security processes (back-ups on a daily basis) as well as for the application of processes established by the Company (Anti-virus Software and Firewall).

***5. Other management or supervisory bodies or committees of the Company**

At the present time, there are no other management or supervisory bodies of committees of the Company, apart from those mentioned above.

*** 6. Additional information**

6.1 Article 10 par.1 of the EU Directive 2004/25/EC dated April 21st 2004, relating to takeover bids, states the following as regards to companies whose total shares are listed on an organized market:

"1. Country members ensure that the companies mentioned in article 1 paragraph 1 disclose detailed information as regards to the following:

a) their capital structure, including securities that are not listed on an organized market of a country-member and, according to the case, indication of different categories of shares with the rights and obligations linked to each share category and the percentage of the total share capital such represent;

b) all the limitations on transfer of securities, such as limitations on the ownership of securities or the obligation to receive approval by the Company or other shareholders, with the reservation of article 46 of Directive 2001/34/EC;

c) the significant direct or indirect holdings (including indirect holdings through pyramid structures or cross-holdings) according to the definition of article 85 of directive 2001/34/EC;

d) the owners of any kind of securities that provide special control rights and the description of such rights.

(e) the system of control of any employee share scheme where the control rights are not exercised directly by the employees;

(f) any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities;

(g) any agreements between shareholders which are known to the company and may result in restrictions on the transfer of securities and/or voting rights within the meaning of Directive 2001/34/EC;

(h) the rules governing the appointment and replacement of board members and the amendment of the Articles of Association;

(i) the powers of board members, and in particular the power to issue or buy back shares;

(j) any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements;

(k) any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid."

6.2 The above information is included in detail in Chapter 6 of the present Report by the Board of Directors. As regards to items c, d, f, h and i of par. 1 of article 10, the Company states the following:

• as regards to item c': the important direct or indirect participations of the Company are the following:

- FESCOPACK Sp.z.o.o, (subsidiary) in which the Company participates with a stake of 97.86% of shares and voting rights.

- "FLEXOSYSTEMS Ltd Belgrade", (subsidiary) in which the Company participates with a stake of 100% of shares and voting rights.

- "INOVA SA PLASTICS" (associate) in which the Company participates with a stake of 50% of shares and voting rights, and

- "VLACHOU BROS SA" (associate) in which the Company participates with a stake of 47.71% of shares and voting rights.

Moreover, the significant direct or indirect holdings in the voting rights of the Company, according to the definition of provisions of articles 9 through 11 of l. 3556/2007, are the following:

-Stamatis Ginosatis, percentage of 29.180%(direct participation)
-Georgios Ginosatis, percentage of 16.750% (direct participation)
-Nikolaos Ginosatis, percentage of 16.289% (direct participation)
-Competrol Establishment, percentage of 7.764% (direct participation)
- Collins Stewart (CI) Limited, percentage of 5.107% (direct participation)

• as regards to item d': there are no kind of securities (including shares), that provide special control rights.
• as regards to item f΄: there are no known limitations on voting rights (such as limitation of voting rights on owners of a specific percentage or number of shares, deadlines to exercise voting rights, or systems through which with the cooperation of the Company financial rights emanating from shares are distinguished by the ownership of the shares). As regards to exercising voting rights during the General Meeting, extensive reference is made in Section 3 of the present Corporate Governance Statement.
• as regards to item h΄: regarding the appointment and replacement of Board members and regarding the amendment of the Company's Memorandum of Association, there are no rules that differ from those stated by c.l. 2190/1920, as currently in effect. Such rules are described in detail in Section 2.1 of the present Corporate Governance Code.
• as regards to item o΄: there are no special authorities of Board members as regards to the issue or buyback of shares.

The present Corporate Governance Statement constitutes an inseparable and distinct part of the annual (Management) Report of the Company's Board of Directors.

7. Group's course and outlook for 2014

The prospects, results and course of the Group for the year 2014 are directly connected, in view of its export orientation, with the prevailing situation of the global economy and market.

It is taken for granted that, in view of that extroversion, the economic environment is ever-changing and varies considerably per geographic territory, but the Group, has historically proven to be able to constructively utilize this variability, offset any losses from specific local markets and, relying on its internationalized character, the sound financial structure and the flexibility of its organizational structure, not to get severely affected by the financial crises affecting different parts of the global economy.

This fact, in combination with the targeted investment policy of the Group, provides cautious optimism about the course of the Group during the year 2014, on the obvious condition of the absence of material adverse conditions, both at the level of increase in prices of raw materials, and the level of reduction in consumer demand.

With the continuous, stable, secure and sustainable development of the Company and Group as the main objective, despite the negative financial circumstances that are still present in the domestic market, the basic axis of strategic development for 2014, are as follows:

- Further penetration in foreign markets, both through partnerships and also through the network the Company has already developed and continues to expand. The development and expansion of this global network forms one of the top priorities for the Group, a fact reflected by the Company's subsidiaries in Poland and Serbia.
- Material reinforcement of the production infrastructure of the Polish subsidiary, by expanding its facilities and reinforcing and expanding its mechanical equipment, with the objective to achieve penetration in the above market quicker and at the same time the efficient and prompt servicing of the client base in the broader geographical region, so that the particular company becomes a point of reference in the efforts for growth in this region.
- Improvement and continuous development of the range of produced products, with an emphasis on high-quality product diversification as compared to competition, together ongoing and systematic monitoring or market trends and needs, in order for the products to cover the market's existing but also new needs.
- Maintenance of high quality of produced products.
- Development of new products and full enhancement of the existing modern production methods targeting the following:
  a) Reduction of energy consumption
  b) Reduction of the carbon footprint
  c) Contribution to sustainable development.
- Continuous development of the organizational and operating structures aiming at the further increase of efficiency, the further reduction of costs and finally the continuous and increased spread of information at all the Company's and Group's levels.

Koropi, 20 March 2014
THE BOARD OF DIRECTORS

CHAPTER 3 : Audit Report by Independent Certified Auditor Accountant

Towards the Shareholders of the Company

"Flexopack Société Anonyme Commercial and Industrial Plastics Company"

Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of the Company "**Flexopack Société Anonyme Commercial and Industrial Plastics Company**", which consist of the separate and consolidated statement of financial position of December 31st 2013, the separate and consolidated statements of comprehensive income, statements of changes in equity and statements of cash flow for the year ended on the aforementioned date, as well as the summary of significant accounting principles and methods and other explanatory notes.

Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with the International Financial Reporting Standards, as such have been adopted by the European Union, as well as 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the auditor reviews the internal control relevant to the preparation and fair presentation of the company's separate and consolidated financial statements, in order to design audit procedures that are appropriate for the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting principles and methods used and whether the estimates made by management are reasonable, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of "**Flexopack Société Anonyme Commercial and Industrial Plastics Company**" and its subsidiaries as at December 31st 2013, their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, as such have been adopted by the European Union.

Report on other Legal and Regulative issues

a) The Board of Directors' Management Report includes the corporate governance statements, which presents the information required by paragraph 3d of article 43a of C.L. 2190/1920.

b) We have verified the reconciliation and consistency of the contents of the Board of Directors' Management Report with the accompanying separate and consolidated financial statements, in the context of those defined by article 43a, 108 and 37 *of C.L. 2190/1920.*

Athens, March 21st 2014
The Certified Auditor Accountant
Makris D. Serafeim
Certified Auditor Reg. No. 16311

Chartered Auditors Accountants S.A. (SOL S.A.)
a member of Crowe Horwath International
3 Fokionos Negri Str, 11257 Athens Greece
Certified Auditors Association Reg. No. 125

CHAPTER 4 : Annual Financial Statements

Annual Financial Statements of financial year 2013
(January 1st 2013 – December 31st 2013)

According to the International Financial Reporting Standards (IFRS)

Statement of financial position

		GROUP		COMPANY	
ASSETS	Note	**31/12/2013**	**31/12/2012**	**31/12/2013**	**31/12/2012**
Non-current assets					
Tangible Assets	6.1	30,763	31,701	29,324	31,046
Goodwill	6.2-6.4	245	309	0	0
Intangible Assets	6.3	1,519	1,077	1,519	1,077
Investments in subsidiary companies	6.4	0	0	4,269	809
Investments in associate companies	6.5	1,815	1,903	2,199	2,199
Other Long-term Receivables	6.6	261	264	257	259
		34,603	**35,254**	**37,569**	**35,390**
Current assets					
Inventories	6.7	9,839	8,914	9,142	8,577
Trade Receivables	6.8	9,172	9,675	9,652	9,689
Other Receivables	6.9	3,453	3,680	3,444	3,639
Cash and cash equivalents	6.10	14,866	11,083	12,144	10,968
		37,329	**33,352**	**34,381**	**32,873**
Total Assets		**71,932**	**68,606**	**71,950**	**68,263**
EQUITY & LIABILITIES					
Share capital	6.11	6,329	6,212	6,329	6,212
Share premium	6.11	6,246	7,418	6,246	7,418
Reserve Capital	6.11	15,110	14,444	14,966	14,350
Retained Earnings	6.11-6.31	16,306	14,600	16,832	14,971
Total Shareholders' Equity		**43,990**	**42,673**	**44,371**	**42,951**
Non-controlling interests	6.4	87	158	0	0
Total Equity		**44,077**	**42,831**	**44,371**	**42,951**
LIABILITIES					
Long-term liabilities					
Deferred tax liabilities	6.12-6.31	3,132	2,449	3,113	2,429
Provision for employee benefits	6.13-6.31	515	578	515	578
Government grants	6.14	2,185	1,764	2,185	1,764
Long-term bank liabilities	6.15	5,673	3,486	5,663	3,418
Other provisions	6.16	142	142	142	142
		11,647	**8,419**	**11,619**	**8,331**
Short-term liabilities					
Suppliers and related liabilities	6.17	9,760	11,582	9,720	11,454
Liabilities from income tax	6.18	1,741	769	1,741	769
Short-term bank liabilities	6.15	4,707	5,004	4,499	4,758
		16,208	**17,355**	**15,960**	**16,982**
Total Liabilities		**27,855**	**25,775**	**27,579**	**25,312**
Total Equity & Liabilities		**71,932**	**68,606**	**71,950**	**68,263**

The accompanying notes constitute an inseparable part of these financial statements.

Amounts in thousand euro

Income statement

		GROUP		COMPANY	
Continuing Operations	Note	**1/1-31/12/2013**	**1/1-31/12/2012**	**1/1-31/12/2013**	**1/1-31/12/2012**
Turnover	6.19	54,567	54,068	54,207	53,404
Cost of Sales	6.20	(44,492)	(44,198)	(44,716)	(44,076)
Gross Profit		**10,075**	**9,870**	**9,491**	**9,329**
Other operating income	6.22	987	706	1,023	731
Administrative expenses	6.20	(2,361)	(2,210)	(2,058)	(1,934)
Research & Development Expenses	6.20	(662)	(592)	(662)	(592)
Distribution expenses	6.20	(3,079)	(2,746)	(2,843)	(2,580)
Other operating expenses	6.22	(142)	(236)	(135)	(214)
Operating Results		**4,818**	**4,793**	**4,815**	**4,740**
Financial income	6.23	280	116	280	116
Financial expenses	6.23	(596)	(503)	(579)	(484)
Other Financial Results	6.24	(104)	6	(49)	(35)
Proportion of associate companies' Result	6.5	(88)	(36)	0	0
Earnings before taxes		**4,310**	**4,375**	**4,467**	**4,337**
Income tax	6.25	(1,990)	(863)	(1,991)	(857)
Earnings after taxes		**2,320**	**3,512**	**2,476**	**3,480**
Allocated to :					
-Shareholders of the parent		2,322	3,499	2,476	3,480
-Non-controlling interests		(2)	13	0	0
		2,320	**3,512**	**2,476**	**3,480**
Basic Earnings per share that correspond to the parent's shareholders (Euro per share)	6.30	0.1981	0.2985	0.2112	0.2970

The accompanying notes constitute an inseparable part of these financial statements.

Statement of comprehensive income

	GROUP		COMPANY	
Continuing Operatings	**1/1-31/12/2013**	**1/1-31/12/2012**	**1/1-31/12/2013**	**1/1-31/12/2012**
Earnings after taxes	**2,320**	**3,512**	**2,476**	**3,480**
Other comprehensive income				
Amounts which may be transferred into the results				
Foreign exchange differences from consolidation of foreign subsidiaries	66	51	0	0
Hedging of cash flow risk	0	(5)	0	(5)
Other comprehensive income after taxes	**66**	**46**	**0**	**(5)**
Total comprehensive income after taxes	**2,385**	**3,558**	**2,476**	**3,475**
Allocated to :				
-Shareholders of the parent	2,388	3,531	2,476	3,475
-Non-controlling interests	(2)	27	0	0
	2,385	**3,558**	**2,476**	**3,475**

The accompanying notes constitute an inseparable part of these financial statements.

Amounts in thousand euro

Consolidated statement of changes in equity

GROUP

	Attributed to shareholders of the parent							
	Share Capital	**Share premium**	**Reserves**	**FX differences from consolidation**	**Retained Earnings**	**Total**	**Non-controlling interests**	**Total Equity**
Balance as at January 1st 2012	**6,094**	**8,590**	**13,799**	**(72)**	**11,871**	**40,282**	**132**	**40,414**
Change in Equity								
Total comprehensive income after taxes	0	0	(5)	38	3,499	3,531	27	3,558
Distributed dividends	0	0	0	0	0	0	0	0
Transfer to Reserves	0	0	195	0	(195)	0	0	
Share capital increase	1,172	(1,172)	0	0	0	0	0	
Share capital decrease	(1,055)	0	0	0	0	(1,055)	0	(1,055)
Transfer of amortization of grants of L. 3299/04	0	0	490	0	(490)	0	0	0
Balance of Equity as at 31/12/2012	**6,212**	**7,418**	**14,479**	**(35)**	**14,685**	**42,758**	**158**	**42,917**
Effect due to change in policy (note 6.31)	0	0	0	0	(86)	(86)	0	(86)
Balance of Equity as at 31/12/12 adjusted	**6,212**	**7,418**	**14,479**	**(35)**	**14,600**	**42,673**	**158**	**42,831**
Change in Equity								
Total comprehensive income after taxes	0	0	0	66	2,322	2,388	(2)	2,385
Distributed dividends	0	0	0	0	0	0	0	0
Transfer to Reserves	0	0	174	0	(174)	0	0	0
Share capital increase (Note 6.11)	1,172	(1,172)	0	0	0	0	0	0
Share capital decrease (Note 6.11)	(1,055)	0	0	0	0	(1,055)	0	(1,055)
Share capital increase of subsidiary (Note 6.4)	0	0	(16)	0	0	(16)	(69)	(85)
Transfer of amortization of grants of L. 3299/04	0	0	441	0	(441)	0	0	0
Balance of Equity as at 31/12/2013	**6,329**	**6,246**	**15,078**	**31**	**16,306**	**43,990**	**87**	**44,077**

The accompanying notes constitute an inseparable part of these financial statements.

Amounts in thousand euro

Statement of changes in Parent Company's equity

COMPANY

	Share Capital	Share premium	Reserves	Retained Earnings	Total
Balance as at January 1st 2012	**6,094**	**8,590**	**13,672**	**12,260**	**40,616**
Change in Equity					
Total comprehensive income after taxes	0	0	(5)	3,480	3,475
Distributed dividends	0	0	0	0	0
Transfer to Reserves	0	0	193	(193)	0
Share capital increase	1,172	(1,172)	0	0	0
Share capital decrease	(1,055)	0	0	0	(1,055)
Transfer of amortization of grants of L. 3299/04	0	0	490	(490)	0
Balance of Equity as at 31/12/2012	**6,212**	**7,418**	**14,350**	**15,057**	**43,036**
Effect due to change in policy (note 6.31)	0	0	0	(86)	(86)
Balance of Equity as at 31/12/12 adjusted	**6,212**	**7,418**	**14,350**	**14,971**	**42,951**
Change in Equity					
Total comprehensive income after taxes	0	0	0	2,476	2,476
Distributed dividends	0	0	0	0	0
Transfer to Reserves	0	0	174	(174)	0
Share capital increase (Note 6.11)	1,172	(1,172)	0	0	0
Share capital decrease (Note 6.11)	(1,055)	0	0	0	(1,055)
Transfer of amortization of grants of L. 3299/04	0	0	441	(441)	0
Balance of Equity as at 31/12/2013	**6,329**	**6,246**	**14,966**	**16,832**	**44,371**

The accompanying notes constitute an inseparable part of these financial statements.

Amounts in thousand euro

Statement of cash flows

	GROUP		COMPANY	
	1/1-31/12/2013	1/1-31/12/2012	1/1-31/12/2013	1/1-31/12/2012
Cash flows from operating activities				
Earnings before taxes	**4,310**	**4,375**	**4,467**	**4,337**
Adjustments on Earnings for:				
Depreciation of tangible assets	3,248	3,192	3,185	3,125
Amortization of intangible assets	134	126	134	126
Impairment	86	100	86	100
Provisions	(62)	(87)	(62)	(85)
Foreign exchange differences	102	51	47	51
Profit/(Loss) from the sale of tangible assets	3	(33)	3	(33)
Interest income	(280)	(116)	(280)	(116)
Interest expenses	596	503	579	484
Income from dividends	0	0	0	0
Amortization of grants	(543)	(569)	(543)	(569)
Other results from investment activity	0	(5)	0	(5)
Share of results in related companies	88	36	0	0
Total adjustments on Earnings for Cash Flows	**3,372**	**3,198**	**3,149**	**3,078**
	7,682	**7,573**	**7,616**	**7,415**
Working capital changes				
(Increase) / decrease of inventories	(931)	(191)	(565)	(102)
(Increase) / decrease of receivables	923	(1,630)	440	(1,516)
Increase/ (decrease) of liabilities	(1,857)	2,873	(1,734)	2,973
	(1,865)	***1,052***	***(1,859)***	***1,355***
Cash flows from operating activities	**5,817**	**8,625**	**5,757**	**8,769**
minus: Income tax paid	(677)	(489)	(673)	(483)
Net cash flows from operating activities	**5,140**	**8,136**	**5,084**	**8,287**
Cash flows from investment activities				
Acquisition of subsidiaries, associates, joint ventures and other investments	0	(73)	0	(73)
Purchases of tangible fixed assets	(2,327)	(2,205)	(1,467)	(2,205)
Purchases of intangible assets	(577)	(213)	(577)	(213)
Sales of tangible fixed assets	1	36	1	36
Interest received	280	116	280	116
Share capital increase of subsidiary	0	0	(3,460)	0
Net cash flows from investment activities	**(2,622)**	**(2,339)**	**(5,223)**	**(2,338)**
Cash flows from financing activities				
Share capital return	(1,055)	(1,053)	(1,055)	(1,053)
Loans received	3,500	188	3,500	0
Payment of loans	(1,605)	(1,442)	(1,514)	(1,383)
Interest paid	(596)	(503)	(579)	(484)
Inflows from government grants	963	276	963	276
Net Cash flows from financing activities	**1,208**	**(2,534)**	**1,315**	**(2,644)**
Net (decrease)/ increase in cash and cash equivalents	**3,726**	**3,263**	**1,176**	**3,305**
Cash and cash equivalents at the beginning of the period	11,083	7,806	10,968	7,664
Effect from foreign exchange differences	57	15	0	0
Cash and cash equivalents at the end of the period	**14,866**	**11,083**	**12,144**	**10,968**

The accompanying notes constitute an inseparable part of these financial statements.

Amounts in thousand euro

1. General Information on the Company and Group

The Group operates in the sector of producing flexible plastic packaging items mainly for the food industry but also for other advanced special applications.
The Company "FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY" specifically is active in the production of flexible plastic packaging materials that broadly appeal to many sectors, the main of which are the food packaging sector. The Company has developed advanced know-how in the production of multiple layer packing films, holding the leading position in the Greek market as the competition comes from a limited number of companies that are active abroad.
The Company was initially established as a General Partnership in 1979 in Koropi Attica. In 1998 it is converted from a General Partnership to a Société Anonyme, its current form, under the corporate name "FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY", according to L. 1297/1972 and C.L. 2190/1920 (Gov. Gazette11/5.1.1989, S.A. and L.T.D. issue). The company's base (constitutive and administrative) is located at the Municipality of Koropi Attica, at the position Tzima (Postal Code 194 00, tel.: + 30 210 6680000) and is registered in the General Commercial Registrar with GEMI number 582101000. Its duration has been set to 50 years, namely until 2038.

The company's building facilities are located at the Tzima position in Koropi Attica, in two self-owned plots with a total area of 19,695 sq. m. The total useful area of the building facilities amounts to 16,000 sq. m.
From September 19th 1995 the Company operates and is a holder of the ISO 9001 quality assurance certificate with No. 106563 for research, development, production, distribution and technical support of its products. The aforementioned certificate has been granted to the Company from the company Bureau Veritas Quality International.
Furthermore, in April 2003 the Company was certified with the new hygiene standard, the British Retail Consortium (BRC). This standard – with pan European recognition – introduces very high hygiene, products security and quality demands.
The Company's shares are listed and traded on the Athens Exchange from April 1996.

2. Basis for the preparation of the financial statements

The consolidated and individual financial statements of FLEXOPACK PLASTICS SA of December 31st 2013 covering the period from January 1st up to December 31st 2013 have been prepared in accordance with the International Financial Reporting Standards (IFRS), as such have been adopted by the European Union.
Also, the financial statements have been prepared based on the historic cost principle and the going concern principle.
The consolidated financial statements of the Company include the financial statements of the parent Company FLEXOPACK PLASTICS SA, as well as those of its subsidiaries FESCOPACK Sp.zo.o and FLEXOSYSTEMS Ltd Belgrade, on which FLEXOPACK SA exercises control. (The Group).
The financial statements are expressed in thousand euro.
It is noted that any differences in summations of the accompanying financial statements and analysis are due to rounding.
The accounting principles, based on which the accompanying financial statements have been prepared and which the Group applies systematically, are consistent with those applied in the previous financial year.

The Group applies for the first time the IAS 19 "Employee Benefits" whose application is mandatory from 1 January 2013 and also requires retroactive application. The nature of changes and their effect is disclosed in note 6.31.

2.1 Significant accounting judgments, estimations and assumptions

The preparation of financial statements according to IFRS requires management to make decisions, perform estimations and use assumptions that affect the amounts presented in the financial statements, the assets, liabilities, as well as the disclosure of contingent assets and liabilities during the preparation date of the financial statements and the published income and expenses amounts for the reporting period. The actual results may differ from such estimations.

Estimations and judgments by the Management are continuously evaluated and are based on empirical data and other factors, such as expectations for future events considered probable under specific conditions.

Specific amounts which are included or affect the financial statements, and the relevant disclosures, must be estimated. During the estimations, assumptions must be created as regards to the values or conditions that cannon be known with certainty during the preparation period of the financial statements. An important accounting estimation is considered as one that is important for the depiction of the company's financial position and results and demands the most difficult, subjective or complicated judgments by management, often as a result of the need to create estimations regarding the effect of assumptions which are uncertain. The Group evaluates such estimations on a constant basis, based on the results of the past and based on experience, meetings with specialists, trends and other methods that are considered appropriate under the specific circumstances.

The significant accounting judgments, estimations and assumptions that refer to data, the evolution of which could affect the financial statements' accounts, are the following.

Income taxes of tax un-audited fiscal years

The provision for income tax, according to IAS 12, is calculated by estimating the taxes that will be paid to the tax authorities and includes the current income tax for each fiscal year.

For fiscal year 2011 and onwards, Greek Société Anonyme Companies and Limited Liability Companies whose annual financial statements must be audited, are obliged to receive an "Annual Tax Certificate" in accordance with par. 5 of article 82 of L.2238/1994, which is issued after a tax audit conducted by the same Legal Auditor or audit firm that audits the annual financial statements. After the tax audit is completed, the Legal Auditor or audit firm issues a "Tax Compliance Report" for the company and subsequently the Legal Auditor or audit firm submits such electronically to the Ministry of Finance the latest ten days after the final approval date of the company's financial statements by the General Meeting of Shareholders. The Ministry of Finance will select a sample of companies representing at least 9% of the total to be audited by the relevant audit services of the Ministry. This audit must be completed in a period not longer than eighteen months from the date the "Tax Compliance Report" was submitted to the Ministry.

Estimated impairment of goodwill

The Group annually reviews the impairment of goodwill, when events or conditions indicate possible impairment. The recoverable amounts of cash flow generating units are set based on estimations of the value in use. Additional information is provided in paragraph 3.4.

Useful life of tangible fixed assets

The Management makes certain estimations regarding the useful life of depreciated fixed assets. For more information see paragraph 3.3.

Provisions

Doubtful accounts are presented with the amounts likely to be recovered. When it is known that a specific account is subject to a larger risk than the normal credit risk, then the account is analyzed and is registered as doubtful if conditions indicate that the receivable is non-collectable.

2.2 New accounting standards, interpretations and amendment of existing standards

The International Accounting Standards Board (IASB) as well as the International Financial Reporting Interpretation Committee (IFRIC), have already issued a series of new accounting standards and interpretations, while they have also revised previous standards, which are mandatory for accounting periods beginning from financial year 2013 or after.

The Company's assessment regarding the effect from the application of the new standards and interpretations on the financial statements of the Group and Company, is presented below.

a) The following standards, amendments and interpretations of the International Financial Reporting Standards are applicable to the Company in financial years beginning on or after January 1, 2013:

• *IAS 1 (Amendment) "Presentation of Financial Statements".* This amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether they are likely, in the future, to be transferred to the income statement or not. The Group has applied this amendment from January 1, 2013.

• *IAS 19 (Amendment) "Employee Benefits".* This amendment brings significant changes to the recognition and measurement of the cost of defined benefit plans and post-employment benefit plans (abolition of the margin method), and the disclosure of all those benefits to employees. The main changes relate to the recognition of actuarial gains and losses, the recognition of past experience/curtailment cost, the measurement of pension expenses, the required disclosures, the handling of expenses and taxes related to defined benefit plans, as well as the distinction between short and long-term benefits. The Group has adopted certain amendments from January 1, 2013 adjusting the comparative figures of the fiscal year 2012.

• *IAS 32 (Amendment) "Financial Instruments: Presentation" (effective for annual periods beginning on or after the 1st of January 2014).* This amendment to the application guidelines of IAS 32 provides guidance on some of the requirements for offsetting financial assets and liabilities in the statement of financial position. Currently, the group is evaluating the impact of this change on the financial statements.

• *IAS 36 (Amendment) "Recoverable amount disclosures for non-financial assets" (effective for annual periods beginning on or after the 1st of January 2014).* This amendment requires: a) the disclosure of the recoverable amount of a financial asset or of a cash-generating unit (CGU) when an impairment loss has been recognized or reversed and b) detailed disclosures about the assessment of the fair value less the selling cost, when an impairment loss has been recognized or reversed. It also removes the requirement to disclose recoverable value when a CGU contains goodwill or other intangible assets with an indefinite useful life and there is no impairment. Currently, the group is evaluating the impact of this change on the financial statements.

• *IAS 39 (Amendment) "Financial Instruments: Recognition and Measurement" (effective for annual periods beginning on or after the 1st of January 2014.)* This amendment allows for the continuation of hedge accounting when a derivative that is designated as a hedging instrument is legally novated, in order to be cleared by a central counterparty as a result of laws or regulations, provided that certain conditions are met. Currently, the group is evaluating the impact of this change on the financial statements.

• *IFRS 7 (Amendment) "Financial Instruments: Disclosures".* The IASB (International Accounting Standards Board) published this amendment in order to include additional information that will help users of financial statements to evaluate the effect or potential effect of the agreements for settlement of financial assets and liabilities, including the right for offsetting which is associated with recognized financial assets and liabilities, on the financial position of the entity. The amendment is not expected to affect the Financial Statements.

• *IFRS 7 (Amendment) "Financial Instruments: Disclosures" (effective for annual periods beginning on or after the 1st of January 2015).* The amendment requires additional disclosures during the transition from IAS 39 to IFRS 9. The amendment has not yet been adopted by the European Union.

• *IFRS 9 " Financial Instruments" (effective for annual periods beginning on or after the 1st of January 2015).* IFRS 9 constitutes the first phase of the IASB's project to replace IAS 39 and deals with the classification and measurement of financial assets and financial liabilities. The IASB, in subsequent phases of the project, will expand IFRS 9, in order to add new requirements for impairment. The Group is currently assessing the impact of IFRS 9 on its financial statements. IFRS 9 cannot be earlier adopted by the Group because it has not yet been adopted by the European Union. Only once approved by the EU, will the group decide whether to apply IFRS 9 earlier than January 1, 2015.

• *IFRS 9 "Financial Instruments: Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39" (effective for annual periods beginning on or after the 1st of January 2015).*

The IASB issued IFRS 9 Hedge Accounting, the third phase of the project for the replacement of IAS 39, which introduces an approach to hedge accounting based on principles, and addresses inconsistencies and weaknesses in the current model of IAS 39. The second amendment requires to be recognized in other comprehensive income changes in the fair value of a liability of the entity that are attributable to changes in the credit risk of the entity and the third amendment removes the mandatory adoption date of IFRS 9. The amendments have not yet been adopted by the European Union.

• *IFRS 13 " Fair Value Measurement".* IFRS 13 provides new guidance on fair value measurement and disclosure requirements. These requirements do not extend the use of fair values but provide guidance on their application when their use is already required by other standards. IFRS 13 provides a precise definition of fair value and guidance on fair value measurement and disclosure requirements, regardless of the model based on which the fair values are being used. Moreover, the necessary disclosures have been extended and cover all assets and liabilities measured at fair value and not just financial. The amendment is not expected to affect the Financial Statements

• *IFRIC 21 "Contributions" (effective for annual periods beginning on or after the 1st of January 2014).* This interpretation sets out the accounting treatment of a liability for payment of levy imposed by the government, which is not an income tax. This interpretation clarifies that the obligating event based on which the obligation for payment of the levy should be formed (one of the criteria for liability recognition under IAS 37) is the energy as described in the relevant legislation that triggers the payment of the levy. This interpretation results in the recognition of a liability later than when it would be recognized today, particularly in connection with levies that are triggered by circumstances on a specific date. This interpretation has not yet been adopted by the European Union.

• *IAS 19 Revised (Amendment) "Employee Benefits" (effective for annual periods beginning on or after the 1st of July 2014).* This amendment of limited scope applies to employee or third-party contributions in defined benefit plans and simplifies the accounting of contributions when they are independent of the number of years of service, as for example the employee contributions that are calculated based on a fixed percentage of salary. This amendment has not yet been adopted by the European Union.

• **Group of standards on consolidation and joint arrangements (effective for annual periods beginning on or after January 1, 2014)**

The International Accounting Standards Board (IASB) has published five new standards on consolidation and joint arrangements: IFRS 10, IFRS 11, IFRS 12, IAS 27 (Amendment), IAS 28 (Amended). These standards are effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted only if these five standards are applied at the same time. The Group is currently assessing the impact of those new standards on its financial statements. The main provisions are:

- IFRS 10 "Consolidated Financial Statements". IFRS 10 replaces all of the guidelines related to the control and consolidation provided in IAS 27 and SIC 12. The new standard changes the definition of control as the determining factor of deciding whether an entity should be consolidated. The standard provides extensive guidance that addresses the different ways in which an entity (investor) can control another entity (investment). The revised definition of control focuses on the need to have both power (the ability to direct the activities that significantly influence returns) and variable returns (positive, negative or both) so that there exists control. The new standard also provides guidance on equity rights and veto rights (protective rights), as well as on agency/principal relationships.

- *IFRS 11 "Joint Arrangements".* IFRS 11 provides a more realistic reflection of joint arrangements by focusing on the rights and obligations, rather than on their legal form. These types of agreements are limited to two: joint operations and joint ventures. The method of proportionate consolidation is no longer allowed. The participants in joint ventures are obliged to apply consolidation according to the equity method. Entities that participate in joint operations apply accounting treatment similar to that applied currently by participants in jointly controlled assets or jointly controlled operations. The standard also provides guidance on participants in joint arrangements, when there is no joint control.

- IFRS 12 "Disclosure of Interests in Other Entities". IFRS 12 refers to the required disclosures of an entity, including significant judgments and assumptions, which enable users of financial statements to evaluate the nature, risks and financial impact associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated entities. An entity has the ability to provide any or all of the above disclosures without being required to apply IFRS 12 in its entirety, or IFRS 10 or 11 or the amended IAS 27 or 28.

- *IAS 27 (Amendment) "Separate Financial Statements".* This Standard was concurrently published with IFRS 10 and, in combination, these two standards replace IAS 27 "Consolidated and Separate Financial Statements". The amended IAS 27 defines the accounting treatment and disclosure requirements with regards to interests in subsidiaries, joint ventures and associates, when an entity prepares separate financial statements. At the same time, the Board copied to IAS 27 requirements of IAS 28 "Investments in Associates" and IAS 31 "Interests in Joint Ventures" regarding separate financial statements.

- IAS 28 (Amendment) "Investments in Associates and Joint Ventures". IAS 28 "Investments in Associates and Joint Ventures" replaces IAS 28 "Investments in Associates". The objective of this Standard is to define the accounting treatment of investments in associates and to set out the requirements for the application of the equity method according to the accounting for investments in associates and joint ventures, as provided by the publication of IFRS 11.

- IFRS 10, IFRS 11 and IFRS 12 (Amendment) "Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance" (effective for annual periods beginning on or after the 1st of January 2014). The amendment to the transition guidance of IFRS 10, 11 and 12 provides guidelines on the transition guidance to IFRS 10 and limits the requirements for providing comparative information in the disclosures of IFRS 12 only for the period immediately preceding the first annual period in which it is applicable.

IFRS 12. Comparative information for disclosures relating to interests in unconsolidated entities (structured entities) is not required.

- IFRS 10, IFRS 12 and IAS 27 (Amendment) " Investment Companies " (effective for annual periods beginning on or after the 1st of January of 2014). The amendment of IFRS 10 defines an investment company and cites the case in which the subsidiaries may be excluded from consolidation. Many investment funds and similar companies that meet the definition of investment companies may not consolidate most of their subsidiaries, although control is exercised, and account for them as investments at fair value through their results. The amendments to IFRS 12 introduce disclosures necessary for an investment company to provide.

• Amendments to standards that constitute part of the annual improvements project of the IASB for 2011. The following amendments describe the key changes to IFRS as a consequence of the results of the annual improvements project of the IASB published in May 2012. These amendments are effective for annual periods beginning on or after the 1st of January 1, 2013.

- IAS 1 "Presentation of financial statements'. The amendment provides guidance on disclosure requirements for comparative information when an entity prepares an additional balance sheet either (a) pursuant to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" or (b) voluntarily

- *IAS 16 "Property, Plant and equipment".* The amendment clarifies that spare parts and other maintenance equipment are classified as assets and not as inventory, where they meet the definition of property, i.e. when they are used for more than one periods.

- IAS 32 "Financial Instruments: Presentation". The amendment clarifies that the income tax associated with the distribution of profits is recognized in results, while income tax related to the transaction costs of the components of equity is recognized directly in equity, in accordance with IAS 12.

- *IAS 34 "Interim Financial Reporting".* The amendment provides guidance on disclosure requirements for assets and liabilities of operating segments in interim financial statements, as required by IFRS 8 "Operating Segments".

• Annual Improvements to IFRS 2012 (effective for annual periods beginning on or after the 1st of July 2014).

The following amendments describe the major changes involved in seven IFRS as a consequence of the results of the 2010-12 cycle of annual improvements project of the IASB. These changes have not yet been adopted by the European Union.

- *IFRS 2 "Share-based payment".* The amendment clarifies the definition of the "vesting condition" and discretely states the terms 'performance' and 'service'.
- *IFRS 3 "Business Combinations"*. The amendment clarifies that the liability for contingent consideration which meets the definition of a financial asset is classified as a financial liability or equity item based on the definitions in IAS 32 "Financial Instruments: Presentation". It also clarifies that any contingent consideration, financial and non-financial, that is not an item of the equity, is measured at fair value through profit or loss results.
- *IFRS 8 "Operating Segments".* The amendment requires disclosure of estimates made by management regarding the aggregation of operating segments.
- *IFRS 13 "Fair Value Measurement".* The amendment clarifies that the standard does not preclude the possibility of measuring short-term assets and liabilities in the amounts of invoices in cases where the effect of discounting is insignificant.
- *IAS 16 "Property, Plant and equipment"* and *IAS 38 "Intangible Assets".* Both standards have been amended in order to clarify the way we treat the gross carrying amount of the asset and the accumulated depreciation when an entity follows the revaluation method.
- *IAS 24 "Related Party Disclosures".* The model was modified in order to include as a related party, a company that provides basic management services to the entity or the parent entity.

• Annual Improvements to IFRS 2013 (effective for annual periods beginning on or after the 1st of July 2014).

The following amendments describe the major changes involved in four IFRS due to the results of the 2011-13 cycle of annual improvements project of the IASB. These changes have not yet been adopted by the European Union.

- IFRS 3 "Business Combinations". The amendment clarifies that IFRS 3 is not applicable to the accounting of the formation of any joint activity basis of IFRS 11 on the financial statements of the same joint activity.
- IFRS 13 "Fair Value Measurement". The amendment clarifies that the exemption provided by IFRS 13 for a portfolio of financial assets and liabilities ('portfolio exception') applies to all contracts (including non-financial contracts) within this scope of applying IAS 39/IFRS9.
- *IAS 40 "Investment Property". The standard has been amended in order to clarify that IAS 40 and IFRS 3 are not mutually exclusive.*
- IFRS 1 "First time adoption of International Financial Reporting Standards". The amendment clarifies that an entity that adopts IFRS, for the first time, may follow either the previous or the new version of a revised standard, when earlier adoption is allowed.

b) The following amendments and interpretations to existing standards are mandatory for the preparation of the financial statements of the Group for the accounting periods beginning on or after the 1st of January 2013 but are not yet effective for the Group:

• IAS 12 (Amendment) "Income Taxes" relating to investment property measured using the fair value method.
• IFRIC 20 " Expenses disclosure in the productive phase of a surface mine". Applies only to expenses related to works on surface mining pit.
• IFRS 1 (Amendment) "Government loans". The amendment allows the entities that apply IFRS for the first time and have received government loans at a preferential rate, the non- retroactive application of IFRS in the depiction of these loans at the date of transition.

3. Basic accounting principles

The accounting principles based on which the accompanying financial statements have been prepared, and which are consistently applied by the Group, are presented as follows.

3.1 Consolidation

Subsidiaries

All companies that are managed or controlled, directly or indirectly, by another company (parent) either through the holding of majority voting rights in the undertaking or, in the case where there is no majority shareholding, through agreement of the Company with the other shareholders in the undertaking. That is to say that subsidiaries are companies in which control is exercised by the parent. Subsidiaries are consolidated completely (full consolidation) with the purchase method from the date that control over them is acquired and cease to be consolidated from the date that this control no longer exists.
The acquisition cost of a subsidiary is the fair value of the assets given as consideration, the shares issued and the liabilities undertaken on the date of the acquisition plus any costs directly associated with the transaction. The acquisition cost over and above the fair value of the individual assets acquired is booked as goodwill. If the total cost of the acquisition is lower than the fair value of the individual assets acquired, the difference is immediately booked directly in the results.
Inter-company transactions, balances and unrealized profits from transactions between Group companies are written-off. Unrealized losses are also eliminated except if the transaction provides indication of impairment of the transferred asset.
The participations in subsidiaries, are measured at acquisition cost minus any impairment losses in the Company's financial statements.
The accounting principles of subsidiaries have been adjusted when deemed necessary in order to ensure consistency with the accounting principles adopted by the Group. The preparation date of the financial statements of subsidiaries coincides with that of the parent Company.
Non-controlling interests represents the percentage of profit or loss and equity that don't correspond to the Group and are presented separately in the consolidated income statements as well as in a separate line in equity in the consolidated of financial position.

Associate companies

Associates are companies on which the Group can exercise significant influence but not control. The assumptions used by the group imply that a holding of between 20% and 50% of a company's voting rights suggests significant influence on the company. In the financial statements of the Company, investments in associates are measured at acquisition cost minus impairment losses, while in the consolidated financial statements associates are consolidated with the equity method.
The Group's share in the profit or losses of associate companies after the acquisition is recognized in the results, while the share of changes in reserves after the acquisition is recognized in reserves. When the Group's share in the losses of an associate is equal or larger than its participation in the associate, including any other doubtful debts, the Group does not recognize any further losses, except if it has covered liabilities or made payments on behalf of the associate company.
Unrealized profits from transactions between the Group and its associates are eliminated according to the percentage of the Group's holding in the associates. The accounting principles of the associates have been amended so as to conform with those adopted by the Group.

3.1.1 Group Structure and consolidation method

The Group's companies with the respective addresses, and percentages by which the Group participates in their share capital, as well as the respective consolidation method in the consolidated financial statements, are presented below.

Name	Domicile	Activity	Participation % 31/12/2013	Participation % 31/12/2012	Type of Participation	Relationship that dictated the consolidation	Year of Acquisition
Full Consolidation Method							
FLEXOPACK SA	Koropi - Attica		Parent				
FESCOPACK Sp. zo.o	Malbork Poland	Production of Flexible plastic packaging	97.86	75.00	Direct	The participation percentage	2007
FLEXOSYSTEMS LTD BELGRADE	Serbia	Trade of Flexible plastic packaging	100.00	100.00	Direct	The participation percentage	2010
Equity Consolidation Method							
VLAHOU BROS SA PRODUCTION OF PACKAGING - TRADE - REPRESENTATIONS	Koropi - Attica	Production of Flexible plastic packaging	47.71	47.71	Direct		2001
INOVA SA PLASTICS AND IRON	Thiva	Production of Rigid plastic packaging	50.00	50.00	Direct		2001

It is noted that the parent Company does not exercise control on the associate companies "INOVA SA PLASTICS" and "VLAHOU BROS SA", and therefore such are consolidated with the equity method.

3.2 Operation and presentation currency and foreign currency translation

Euro is the Group's and Company's presentation and operation currency. Foreign exchange transactions are translated to euro based on the exchange rates in effect at the transaction dates. At the date when the financial statements are prepared, receivables and liabilities in foreign currency are translated in order to reflect the foreign exchange rates at the balance sheet date.

Profit and losses deriving from transactions in foreign currencies as well as from the valuation of foreign currency units at the end of the year are included in the income statement, with the exclusion of transactions that fulfill the conditions of cash flow hedging, which are depicted in the statement of comprehensive income.

The operating currency of the foreign subsidiaries is the official currency of the country which each company operates in. For foreign subsidiaries which do not operate in the euro area, the conversion of their financial statements will be as follows.

Assets and liabilities are translated with the exchange rates in effect during the date of the statement of financial position.

Equity is translated with the exchange rates in effect during the dates when such resulted.

Amounts in thousand euro

Income and expenses are translated with the average exchange rate during the period. The resulting foreign exchange differences from the above translation are registered in the statement of comprehensive income until the sale, write-off of a subsidiary, when such are transferred to the results.

3.3 Tangible fixed assets

Tangible fixed assets are reported in the financial statements at acquisition cost, less accumulated depreciations and any accumulated impairment losses. The acquisition cost includes all the directly attributable expenses for the acquisition of the assets.
Subsequent expenditure is added to the carrying value of the assets or is booked as a separate asset only if it is probable that future economic benefits will flow to the Group and their cost can be accurately measured.
The cost of repairs and maintenance is booked in the results when such are realized.
Tangible assets under construction include fixed assets under construction and are presented at cost.
Tangible assets under construction are not depreciated until the asset is completed and ready for its intended productive operation.
Land is not depreciated. Depreciation of other tangible fixed assets is calculated using the straight line method over their useful lives, as follows:

- Buildings: Up to 50 years
- Mechanical equipment: 8-15 years
- Vehicles: 5-10 years
- Other equipment: 3-7 years

Upon sale of tangible fixed assets, any difference between the proceeds and the carrying value are booked as profit or loss in the results.

3.4 Goodwill

Goodwill is the difference between acquisition cost and the net assets that were acquired during the acquisition date. The resulting acquisition expenses are accounted for in expenses. The Company during the acquisition date recognizes the goodwill that resulted from the acquisition, presenting such as an asset at cost. Following initial recognition, goodwill is valued at cost less the cumulative losses due to impairment. Goodwill is not amortized however it is reviewed annually for any impairment, or even more frequently if there are events that indicate loss. Impairment losses related to goodwill cannot be reversed in subsequent periods.
In the case where the fair value of equity during the acquisition date of a company is larger than the price paid for its acquisition then a negative goodwill (income) is recorded directly as income in the income statement.

3.5 Intangible assets

Intangible assets are presented in the financial statements at acquisition cost minus accumulated amortization and any accumulated impairment losses.
Amortization is calculated with the straight line method through the duration of their useful economic life.
Intangible assets comprise know-how rights, patents, cost for the development of new products and software licenses.
a) Know-how rights concern the purchase of a patent right and of all the applications of the patent of the patent right group based on the "multiple layer heat-shrinkable packing film", with all the rights and obligations stemming thereof. The initial recognition of the intangible asset has been done at cost (contractual consideration for purchase) which is reduced on an annual basis through amortization. The

useful life of the intangible asset has been estimated by the Management to be 20 years. It is noted that this right may become the object of a trade in the future.

b) Cost for the development of patents related to various products such as multiple-layer packing film, which are exported to various countries and amortized based on their useful life as this is estimated by Management at 20 years. The initial recognition is made at acquisition cost which is reduced annually through amortization.

c) Expenses related directly to research, which includes the cost of raw materials used. The cost of in-house research of products is recognized as an intangible asset. Until the completion of the research, assets are subject to impairment reviews. Amortization begins with the completion of the asset and is calculated based on the straight line method. The useful life of the above intangibles is estimated by Management at 10-20 years.

The expenses related to research activities are recognized as expenses during the period. Expenses realized during the research phase of a new product are recognized as intangible assets if the following are met:

• the technical viability of the under development product for internal use or sale may be proven.

• the intangible asset will create potential future benefits from the internal use or sale.

• there are adequate and available technical, economic and other resources for the completion of its development and

• the value of intangible asset may be reliably estimated.

d) Software: Software licenses are valued at acquisition cost less amortization. Amortization is effected using the straight line method throughout the useful life of these assets which ranges from 1 to 10 years.

3.6 Impairment of Assets

The Group examines at each balance sheet date whether and to what extent there are indications that the value of an asset may be impaired. Apart from goodwill and intangible assets with an indefinite economic life, which are reviewed for impairment annually, the carrying values of other assets are subject to an impairment review when events or changing conditions imply that their carrying value may not be recoverable. The impairment loss of an asset is recorded as an expense in the income statement when the net book value of the asset is higher than its recoverable value. The recoverable value is defined as the highest between the fair value less the cost of sale and the value in use of the asset. Fair value less the cost of sale is the amount that can be received from the sale of an asset in the context of a bilateral agreement where both parties have full knowledge and proceed on their own will, after the deduction of any additional direct cost for the sale of the asset. Value in use is the present value of the estimated future cash flows expected to be generated as result of the asset's constant use and sale at the end of its useful life. For the purposes of determining the impairment, assets are grouped at the lowest possible level for which separate cash flows can be determined.

3.7 Trade receivables

Short term receivables accounts are presented at their nominal value following provisions for any non receivable balances, whereas long term receivables (balances beyond the year) are valued at net book cost with the effective interest rate method.

Provision for doubtful receivables is recorded when the Company is not likely to receive the aggregate amount due. The balance of the particular provision for doubtful receivables is adjusted accordingly in the balance sheet closing date of each year in order to reflect any possible relevant risks. Every deletion of customer balances is debited against the existing provision for doubtful receivables. The Group's policy is not to delete any customer receivable until all possible legal measures have been taken in order to receive the payment.

The provision amount is recorded as expense in other operating expenses in the income statement.

3.8 Inventories

Inventories include raw and auxiliary materials, packaging items, consumables, spare parts, finished and semi-finished products and merchandise.
The cost of inventories includes all the purchasing and manufacturing expenses as well as the expenses that were realized in order to render the inventory at its current position and condition. The cost of inventories does not include financial expenses.
At the balance sheet date, inventories are valued at the lower of acquisition cost and net realizable value. Net realizable value is the estimated sales price during the normal course of business of the company less any relevant sales expenses.
The cost of inventories is defined by the weighted average cost method.

3.9 Financial assets:

Financial assets that fall under the provisions of IAS 39 are classified according to their nature and features in one of the following four categories:
- Financial assets at fair value through results,
- Receivables and loans,
- Investments held to maturity, and
- Investments available for sale

These financial assets are initially recognized at acquisition cost which usually represents fair value.
The classification of the above financial assets is implemented after the initial recognition and whenever possible, is reviewed and adjusted on an interim basis.

(i) Financial assets or liabilities at fair value through profit of loss

a) Such are held for trading and are expected to be sold in the immediate future, b) Such also include derivative assets unless such are defined as hedging instruments. Profit or losses from the valuation of particular items are recorded in the results.
The Group did not hold such type of investments at the balance sheet date.

(ii) Receivables and loans

Receivables and loans created from the Group's activity, are valued at net book cost with the effective interest method. Profit and losses are recorded in the results when the relevant items are deleted or impaired.

(iii) Financial assets held to maturity

Financial assets with determined flows and predetermined maturity are classified as held to maturity when the Group intends and has the ability to hold such until maturity. Financial assets held for an indefinite or undetermined period cannot be classified in this category. Financial assets held to maturity, after initial recognition, are valued at net book cost based on the effective interest rate method. Profit and losses are recorded in the income statement when the relevant items are deleted or impaired.
The Group did not hold such type of investments at the balance sheet date.

(iv) Financial assets available for sale

Financial assets that cannot be classified in any of the above categories are characterized and classified as assets available for sale. Following initial recognition, financial assets available for sale are valued at fair

value and the resulting changes in fair value are directly recorded in a reserve (equity). Upon sale or write-off or impairment of the investment, the cumulative profit and losses are recorded in the results.
The fair value of financial assets that are traded on organized markets results from the market value of the investment during the end of the reporting period. With regard to financial assets not traded in an active market, the fair value is calculated with relevant valuation techniques. Such techniques are based on recent bilateral transactions of similar investments with reference to the market value of another investment with similar characteristics with the ones of the investment which is to be valued, discounted cash flow analysis and other investment valuation models.
As of the balance sheet date, the Group did not hold any such type of investments.

3.10 Financial Derivatives

All financial derivatives are initially recorded at fair value during the settlement date and subsequently are valued at fair value. Changes in fair value are recorded in the results unless hedge accounting is applied. The fair value of financial derivatives is defined by the price of such in an active market, or by using valuation techniques in cases where there is no active market for such instruments.

3.11 Cash & cash equivalents

Cash and cash equivalents include cash in the bank and in hand as well as short term time deposits. Cash & cash equivalents have negligible market risk.

3.12 Share capital

The share capital depicts the nominal value of the common shares issued and outstanding. The price paid above nominal value per share is recorded in the account "Share Premium" in Equity. Direct expenses paid for the issuance of new shares or rights are recorded in equity as a deduction from the amounts of the issue.

3.13 Loans

Loans are initially recognized at cost, namely at the fair value of the amount received, less any possible direct costs for the realization of the transaction. Subsequently, loans are valued at net book cost based on the effective interest rate method. The borrowing cost is recognized in the results of the period when such is realized.
Borrowing cost that is directly linked to the purchase or construction of an asset, which requires a significant period in order to render such ready for use, is capitalized as part of the asset's acquisition cost. From the beginning of the fixed asset's production operation and after, the loan's interest are charged in the results.
Loan liabilities are classified as short-term except for the cases where the Group has the right to postpone the payment of the liability for at least 12 months after the balance sheet date.

3.14 Income tax (Current and deferred)

The period charge for income tax consists of current tax and deferred tax, i.e. the tax charges or tax credits that are associated with economic benefits accruing in the period but which have been or will be assessed by the tax authorities in different periods.
Current income tax is calculated based on the tax balance sheets of each company included in the financial statements according to the tax law which is in effect in Greece or other tax regimes which foreign subsidiaries operate in. The expense for the current income tax includes the income tax resulting from the earnings of each consolidated company, as it is revised in its tax statements, as well as provisions for

additional taxes and surcharges for non tax audited years. It is based on the legally effective tax rates as of the balance sheet date.

Deferred income tax is determined according to the liability method which results from the temporary differences between the book value and the tax base of assets and liabilities.

Deferred tax assets and liabilities are valued based on the tax rates that are expected to be in effect during the period in which the asset or liability will be settled, taking into consideration the tax rates (and tax laws) that have been put into effect or are essentially in effect up during the balance sheet date.

Deferred tax assets are recognized to the extent that there will be a future tax profit to be set against the temporary difference that creates the deferred tax asset.

3.15 Employee benefits

Short-term benefits

Short-term employee benefits (except post-employment benefits) monetary and in kind are recognized as an expense when they accrue. Any unpaid amount is booked as a liability, while in the case where the amount paid exceeds the amount of services rendered, the company recognizes the excess amount as an asset (prepaid expense) only to the extent that the prepayment will lead to a reduction of future payments or to reimbursement.

Post-employment Benefits

According to Law 2112/20, the Company pays to employees compensation as a lump sum due to retirement or dismissal. The level of the paid indemnity depends on the years of service, the level of remuneration and whether it is due to retirement or dismissal.

In Greece, the indemnity payable in the case of retirement equals with 40% of the indemnity that would be payable in case of dismissal.

The relevant liability for employee indemnities recorded in the balance sheet is the present value of the commitment for the defined benefit less the changes deriving from the non recognized actuarial profit and loss and the service cost. The commitment for the defined benefit is calculated by an independent actuarial officer with the use of the projected unit credit method. The liability is defined by taking into consideration several parameters such as age, service years, salary and specific obligations for paid benefits.

The provisions corresponding to the current financial year are recorded in the income statement.

Apart from the above, the Company and Group do not have legal or implied liabilities of long term nature towards employees.

3.16 Government Grants

The Group recognizes the government grants that cumulatively satisfy the following criteria: (a) There is reasonable certainty that the company has complied or will comply with the conditions of the grant and (b) it is certain that the amount of the grant will be received. They are booked at fair value and are systematically recognized as revenue according to the principle of matching the grants with the corresponding costs that they are subsidizing.

Grants that relate to assets are included in long-term liabilities as deferred income and are recognized systematically and rationally as revenue over the useful life of the fixed asset.

Amortization of grants is presented in "Other operating income" in the Income Statement.

3.17 Provisions for contingent claims-liabilities

Provisions are recognized when the Group has present obligations (legal or constructive) as a result of past events, their settlement through an outflow of resources is probable and the exact amount of the obligation can be reliably estimated. Provisions are reviewed at the end of each reporting period so that they may reflect the present value of the outflow that is expected to be required for the settlement of the obligation.

Contingent liabilities are not recognized in the financial statements but are disclosed, except if the probability that there will be an outflow of resources is very small.

Contingent claims are not recognized in the financial statements but are disclosed provided that the inflow of economic benefits is probable.

3.18 Recognition of income

Income includes the fair value of goods and services sold, net of Value Added Tax, discounts and returns. Inter-company income within the Group is eliminated completely. The recognition of income is done as follows:

Income from sales of goods is recognized when the significant risks and benefits emanating from ownership of the goods are transferred to the buyer and the collection of the resulting claim is reasonably assured.

Income from provision of services is recognized according to the completion stage of the services rendered as of the balance sheet date compared to the total services to be provided, and the Company has ensured the receipt of the amounts payable.

Interest income is recognized on a time proportion basis using the effective interest rate.

Income from dividends are recognized upon approval from the appropriate bodies of the companies that distribute them.

3.19 Leases

Operating Leases: Leases where the lessor essentially maintains all benefits and risks emanating from ownership of the asset are classified as operating leases. The lease payments for operating leases are recorded as an expense in the results systematically during the lease period.

Financial Leases: Leases that transfer to the Group essentially all risks and benefits emanating from the leasing of the asset, are capitalized during the start of the lease at the fair value of the leased asset or in case the asset's value is lower, at the present value of the minimum leases. The Company and the Group had no financial leases as of December 31st 2013.

3.20 Dividend distribution

The distribution of dividends to shareholders of the parent Company is recognized as a liability in the financial statements at the date on which the distribution is authorized by the General Shareholders Meeting.

3.21 Earnings per Share

Basic earnings per share are calculated by dividing the year's net earnings corresponding to the common shareholders with the weighted average number of shares outstanding during the same year.

There are no convertible bonds to shares or other securities that may be converted into shares and which would dilute the earnings of the year which the accompanying financial statements refer to, and therefore diluted earnings per share have not been calculated.

4. Segment reporting

The Group is active in the production of flexible plastic film packing materials and its total turnover results from this segment.

Given that the conditions for application of I.F.R.S. 8 "Operating Segments" are not met, and specifically the condition (b) and (c) of paragraph 5 of the Standard are not met, the Group's activities are presented as one segment.
The above conditions define that an operating segment constitutes part of the company: a) for which operating results are reviewed regularly by the "Chief Operating Decision Maker", which corresponds to the parent company's Board of Directors for the Group, in order to make decisions regarding the allocation of resources and to assess its effectiveness and b) for which separate financial information is available.

The geographical allocation of the Group's sales and assets is presented in the following table.

GROUP

1/1-31/12/2013	GREECE	EUROPE	OTHER COUNTRIES	Intra-Group Write-offs	TOTAL
Income from external customers	11,440	26,953	16,174	0	**54,567**
Assets	71,950	6,125	0	(6,143)	**71,932**
Purchases of Fixed Assets	2,044	859	0	0	**2,903**

GROUP

1/1-31/12/2012	GREECE	EUROPE	OTHER COUNTRIES	Intra-Group Write-offs	TOTAL
Income from external customers	12,753	24,804	16,511	0	**54,068**
Assets	68,263	1,966	0	(1,623)	**68,606**
Purchases of Fixed Assets	2,418	0	0	0	**2,418**

Amounts in thousand euro

5. Risk management

Given its exporting activities, the Group operates within an intense competitive global environment. The Group's general activities create several financial risks, including exchange rate risk, interest rate risk, credit and liquidity risk. The Group's overall risk management program focuses on the volatility of financial markets and aims at minimizing the potential adverse effects of such volatility on the financial performance of the Group.

The Group's financial assets and financial liabilities mainly consist of cash & cash equivalents, trade and other receivables, bank loans, as well as liabilities towards suppliers and related liabilities.

The fair values of trade receivables and liabilities, as well as cash & cash equivalents do not differ significantly from their book values.

Also, all of the Group's bank loans are under floating interest rates and therefore their fair values do not differ significantly from their book values.

Risk management is monitored by the finance department and is designed in the context of rules approved by the Board of Directors. The finance department defines and evaluates the financial risks related to the Group's activities and acts accordingly for the management of such, according to specific guidance and instructions received by the Board of Directors to handle each specific risk.

I. The usual Financial risks to which the Group is exposed, are as follows:

A. Exchange rate risk

The Group operates on a global level and realizes transactions in foreign currency, mainly a) in U.S. dollars (U.S.D.) due to the Company's exports and b) in Polish zlotys (PLN) due to the subsidiary Company FESCOPACK Sp.z.o.o which operates in Poland.

The Group's exposure to foreign exchange risk mainly emerges from existing or expected cash flows in foreign currency (exports-imports), as well as from investments in foreign operations whose equity is exposed to exchange rate risk during the translation of their financial statements for consolidation purposes.

The Group's priced sales as at 31/12/2013 in foreign currency represent 11.52% of total sales, from which 3.24% concerned sales in U.S.D., 6.24% sales in PLN and the remaining 2,03% sales in other foreign currencies.

The hedging of part of the foreign exchange risk that emanates from exports in foreign currency (U.S.D.) is applied partly with the use of natural hedging instruments, namely by the maintenance of liabilities towards foreign suppliers in the same currency.

Forwards in foreign currency and foreign exchange futures can be used as well according to the needs.

The Group monitors the movements of the above exchange rates closely. Nevertheless, given the fact that pricings in foreign currency represent a relatively low percentage, exchange rate risk is currently assessed as controlled and not capable to substantially affect the Group's results.

The following table presents the effect on earnings before tax and equity, from a possible 5% change in the euro/dollar and euro/zloty exchange rates on 31/12/2013, compared to the average exchange rate during 2013, with all other variables constant.

Sensitivity Analysis for Foreign Exchange Changes
GROUP

	Foreign currenc	Increase / decrease of foreign currency against €	Effect on earnings before taxes	Effect on equity
Amounts for 2013	USD	5.00%	57	42
		-5.00%	-57	-42
	PLN	5.00%	198	358
		-5.00%	-198	-358
Amounts for 2012	USD	5.00%	60	48
		-5.00%	-60	-48
	PLN	5.00%	130	128
		-5.00%	-130	-128

B. Cash flow risk due to changes in interest rates

The Group's operating income and cash flows are affected by changes in interest rates, particularly following the steep increase in the cost of capital during the past years. However the Group's relatively low level of bank debt and the fact that its cash & cash equivalents exceed total bank debt render this risk as controlled. Therefore this risk is not assessed as capable to affect the Group's activity and development.
The Group's bank debt is linked to floating interest rates.
The Group's long-term loans are linked to predetermined interest rate margins.

The following table presents the changes on the Group's earnings before tax (through the effects of loan balances with a floating interest rate at the end of the year on earnings) from possible interest rate changes compared to the weighted average interest rate for 2013, with all other variables constant.

Sensitivity Analysis of the Group's Loans to Interest Rate Changes

Interest and expenses on received bank loans

GROUP	Interest rate change	Effect on earnings before taxes	Effect on equity
Amounts for 2013	1%	-104	-77
	-1%	104	77
Amounts for 2012	1%	-85	-68
	-1%	85	68

Amounts in thousand euro

C. Credit risk

The Group is not exposed to significant credit risk until today. Trade receivables stem from a wide client base, in Greece as well as abroad. The Group's turnover mainly consists of transactions with reliable and creditworthy firms and companies in general, with which it sustains a long-term collaboration. As regards to sales with new customers, the Company ensures that such sales take place towards customers with a positive and rated credit history.
On this basis and in conjunction with the existing experience and continuous monitoring of the credit ability of each customer-counterparty the Group trades with, credit risk is estimated at relatively low levels.
It should be noted that the Group has established and systematically applies credit control procedures that aim at minimizing bad debt. The Credit Control Department defines credit limits per customer and specific sales and payment terms are applied. Possible security is requested, when possible. The Group continuously and systematically monitors the performance and financial position of its customers, in order to be pro-active and to evaluate the need to take specific measures per customer, also according to the market characteristics and difficulties where each customer operates in.
It is noted that credit risk, even though present, particularly in relation to customers that operate financially in countries whose economies have significantly been affected by the economic crisis, as well as to customers within Greece, is currently assessed, according to historic data recorded by the Group and also according to the aforementioned pro-active measures taken and the procedures that have been established, as limited and controlled.

On December 31st 2013, the maturity of trade receivables was as follows:

Trade receivables	**GROUP**		**COMPANY**	
	31/12/2013	**31/12/2012**	**31/12/2013**	**31/12/2012**
Up to 3 months	8,320	9,065	8,800	9,079
Between 3 and 6 months	780	555	780	555
Between 6 months and 1 year	72	55	72	55
Over 1 year	0	0	0	0
Total	**9,172**	**9,675**	**9,652**	**9,689**
Non overdue and non-impaired	8,658	8,979	9,138	8,993
Overdue and non-impaired	514	696	514	696
Total	**9,172**	**9,675**	**9,652**	**9,689**

D. Liquidity risk

In General, the monitoring of liquidity risk is focused on systematic monitoring and effectively managing cash inflows and outflows on a constant basis, in order for the Group to be able to smoothly meet its cash liabilities.
Liquidity risk is maintained at low levels by holding and ensuring adequate cash balances, while it should also be noted that there are adequate unused credit lines with financial institutions, in order to face any possible shortage in cash, which however, despite the clearly negative circumstances and conditions especially in the domestic market, have not been used until today.
According to the above, liquidity risk is currently not assessed as capable to substantially affect the Group's activity and development.

Amounts in thousand euro

The following table summarizes the maturity dates of financial liabilities as at December 31st 2013, according to payments derived from the relevant loan agreements, in non-discounted prices.

Financial Liabilities

GROUP 2013	up to 6 months	6 to 12 months	2 to 5 years	> 5 years	Total
Bank Debt	4,073	634	4,134	1,539	10,380
Suppliers and related liabilities	9,760	0	0	0	9,760
Taxes payable	480	1,261	0	0	1,741
Σύνολο	**14,312**	**1,895**	**4,134**	**1,539**	**21,880**

GROUP 2012	up to 6 months	6 to 12 months	2 to 5 years	> 5 years	Total
Bank Debt	3,897	1,107	3,486	0	8,490
Suppliers and related liabilities	11,581	0	0	0	11,581
Taxes payable	192	577	0	0	769
Σύνολο	**15,671**	**1,684**	**3,486**	**0**	**20,841**

E. Capital Management

The Group's objectives in relation to capital management are the smooth operation of its business activities, ensuring financing for its investment plans and the optimal allocation of capital in order to decrease the cost of capital.
For the purpose of capital management, the Group monitors the following ratio:
"Net bank debt to Total Employed Capital"
Net bank debt is calculated as total short-term and long-term interest-bearing debt minus total cash & cash equivalents.
Total employed capital is calculated as total net debt plus total equity.

The Group may affect its capital structure, by repaying part of its debt or receiving additional debt, by increasing its share capital or returning capital to shareholders and by distributing or not distributing dividends.

For financial years ended on December 31st 2013 and 2012 respectively, the above financial ratios evolved as follows.

Amounts in thousand euro

	Group		Company	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Long-term bank debt	5,673	3,486	5,663	3,418
Short-term bank debt	4,707	5,004	4,499	4,758
Total Bank Debt	10,380	8,490	10,162	8,176
Minus: Cash & cash equivalents	14,866	11,083	12,144	10,968
Net Bank Debt (1)	**-4,486**	**-2,592**	**-1,981**	**-2,792**
Total equity (2)	**44,077**	**42,831**	**44,371**	**42,951**
Total employed capital (1)+(2)	**39,592**	**40,239**	**42,390**	**40,159**
Net bank debt / Total employed capital	**-11.3%**	**-6.4%**	**-4.7%**	**-7.0%**

Amounts in thousand euro

6. Notes on the Financial Statements

6.1 Tangible fixed assets

The Group's tangible fixed assets are analyzed as follows.

Tangible fixed assets	Plots	Buildings	Mechanical equipment	Vehicles, furniture and Other equipment	Assets under construction	Total
						GROUP
Acquisition Cost as at January 1st 2012	4,579	9,698	38,518	2,273	814	55,882
Accumulated Depreciations	0	(2,188)	(19,354)	(1,708)	0	(23,251)
Book value as at January 1st 2012	**4,579**	**7,510**	**19,163**	**565**	**814**	**32,631**
Additions	0	128	80	33	1,965	2,205
FX differences on acquisition cost	3	38	31	10	0	81
Transfers	0	0	2,573	11	(2,583)	0
Sales - Reductions	0	0	(53)	(25)	0	(78)
Depreciations of the current period	0	(267)	(2,784)	(141)	0	(3,192)
FX differences of depreciations	0	(3)	(13)	(4)	0	(19)
Depreciations of sold, written-off goods	0	0	49	25	0	74
Acquisition Cost as at December 31st 2012	4,581	9,864	41,148	2,301	196	58,090
Accumulated Depreciations	0	(2,458)	(22,101)	(1,828)	0	(26,388)
Book value as at December 31st 2012	**4,581**	**7,405**	**19,046**	**473**	**196**	**31,701**
Additions	0	19	64	91	2,152	2,326
FX differences on acquisition cost	(1)	(8)	(7)	(2)	0	(18)
Transfers	0	113	1,217	126	(1,456)	0
Sales - Reductions	0	(28)	(1,640)	(635)	0	(2,303)
Depreciations of the current period	0	(295)	(2,823)	(130)	0	(3,248)
FX differences of depreciations	0	1	4	1	0	5
Depreciations of sold , written-off goods	0	28	1,636	635	0	2,299
Acquisition Cost as at December 31st 2013	4,581	9,959	40,782	1,881	892	58,095
Accumulated Depreciations	0	(2,724)	(23,285)	(1,323)	0	(27,332)
Book value as at December 31st 2013	**4,581**	**7,235**	**17,498**	**558**	**892**	**30,763**

The Group has no tangible fixed assets under financial leasing.
There are no liens or charges on the property of the parent Company and its subsidiaries.

The Company's tangible fixed assets are analyzed as follows.

Amounts in thousand euro

COMPANY

Tangible fixed assets	Plots	Buildings	Mechanical equipment	Vehicles, furniture and Other equipment	Assets under construction	Total
Acquisition Cost as at January 1st 2012	4,548	9,296	38,192	2,160	814	55,011
Accumulated Depreciations	0	(2,156)	(19,220)	(1,665)	0	(23,040)
Book value as at January 1st 2012	**4,548**	**7,140**	**18,973**	**495**	**814**	**31,970**
Additions	0	128	80	33	1,965	2,205
Transfers	0	0	2,573	11	(2,583)	0
Sales - Reductions	0	0	(53)	(11)	0	(64)
Depreciations of the current period	0	(245)	(2,748)	(132)	0	(3,125)
Depreciations of sold , written-off goods	0	0	49	11	0	60
Acquisition Cost as at December 31st 2012	4,548	9,423	40,792	2,192	196	57,151
Accumulated Depreciations	0	(2,401)	(21,919)	(1,785)	0	(26,105)
Book value as at December 31st 2012	**4,548**	**7,022**	**18,873**	**407**	**196**	**31,046**
Additions	0	19	64	91	1,293	1,467
Transfers	0	113	1,217	126	(1,456)	0
Sales - Reductions	0	(28)	(1,640)	(626)	0	(2,294)
Depreciations of the current period	0	(273)	(2,789)	(123)	0	(3,185)
Depreciations of sold , written-off goods	0	28	1,636	626	0	2,290
Acquisition Cost as at December 31st 2013	4,548	9,527	40,433	1,783	33	56,325
Accumulated Depreciations	0	(2,646)	(23,071)	(1,283)	0	(27,001)
Book value as at December 31st 2013	**4,548**	**6,881**	**17,362**	**500**	**33**	**29,324**

6.2 Goodwill

Gross book value at January 1st 2012	309
Cumulative impairment loss	0
Net book value at January 1st 2012	309
Addition form acquisition	0
Gross book value at December 31st 2012	309
Cumulative impairment loss	0
Net book value at December 31st 2012	309
Purchase of minority rights due to share capital increase of subsidiary (Note 6.4)	(64)
Gross book value at December 31st 2013	245
Cumulative impairment loss	0
Net book value at December 31st 2013	**245**

The amount of recognized goodwill for 2007 refers to the acquisition of 75% of the Polish company FESCOPACK Sp. z.o.o.

As result of the increase of the participation stake in «FESCOPACK Sp. Zoo» from 97.86% to 75%, minority rights and goodwill posted a change of 63,762 euro. (Note 6.4)

Amounts in thousand euro

Impairment Review of Goodwill

For purposes of reviewing goodwill for possible impairment in 2013, the aforementioned subsidiary constitutes an individual cash flow generating unit. As regards to goodwill recognized from the acquisition of FESCOPACK Sp. z.o.o., the recoverable amount of such was calculated based on the "value in use", discounting its future cash flows.
The definition of the subsidiary's future cash flows took place by well-founded estimations of management for the level of the subsidiary's future profitability and by evaluating current market conditions. The basic assumptions regarding the estimation of the subsidiary's value, are as follows:
Discount rate 10.00%
Average growth of turnover in the next five years 30.40%
Growth rate after five-years 1.00%
According to the impairment review on 31/12/20132 no impairment losses emerged for the above goodwill.

6.3 Intangible assets

The Group's and Company's intangible assets are analyzed as follows:

Intangible assets

	GROUP			COMPANY		
	Software	**Other intangibles**	**Total**	**Software**	**Other intangibles**	**Total**
Acquisition Cost as at January 1st 2012	625	1,258	1,883	624	1,258	1,882
minus: Accumulated Amortization	(577)	(317)	(894)	(576)	(317)	(893)
Book value as at January 1st 2012	**47**	**942**	**989**	**47**	**942**	**989**
Additions	20	193	213	20	193	213
Amortization during the period	(15)	(111)	(126)	(15)	(111)	(126)
Acquisition Cost as at December 31st 2012	645	1,451	2,096	644	1,451	2,095
minus: Accumulated Amortization	(592)	(427)	(1,019)	(591)	(427)	(1,018)
Book value as at December 31st 2012	**53**	**1,024**	**1,077**	**53**	**1,024**	**1,077**
			0			
Additions	364	213	577	364	213	577
Sales - Write-offs	(149)	(39)	(187)	(149)	(39)	(187)
Amortization during the period	(19)	(115)	(134)	(19)	(115)	(134)
Amortization of Sold - Written-off	149	39	187	149	39	187
Acquisition Cost as at December 31st 2013	860	1,626	2,486	859	1,626	2,485
minus: Accumulated Amortization	(463)	(504)	(966)	(462)	(504)	(965)
Book value as at December 31st 2013	**398**	**1,122**	**1,519**	**398**	**1,122**	**1,519**

Other intangible assets include know-how use rights, costs for development of patents used to establish patents on different applications of multiple layer packing films as well as cost for development of new products.
The cost for development of new products that was fixed during financial year 2013 amounted to 82 thousand euro for the Company.

Amounts in thousand euro

At the end of 2013, the project for the installation of SAP ERP software in the Company was completed and the new software system is in operation since January 2014.
The particular project included the installation, adjustment and customization, implementation and placement into operation of the SAP ERP software system and its structural parts, so that the full system becomes operational according to the Company's business needs.

6.4 Participations in Subsidiaries

In the parent financial statements, investments in subsidiaries are valued at acquisition cost.
The movement of investments is analyzed as follows.

	COMPANY	
	31/12/2013	**31/12/2012**
Opening balance	**809**	**809**
Acquisition of companies	0	0
Share capital increases	3,460	0
Closing balance	**4,269**	**809**

The Extraordinary General Shareholders' Meeting of the subsidiary company «FESCOPACK Sp. Zoo» which is based in Poland, and in which the Company participates with 75%, during its convention on 13.3.2013, approved a share capital increase via payment in cash by an amount of 14,700,000 zloty (approximately 3.5 million euro based on the current exchange rate), with the issuance of 29,400 new common shares with voting rights, with a nominal value of 500 zloty per share.
The above share capital increase of the subsidiary, was fully covered from FLEXOPACK within the 3rd quarter of 2013.
Following the increase, the subsidiary's share capital amounts to 16,076,000 zloty, divided by 32,152 common shares with voting rights, with a nominal value of 500 zloty per share. The participation of FLEXOPACK in the subsidiary now settles at 97.86%.
The expenses relating to the share capital increase amounted to 20,865 euro.
As result of the increased participation, from 75% to 97.86%, of the Company in «FESCOPACK Sp. Zoo», the voting rights and the goodwill recorded a change by 63,762 euro.

Already and as result of the completion of the above share capital increase, an investment plan is in full progress aiming at the expansion of the production facilities of the subsidiary in terms of buildings infrastructure as well as of mechanical equipment.

Condensed financial information on subsidiaries

Amounts in thousand euro

	Domicile	Acquisition cost	Assets	Liabilities	Income	Earnings (losses) before taxes	Earnings (losses) after taxes
YEAR 2013							
FESCOPACK Sp. zo.o	Poland	4,199	5,870	1,791	4,570	(61)	(60)
FLEXOSYSTEMS LTD BELGRADE	Serbia	70	255	177	681	35	34
YEAR 2012							
FESCOPACK Sp. zo.o	Poland	739	1,744	1,110	4,196	60	55
FLEXOSYSTEMS LTD BELGRADE	Serbia	70	222	179	591	15	15

6.5 Participations in associate companies

Participations in associate companies are analyzed as follows.

	GROUP		COMPANY	
	31/12/2013	**31/12/2012**	**31/12/2013**	**31/12/2012**
INOVA SA	1,292	1,285	1,199	1,199
VLACHOS BROS S.A.	523	618	1,000	1,000
	1,815	**1,903**	**2,199**	**2,199**

The movement of investments in associate companies for the Group and Company is as follows:

	GROUP		COMPANY	
	31/12/2013	**31/12/2012**	**31/12/2013**	**31/12/2012**
Opening balance	**1,903**	**1,867**	**2,199**	**2,127**
Share capital increase of VLAHOS BROS SA	0	73	0	73
Proportion in profit/loss (after taxes)	(88)	(36)	0	0
Closing balance	**1,815**	**1,903**	**2,199**	**2,199**

Condensed financial information on associate companies:

Amounts in thousand euro

	Domicile	Assets	Liabilities	Income	Earnings (losses) before taxes	Earnings (losses) after taxes
YEAR 2013						
INOVA SA	Greece	5,204	2,620	3,896	40	12
VLACHOS BROS S.A.	Greece	10,901	9,804	13,791	(214)	(200)
YEAR 2012						
INOVA SA	Greece	5,577	3,006	3,684	(35)	(27)
VLACHOS BROS S.A.	Greece	11,181	9,885	13,821	(19)	(48)

6.6 Other long-term receivables

The Group's and Company's other long-term receivables are analyzed as follows:

	GROUP		COMPANY	
Other Long-term Receivables	**31/12/2013**	**31/12/2012**	**31/12/2013**	**31/12/2012**
Given Guarantees	107	109	107	109
Convertible Bond loan to associate company	150	150	150	150
Other Long-term Receivables	4	4	0	0
Total	**261**	**264**	**257**	**259**

These granted guarantees refer to collateral for rents guarantees towards PPC.

6.7 Inventories

The Group's and Company's inventories are analyzed as follows:

Amounts in thousand euro

	GROUP		COMPANY	
Inventories	**31/12/2013**	**31/12/2012**	**31/12/2013**	**31/12/2012**
Raw Materials	6,392	5,458	6,188	5,351
Consumables	128	128	128	128
Spare parts & packaging items	880	742	880	739
Products & other inventory	2,438	2,586	1,946	2,358
Total	9,839	8,914	9,142	8,577
Less: Provisions for impairment of inventories	0	0	0	0
Total	**9,839**	**8,914**	**9,142**	**8,577**

6.8 Trade receivables

The Group's and Company's customers and other trade receivables are analyzed as follows:

	GROUP		COMPANY	
Trade receivables	**31/12/2013**	**31/12/2012**	**31/12/2013**	**31/12/2012**
Customers (open account)	8,119	8,344	8,599	8,356
Checks Receivable	1,504	1,698	1,504	1,698
Less: Impairment Provisions	(450)	(367)	(450)	(365)
Total	**9,172**	**9,675**	**9,652**	**9,689**
Charges to the results				
Impairment provisions	(86)	(102)	(86)	(100)
Total	**(86)**	**(102)**	**(86)**	**(100)**

6.9 Other receivables

The Group's and Company's other receivables are analyzed as follows:

Amounts in thousand euro

	GROUP		COMPANY	
Other receivables	**31/12/2013**	**31/12/2012**	**31/12/2013**	**31/12/2012**
Receivables from the Greek State for taxes	915	566	915	535
Receivables from the Greek State for V.A.T.	461	316	461	316
Prepayments to suppliers	528	148	528	148
Purchases of inventory under receipt	863	2,290	863	2,290
Discounts on purchases under settlement	557	271	557	271
Deferred expenses	90	59	90	59
Prepayments and loans to employees	13	19	10	14
Hedging of cash flow risk	0	0	0	0
Sundry Debtors	26	13	20	7
Total	**3,453**	**3,680**	**3,444**	**3,639**

6.10 Cash & cash equivalents

Cash and cash equivalents refer to the Group's and Company's cash in hand and to short-term bank deposits and term deposits held at call with banks.

The Group's and Company's cash and cash equivalents are as follows:

	GROUP		COMPANY	
Cash and cash equivalents	**31/12/2013**	**31/12/2012**	**31/12/2013**	**31/12/2012**
Cash in hand	1	3	1	3
Short-term bank deposits	14,865	11,079	12,143	10,965
Total	**14,866**	**11,083**	**12,144**	**10,968**

6.11 Equity

i) Share Capital and Share Premium

The Company's share capital consists of 11,720,024 common fully paid-up shares, with a nominal value of € 0.54 each. The total share capital amounts to € 6,328,812.96.

	Share Capital	Share premium	Treasury Shares	Total
31/12/2013	6,329	6,246	0	12,575
31/12/2012	6,212	7,418	0	13,630

Amounts in thousand euro

The Company's share premium emerged from the issue of shares through cash at a value larger than their nominal value.

The Ordinary General Shareholders' Meeting of the Company that took place on 28th June 2013, unanimously decided on the following:

a) The Meeting approved the increase of the Company's share capital by the amount of 1,172,002.40 Euro, with capitalization of part of the "share premium" reserve and with an increase of the nominal value per share by 0.10 Euro, namely from 0.53 Euro to 0.63 Euro.
b) The Meeting approved the decrease of the Company's share capital by the amount of 1,054,802.16 Euro, with a decrease of the nominal value per share by 0.09 Euro, namely from 0.63 Euro to 0.54 Euro and an equivalent return of capital-repayment to the Company's shareholders.
Following the above increase and at the same time decrease of the Company's share capital with a corresponding increase and decrease of the nominal value per share, the Company's share capital amounts to 6,328,812.96 Euro, it is fully paid up and divided into 11,720,024 common registered shares with a nominal value of 0.54 Euro each.

ii) Reserves

The Group's and Company's reserves are analyzed as follows:

Reserves	**GROUP**		**COMPANY**	
	31/12/2013	**31/12/2012**	**31/12/2013**	**31/12/2012**
Statutory reserve	**1,758**	**1,584**	**1,758**	**1,584**
Specially taxed reserves	**11,363**	**10,921**	**11,363**	**10,921**
Other reserves analyzed as follows:				
Tax-exempt reserves of L. 1828/89	876	876	876	876
Tax-exempt reserves of L. 3220/2004	321	321	321	321
Reserves from tax-exempt income	530	530	530	530
Reserves from specially taxed income	33	33	33	33
Other reserves	197	212	84	84
Total other reserves	**1,957**	**1,973**	**1,845**	**1,845**
Reserve from FX differences	**31**	**(35)**	**0**	**0**
Grand total	**15,109**	**14,444**	**14,966**	**14,350**

1. Statutory reserve:

According to Greek corporate law, companies are obliged to create 5% of the period's earnings as an statutory reserve until such reaches one third of the paid up share capital. During the Company's life the statutory reserve cannot be distributed.

2. Special taxed reserves:

Special taxed reserves of the Parent Company were created to cover its own participation in the context of implementing investment plans, according to the provisions of several development laws.
The Group's Management does not intend to capitalize or distribute such reserves and thus has not recognized a relevant deferred tax liability.

3. Other reserves

Amounts in thousand euro

Other reserves include tax-exempt reserves and reserves taxed under special provision and are analyzed as follows.

-Tax-exempt reserves according to L. 1828/89 and tax-exempt reserves according to L. 3220/2004

Such reserves have been created according to the provisions of tax law and are capitalized, with the payment of income tax.

-Tax-exempt reserves or reserves taxed according to special laws

Such reserves concern interest income that was either not taxed or on which tax has been withheld at the source. According to Greek tax law, these reserves are exempt from income tax, with the condition that they will not be distributed to shareholders.

According to the article 72 of L. 4172/2013, the separate taxation of the tax exempt reserves of L. 2238/1994 is imposed, as for the financial years starting from 1st January 2014 and then after the formation of tax exempt reserves is not allowed. The taxation for the year 2014 is based on a tax rate of 19% and by this manner the tax obligation regarding such reserves is fully exhausted, therefore they can be distributed or capitalized with no other tax burden. For the Company, these under tax obligation reserves have derived mainly from interest income related to treasury bills and bonds of the Greek State (REPOS) and amount to 586,696 euro. The corresponding tax of 111,472 euro will be paid one-off until the end of the second month from the time of the general shareholders' meeting, which will take place until the end of the first half of 2014.

The Group, with the exception of the tax free reserves of L. 2238/1994 which will be taxed in 2014 in accordance with the clauses of L. 4172/2013, does not intend to distribute the above reserves and thus it has not recognized a deferred tax liability for the income tax that will be rendered payable in case of distribution.

- Reserve under article 13 Law 3943/2011:

Such concerns a dividend received by the Company from its subsidiary in Poland and according to the conditions of article 11 Law 2578/1998 (participation>10%, maintenance of cash>2years, certification by a certified public accountant on such) it is exempt from taxation with the condition that such is presented in a tax-exempt reserve account.

4. Reserve for foreign exchange differences:

This reserve is used to register foreign exchange differences from the translation of financial statements of foreign subsidiaries.

The movement of the Group's and Company's reserves, is as follows:

Reserves	GROUP				
	Statutory reserve	Specially taxed reserves	Other reserves	FX differences from consolidation	Total
Balance as at January 1st 2012	**1,418**	**10,431**	**1,950**	**(72)**	**13,727**
Formation of reserves from net earnings of the period	166	0	28	0	195
Reserve for hedging of cash flow risk	0	0	(5)	0	(5)
Transfer of amortization of grants of L. 3299/04 from balance carried forward	0	490	0	0	490
FX differences from translation	0	0	0	38	38
Balance as at December 31st 2012	**1,584**	**10,921**	**1,973**	**(35)**	**14,444**
Formation of reserves from net earnings of the period	174	0	(16)	0	158
Transfer of amortization of grants of L. 3299/04 from balance carried forward	0	441	0	0	441
FX differences from translation	0	0	0	66	66
Balance as at December 31st 2013	**1,758**	**11,363**	**1,957**	**31**	**15,109**

Reserves	COMPANY			
	Statutory reserve	Specially taxed reserves	Other reserves	Total
Balance as at January 1st 2012	**1,418**	**10,431**	**1,823**	**13,672**
Formation of reserves from net earnings of the period	166	0	27	193
Reserve for hedging of cash flow risk	0	0	(5)	(5)
Transfer of amortization of grants of L. 3299/04 from balance carried forward	0	490	0	490
Balance as at December 31st 2012	**1,584**	**10,921**	**1,845**	**14,350**
Formation of reserves from net earnings of the period	174	0	0	174
Transfer of amortization of grants of L. 3299/04 from balance carried forward	0	441	0	441
Balance as at December 31st 2013	**1,758**	**11,363**	**1,845**	**14,966**

iii) Retained earnings

Retained earnings	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Balance as at January 1st	**14,685**	**11,871**	**15,057**	**12,260**
Effect due to policy change (note 6.31)	(86)	0	(86)	0
Balance as at January 1st adjusted	**14,600**	**11,871**	**14,971**	**12,260**
Net Results for the period	2,322	3,499	2,476	3,480
Distributed dividends	0	0	0	0
Transfers to reserves	(174)	(195)	(174)	(193)
Transfer of amortization of grants of L. 3299/04 to reserves	(441)	(490)	(441)	(490)
Effect due to policy change (note 6.31)	0	(86)	0	(86)
Balance as at December 31st	**16,306**	**14,600**	**16,832**	**14,971**

6.12 Deferred tax assets and liabilities

The calculation of deferred tax assets and liabilities is conducted at the individual Group company level and to the extent where receivables and liabilities arise, such are offset between each other (at the level of each individual company).

Amounts in thousand euro

The deferred tax assets and liabilities are offset when there is an applicable legal right to offset current tax assets against current tax liabilities and when the deferred income taxes refer to the same tax authority.

The Group's deferred tax assets and liabilities result from the following items:

	Deferred tax liabilities/assets Statement of Financial Position GROUP		Deferred tax Income statement GROUP	
	31/12/2013	**31/12/2012**	**31/12/2013**	**31/12/2012**
Deferred tax assets				
Provision for staff indemnities	134	116	18	(17)
Government grants	0	20	(20)	(26)
	134	**136**	**(2)**	**(43)**
Deferred tax liabilities				
Intangible assets	(141)	(111)	(31)	(21)
Tangible assets	(3,125)	(2,457)	(668)	(132)
Trade receivables	0	(17)	17	20
	(3,266)	**(2,585)**	**(681)**	**(133)**
Net deferred tax liabilities	**(3,132)**	**(2,449)**		
Net charge of deferred tax on the results			**(683)**	**(176)**

	Deferred tax liabilities/assets Statement of Financial Position COMPANY		Deferred tax Income statement COMPANY	
	31/12/2013	**31/12/2012**	**31/12/2013**	**31/12/2012**
Deferred tax assets				
Provision for staff indemnities	134	116	18	(17)
Government grants	0	20	(20)	(26)
	134	**136**	**(2)**	**(43)**
Deferred tax liabilities				
Intangible assets	(141)	(111)	(31)	(21)
Tangible assets	(3,106)	(2,437)	(669)	(131)
Trade receivables	0	(17)	17	20
	(3,248)	**(2,565)**	**(683)**	**(132)**
Net deferred tax liabilities	**(3,114)**	**(2,429)**		
Net charge of deferred tax on the results			**(685)**	**(175)**

Amounts in thousand euro

The income tax has been calculated on the basis of the tax rate which is effective in the current financial year 2013 and is set at 26%. The corresponding tax rate for the financial year 2012 was 20%. As result of the increase of the tax rate from 20% to 26%, the Group and the Company adjusted the accumulated as of 31/12/2012 deferred tax liabilities and assets. From the adjustment, an increase in the Group's and Company's deferred taxation by 729 thous. euro emerged which was recorded in the income tax in the statement of income burdening in full the results of the financial year 2013.

6.13 Provision for staff indemnities

The Group and Company recognize the liability for staff retirement indemnities as the present value of the legal commitment for the payment of staff retirement lump sum. The relevant liability was calculated based on an actuarial study and is analyzed as follows:

	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Balance sheet liabilities for:				
Retirement benefits (As published on 31/12/2012)	515	470	515	470
Effect due to change of accounting policy (Note 6.31)	0	107	0	107
Total	**515**	**577**	**515**	**577**
Charges and (credits) on the results	(64)	(85)	(64)	(85)
Total	**(64)**	**(85)**	**(64)**	**(85)**

The basic actuarial assumptions used are as follows:

	31/12/2013	31/12/2012
Discount rate	3.5%	4.4%
Future salary increases	2.0%	2.7%
Inflation	1.5%	2.0%

6.14 Government grants

The Group receives grants that relate to fixed assets and are provided from governmental entities in order to purchase fixed assets for long-term exploitation.
The Group registers the effect from the acceptance of government grants for fixed assets according to IAS 20, as deferred income in the category of long-term liabilities. The transfer of grants to the results of each period is conducted with the straight line method according to the expected useful lives of the respective fixed assets which they finance.
At the Group and Company level, the grants are analyzed as follows:

Amounts in thousand euro

Government grants	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Opening balance	1,764	2,057	1,764	2,057
Additions	963	276	963	276
Amortization on income	(543)	(569)	(543)	(569)
Total	**2,185**	**1,764**	**2,185**	**1,764**

6.15 Long-term and short-term loan liabilities

The Company's long-term and short-term bank loans have been provided by domestic banks and are in Euro. The amounts of long-term loans payable within one year from the end of the reporting period are registered in short-term liabilities, while the amounts that are payable at a later stage are characterized as long-term.
The Group's total long-term debt is under floating interest rates based on Euribor and predefined margins.
The Group's short-term debt is also under floating interest rates based on Euribor plus a margin.
The fair values of the Group's loans are almost equal to their book values.

The bond loans of the Company are as follows:

A. The Company, on 27th February 2013, signed an Agreement for the Coverage of common engraved bond loan via private placement, according to the clauses of L. 3156/2003 and P.L. 2190/1920, as they are in effect today, of total nominal value 3,500,000 euro and duration six (6) years. Emporiki Bank of Greece SA is the Payments Trustee, Manager, Representative and Bond Lender who fully and primarily covered the above issuance. The product of the above common and not guaranteed via real assets bond loan, will be used for the financing of the Group's investment plan and specifically for the expansion of its infrastructure (buildings and mechanical equipment of the subsidiary company in Poland).

B. On September 28th 2010, the Company issued a common bond loan, through private placement, according to the provisions of l. 3156/2003 and c.l. 2190/1920, as currently in effect, with a total nominal value of 5,000,000 Euro and duration of six (6) years.
The coverage – funding of the above common and unsecured bond loan took place in October 2010, with Emporiki Bank of Greece as the sole Bondholder Lender.

The loan's objective was to finance investments for the purchase of mechanical equipment and to refinance the payment of the Company's short-term obligations to various credit institutions.

The Company has the right to proceed with early repayment of the existing aforementioned common bond loans with no penalty or other cost.
The terms of the existing bond loans include the obligation to preserve specific ratios of (a) total debt to equity, and (b) earnings before interest, taxes, depreciation and amortization (EBITDA) to debit interest.

Long-term and short-term liabilities from the Group's and Company's loans are analyzed as follows:

Amounts in thousand euro

	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Long-term debt				
Common bond loans	6,662	4,676	6,662	4,676
Bank debt in foreign currency (PLN)	68	127	0	0
	6,730	**4,803**	**6,662**	**4,676**
Minus part of bond loans payable in the next period	999	1,258	999	1,258
Minus part of long-term bank debt payable in the next period	59	59	0	0
	5,673	**3,486**	**5,663**	**3,418**
Short-term debt				
Bank debt	3,649	3,688	3,500	3,500
Short-term portion of bond loans	999	1,258	999	1,258
Short-term portion of long-term bank debt	59	59	0	0
	4,707	**5,004**	**4,499**	**4,758**
Total debt	**10,380**	**8,490**	**10,162**	**8,176**
Maturities of long-term debt				
Up to 1 year	1,058	1,317	999	1,258
2 - 5 years	4,134	3,486	4,124	3,418
Over 5 years	1,539	0	1,539	0
Total	**6,730**	**4,803**	**6,662**	**4,676**
Weighted average interest rate charged on the results	5.00%	4.93%	5.00%	4.89%

6.16 Other provisions

The other provisions that have been made cumulatively on 31/12/2013 amount to €142 thousand for the Group and Company. From the above amount, €138 thousand concerns provisions for tax un-audited fiscal years of the company and €4 thousand concerns other provisions.

The Group's and Company's other provisions are analyzed as follows:

Amounts in thousand euro

	GROUP	COMPANY
Other Provisions		
January 1st 2012	**144**	**142**
Additional provisions for the period	(2)	0
December 31st 2012	**142**	**142**
Additional provisions for the period	0	0
December 31st 2013	**142**	**142**

6.17 Suppliers and other liabilities

The Group's and Company's balances for the suppliers' and other related liabilities accounts are analyzed as follows:

	GROUP		COMPANY	
Suppliers and related Liabilities	**31/12/2013**	**31/12/2012**	**31/12/2013**	**31/12/2012**
Suppliers	8,002	9,774	8,083	9,743
Checks payable	336	385	336	385
Customer prepayments	85	113	85	113
Dividends payable	1	1	1	1
Sundry creditors	18	16	18	16
Payable employee remuneration	307	289	287	274
Accrued expenses	335	353	317	345
Social Security Funds	393	372	392	371
Other taxes, other than income tax	282	278	201	205
Total	**9,760**	**11,582**	**9,720**	**11,455**

6.18 Liabilities from income tax

	GROUP		COMPANY	
	31/12/2013	**31/12/2012**	**31/12/2013**	**31/12/2012**
Liabilities from Income Tax	1.629	769	1.629	769
Tax of tax exempt reserves, art. 72, L. 4172/2013	111	0	111	0
Total	**1.741**	**769**	**1.741**	**769**

Income tax is paid in eight (8) equal monthly installments, from which the first is paid during May of the next financial year.

Amounts in thousand euro

6.19 Turnover

The Group's and Company's turnover is analyzed as follows:

	GROUP		COMPANY	
	1/1-31/12/2013	1/1-31/12/2012	1/1-31/12/2013	1/1-31/12/2012
Income from sale of merchandise	4,353	2,799	1,111	1,202
Income from sale of products	48,773	49,652	51,581	50,540
Income from sale of other inventories	141	225	145	229
Income from provision of services	1,300	1,392	1,369	1,434
	54,567	**54,068**	**54,207**	**53,404**

6.20 Analysis of Expenses per category

The analysis of the Group's expenses per category is as follows:

GROUP	1/1-31/12/2013					1/1-31/12/2012				
Έξοδα ανά κατηγορία	Cost of Goods Sold	Distri-bution Expenses	R&D Expenses	Admin-istrative Expenses	Total	Cost of Goods Sold	Distri-bution Expenses	R&D Expenses	Admin-istrative Expenses	Total
Remuneration & other employee benefits	5,874	778	185	1,369	**8,206**	5,974	713	166	1,300	**8,153**
Third party fees & expenses	156	391	1	399	**947**	112	286	0	343	**741**
Third party benefits (energy, insurance, maintenance etc.)	3,574	312	14	286	**4,187**	3,897	243	10	247	**4,397**
Taxes-Dues	75	5	0	56	**137**	82	4	0	51	**137**
Other sundry expenses (Transfers, export expenses etc.)	653	1,572	85	204	**2,515**	753	1,460	53	240	**2,506**
Depreciations of fixed assets	3,159	19	42	29	**3,248**	3,091	38	42	21	**3,192**
Amortization of intangible assets	5	2	109	19	**135**	6	2	110	8	**126**
Cost of inventories recognized as an expense	31,077	0	226	0	**31,303**	30,411	0	211	0	**30,622**
Total	44,574	3,079	662	2,361	**50,676**	44,326	2,746	592	2,210	**49,874**
Self-production of fixed assets	(82)	0	0	0	**(82)**	-128	0	0	0	**(128)**
Total	**44,492**	**3,079**	**662**	**2,361**	**50,594**	**44,198**	**2,746**	**592**	**2,210**	**49,746**

The analysis of the Company's expenses per category is the following:

Amounts in thousand euro

COMPANY	1/1-31/12/2013					1/1-31/12/2012				
Έξοδα ανά κατηγορία	Cost of Goods Sold	Distri-bution Expenses	R&D Expenses	Admin-istrative Expenses	Total	Cost of Goods Sold	Distri-bution Expenses	R&D Expenses	Admin-istrative Expenses	Total
Remuneration & other employee benefits	5,722	699	185	1,267	**7,873**	5,838	645	166	1,153	**7,802**
Third party fees & expenses	44	330	1	234	**609**	34	273	0	226	**533**
Third party benefits (energy, insurance, maintenance etc.)	3,528	254	14	252	**4,049**	3,846	219	10	245	**4,320**
Taxes-Dues	75	1	0	46	**123**	82	1	0	43	**126**
Other sundry expenses (Transfers, export expenses etc.)	648	1,547	85	223	**2,504**	697	1,412	53	242	**2,405**
Depreciations of fixed assets	3,116	10	42	18	**3,186**	3,039	28	42	16	**3,125**
Amortization of intangible assets	5	2	109	19	**134**	6	2	110	8	**126**
Cost of inventories recognized as an expense	31,659	0	226	0	**31,885**	30,662	0	211	0	**30,872**
Total	44,798	2,843	662	2,058	**50,362**	44,204	2,580	592	1,934	**49,310**
Self-production of fixed assets	(82)	0	0	0	(82)	(128)	0	0	0	**(128)**
Total	**44,716**	**2,843**	**662**	**2,058**	**50,280**	**44,076**	**2,580**	**592**	**1,934**	**49,182**

6.21 Employee Benefits

The Group's and Company's employee benefits are analyzed as follows:

	GROUP		COMPANY	
Employee benefits	**1/1-31/12/2013**	**1/1-31/12/2012**	**1/1-31/12/2013**	**1/1-31/12/2012**
Wages and daily wages and benefits	5,950	5,920	5,669	5,620
Social security expenses	1,599	1,592	1,551	1,549
End of service indemnities	36	31	36	31
Other employee benefits	51	53	48	46
Total	**7,636**	**7,596**	**7,304**	**7,246**

Employed staff as at 31/12/13: Group 244 individuals, Company 218 individuals.
Employed staff as at 31/12/12: Group 235 individuals, Company 214 individuals.

Amounts in thousand euro

Benefits towards Management	GROUP 1/1-31/12/2013	GROUP 1/1-31/12/2012	COMPANY 1/1-31/12/2013	COMPANY 1/1-31/12/2012
Remuneration of Board of Directors	583	555	583	555
Other benefits of Board of Directors	70	113	70	113
Total	**652**	**668**	**652**	**668**

6.22 Other Operating Income and Expenses

The Group's and Company's other operating income and expenses are analyzed as follows:

Other income	GROUP 1/1-31/12/2013	GROUP 1/1-31/12/2012	COMPANY 1/1-31/12/2013	COMPANY 1/1-31/12/2012
Amortization of received grants	543	569	543	569
Income from indemnity by PPC	34	0	34	0
Income from other indemnities	75	0	75	0
Extraordinary income from services	252	0	252	0
Profit from sale of fixed assets	0	32	0	32
Other income	21	17	57	42
Income from provisions of previous years	62	87	62	87
Total	**987**	**706**	**1,023**	**731**
Other expenses				
Provisions for doubtful customers	86	102	86	100
Losses from sale of fixed assets	3	0	3	0
Other expenses	54	133	46	114
Total	**142**	**236**	**135**	**214**

6.23 Financial Income and Expenses

The Group's and Company's financial income and expenses are analyzed as follows:

Amounts in thousand euro

	GROUP		COMPANY	
	1/1-31/12/2013	1/1-31/12/2012	1/1-31/12/2013	1/1-31/12/2012
Financial income				
Bank interest	237	111	237	111
Other financial income	43	5	43	5
	280	**116**	**280**	**116**
Financial expenses				
Interest and expenses of bank loans	531	451	515	431
Other bank expenses	65	53	64	52
	596	**503**	**579**	**484**

6.24 Other Financial Results

The Group's and Company's financial results are analyzed as follows:

	GROUP		COMPANY	
Other Financial Results	1/1-31/12/2013	1/1-31/12/2012	1/1-31/12/2013	1/1-31/12/2012
Foreign exchange differences from valuation of receivables and liabilities in foreign currency (debit)	(307)	(109)	(75)	(84)
Foreign exchange differences from valuation of receivables and liabilities in foreign currency (credit)	203	116	26	50
	(104)	**6**	**(49)**	**(35)**

6.25 Income Tax

The income tax rate to which the Company is subject to for its activities in Greece, corresponds to 26% for 2013. The respective tax rate for 2012 was 20%.

The effective final tax rate differs from the nominal. Several factors affect the resulting effective tax rate, the most important of which are the non-exemption of specific expenses and the non-taxation of specific income.

The Group's and Company's income tax is analyzed as follows:

Amounts in thousand euro

Income Tax	GROUP		COMPANY	
	1/1-31/12/2013	1/1-31/12/2012	1/1-31/12/2013	1/1-31/12/2012
Income Tax	1.195	688	1.195	682
Tax of tax exempt reserves, article 72, L. 4172/2013	111	0	111	0
Deferred tax (Note 6.12)	683	176	685	175
Total income tax	**1.990**	**863**	**1.991**	**857**

Following, an analysis and reconciliation of the nominal and effective tax rate is presented.

	1/1-31/12/2013	1/1-31/12/2012	1/1-31/12/2013	1/1-31/12/2012
Earnings before taxes (IFRS)	4.310	4.375	4.467	4.337
Tax Rate	26%	20%	26%	20%
Income tax based on effective tax rate	1.121	875	1.161	867
Tax corresponding to:				
Other tax exempt income	(115)	(89)	(115)	(88)
Proportion of Results by associate companies	34	7	0	0
Other non deductible expenses	104	78	104	78
Adjustment of deferred tax due to change of tax rate	729	0	729	0
Results of subsidiaries taxed with a different tax rate	7	(2)	0	0
Tax of tax exempt reserves, article 72, L. 4172/2013	111	0	111	0
Other taxes and differences of previous years	0	(6)	0	0
Tax expense in the income statement	**1.990**	**863**	**1.991**	**857**
Weighted tax rate	46,17%	19,72%	44,56%	19,76%

As result of the increase of the tax rate from 20% to 26%, the Group and the Company adjusted the accumulated as of 31/12/2012 deferred tax liabilities and assets. From the adjustment, an increase in the Group's and Company's deferred taxation by 729 thous. euro emerged which was recorded in the income tax in the statement of income burdening in full the results of the financial year 2013.

Furthermore, according to the article 72 of L. 4172/2013, the separate taxation of the tax exempt reserves of L. 2238/1994 is imposed, as for the financial years starting from 1st January 2014 and then after the formation of tax exempt reserves is not allowed. The taxation for the year 2014 is based on a tax rate of 19% and by this manner the tax obligation regarding such reserves is fully exhausted, therefore they can be distributed or capitalized with no other tax burden. For the Company, these under tax obligation reserves have derived mainly from interest income related to treasury bills and bonds of the Greek State (REPOS) and amount to 586,696 euro. The corresponding tax of 111,472 euro will be paid one-off until the end of the second month from the time of the general shareholders' meeting, which will take place until the end of the first half of 2014.

The above tax burden of 111,472 euro was recorded in the income tax in the income statement and fully affected the results of the financial year 2013.

Amounts in thousand euro

6.26 Contingent Receivables - Liabilities

6.26.1 Information regarding contingent liabilities

There are no litigious claims or differences under dispute of the Company or its subsidiaries as well as decisions by courts or arbitration bodies that could have a significant impact on the Company's and Group's financial position or operation.

The contingent liabilities of the Company and Group are as follows:

In the context of its ordinary activity the Company has provided a guarantee towards a bank, in favor of its Polish subsidiary "Fescopack Sp. Z.o.o" for the smooth repayment by the latter of a loan amounting to approximately to 250 thousand Euro.

6.26.2 Tax un-audited fiscal years

The tax un-audited fiscal years for the parent Company are years 2008 to 2010 included. The cumulative provisions made against the possibility of additional taxes being imposed during the tax audit, amount to 138 thousand euro and concern the parent Company.

Tax compliance report

For financial years 2011 and 2012, FLEXOPACK S.A. and its associate companies INOVA S.A. PLASTICS AND IRON and VLAHOU BROS S.A., have been subject to tax audit by the legal auditors as defined by the provisions of article 82 par. 5 of L.2238/1994, and no additional charges resulted from the relevant tax certificates that were issued (Conclusion without reservation).

The tax audit for fiscal year 2013 is already underway by S.O.L. S.A. and no significant tax deviations are expected to result apart from those recorded and presented in the financial statements.

The tax unaudited financial years of the companies included in the consolidation are the following:

FESCOPACK Sp. Zo.o	: 2009-2013
FLEXOSYSTEMS Ltd Belgrade	: 2010-2013
INOVA AEBE PLASTICS AND IRON	: 2007-2010
VLAXOS BROS S.A.	: 2010

6.26.3 Information regarding contingent receivables

There are no contingent receivables that are of significance to report in the Company's and Group's financial statements.

The Company is involved in several legal claims during the course of its normal activities, the majority of which concerns a claim to receive doubtful trade receivables. The definition of the Company's contingent receivables regarding such legal claims and receivables is a complex process that includes judgment regarding the possible consequences and interpretations relating to laws and regulations and the outcome of such cases may differ from the initial estimates.

Amounts in thousand euro

6.27 Current charges

No charges are written on property of the parent Company's or its subsidiaries.

6.28 Operating leases

Such concern long-term leases of the Group's vehicles.
Future payments of the Group that concern Operating leases, are analyzed as follows:

	GROUP		COMPANY	
Leases from operating leasing payable:	**1/1-31/12/2013**	**1/1-31/12/2012**	**1/1-31/12/2013**	**1/1-31/12/2012**
Up to 1 year	139	163	124	148
From 2 to 5 years	163	134	152	123
Total	**302**	**296**	**276**	**271**
Charges to the results				
Leases from operating leasing	200	214	181	195

6.29 Transactions with related parties

The company's transactions with related parties, according to IAS 24, are as follows.

Amounts in thousand euro

	GROUP		COMPANY	
	1/1-31/12/2013	1/1-31/12/2012	1/1-31/12/2013	1/1-31/12/2012
Sales of goods and services				
To subsidiaries	0	0	4,629	3,921
To associates	2,000	1,937	2,000	1,937
	2,000	**1,937**	**6,629**	**5,858**
Purchases of goods and services				
From subsidiaries	0	0	330	261
From associates	495	592	495	592
	495	**592**	**824**	**854**
Receivables				
From subsidiaries	0	0	1,544	809
From associates	1,224	916	1,224	916
	1,224	**916**	**2,768**	**1,724**
Liabilities				
To subsidiaries	0	0	149	18
To associates	224	227	224	227
	224	**227**	**373**	**245**
Benefits towards the company's management and executives				
Wages and other short-term benefits	880	853	880	853
Receivables from senior executives and management	0	0	0	0
Liabilities towards senior executives and management	29	37	29	37

The aforementioned transactions took place according to normal market terms.

The transactions of the Company and the outstanding balances with its subsidiaries have been written-off the Group's consolidated balance sheet, while the transactions that concern the associate companies are included in the relevant accounts of the consolidated balance sheet and results.

No loans have been granted to members of the Board of Directors or other senior executives of the Group (and their families).

6.30 Earnings per share

Earnings per share are analyzed as follows:

Amounts in thousand euro

	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Earnings after taxes corresponding to shareholders of the parent (1)	2,322	3,499	2,476	3,480
Weighted number of shares outstanding (2)	11,720.024	11,720.024	11,720.024	11,720.024
Basic earnings per share (Euro per share) (1)/(2)	0.1981	0.2985	0.2112	0.2970

6.31 Provision for staff indemnity – Revised Financial Statements 31-12-2012

According to the labor legislation, employees are entitled of an indemnity in case they are dismissed or they retire from service. The level of indemnity varies based on salary, years of service and the type of employee's leave (dismissal or retirement from service). These programs are not financed and constitute defined benefit plans according to IAS 19.

As a result of the revised IAS 19 and its adoption from the Group, there was a change in the accounting policy concerning the recognition of actuarial gains and losses deriving from the defined benefit plan as described above. Until 31.12.2012, the Group recognized a liability amounting to 470 thous. euro as was allowed from the IAS 19 prior to its revision. On 1/1/2013 and due to the mandatory application of the revised IAS 19, the Group proceeded with a change in the corresponding accounting policy and recognizes the entire actuarial gains and losses in the period such arise, in the other comprehensive income. The adoption of the revised IAS 19, has been applied retroactively from 1st January 2012 and in accordance with the provisions of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

The effect from the change in accounting policy is analyzed below:

Effect on the financial statements

GROUP	Published 31/12/2012	Revision	Revised 31/12/2012
Results carried forward	14,685	-86	14,600
Total equity	42,917	-86	42,831
Deferred tax liabilities	2,471	-21	2,449
Provision for staff indemnity	470	107	578

COMPANY	Published 31/12/2012	Revision	Revised 31/12/2012
Results carried forward	15,057	-86	14,971
Total equity	43,036	-86	42,951
Deferred tax liabilities	2,450	-21	2,429
Provision for staff indemnity	470	107	578

Amounts in thousand euro

6.32 Dividends

The Company's Board of Directors, taking into account the results for financial year 2013, the Company's broader capital needs in general as well as the financial environment where the Company develops its activities, will propose to the Annual Ordinary General Shareholders' Meeting:

A) The distribution to shareholders of an amount 469 thous. euro approximately, which will derive, according to the article 72 of L. 4172/2013 (Note 6.25), from the separate taxation and subsequent distribution of tax exempt reserves which had been created on the basis of L. 2238/1994.
B) The capital return to shareholders of an amount 586 thous. euro approximately, and
C) The distribution of no dividend from the earnings of the financial year 2013.

6.33 Events after the balance sheet date

There are no significant events after the end of the reporting period, which concern the Group or the Company, and whose disclosure is required by the International Accounting Standards (IAS).

Koropi, 20/3/2014

THE CHAIRMAN OF THE BOARD	THE VICE-CHAIRMAN OF THE BOARD	THE CHIEF FINANCIAL OFFICER
GEORGIOS S. GIONOSATIS	STAMATIOS S. GINOSATIS	ANASTASIOS A. LYMBEROPOULOS
ID No/AE 153990	ID No /Σ.500301	ID No /X.094106 Reg. No.3544/99

Amounts in thousand euro

CHAPTER 5: Information of article 10 l. 3401/2005

The following Announcements/Disclosures have been sent to the Athens Exchange Daily Bulletin and are posted on the Athens Exchange website www.ase.gr as well as on the company website www.flexopack.gr

DATE	SUBJECT
16/1/2013	Announcement for Extraordinary General Shareholders' Meeting
13/2/2013	Announcement for the decisions of the Extraordinary General Shareholders' Meeting
1/3/2013	Issuance of Ordinary Bond Loan with principal value of 3,500,000 €
8/3/2013	Financial Calendar
13/3/2013	Accounting Statement and Annual Financial Statements IAS of Year 2012
13/3/2013	Announcement of comments with regard to the financial statements of year 2012
19/3/2013	Announcement regarding business and financial statements of the Company
27/3/2013	Reply to inquiry by Hellenic Capital Markets Commission
22/5/2013	Accounting Statement and Annual Financial Statements IAS of 3M 2013
22/5/2013	Announcement of comments with regard to the financial statements of 3M 2013
31/5/2013	Announcement for the Annual General Shareholders' Meeting
3/6/2013	Announcement regarding amendments of the Company's Memorandum of Association
28/6/2013	Announcement for the decision of the Annual General Shareholders' Meeting
22/8/2013	Accounting Statement and Annual Financial Statements IAS of 6M 2013
22/8/2013	Announcement of comments with regard to the financial statements of 6M 2013
30/9/2013	Completion of share capital increase of subsidiary
1/10/2013	Announcement for the results of tax audit
11/10/2013	Announcement regarding the increase and simultaneous decrease of share capital through increase and decrease of the share's nominal value
29/10/2013	Announcement of waiving for the dividend of year 2007
13/11/2013	Announcement of Regulated Information of L. 3556/2007. Disclosure of Transactions
21/11/2013	Accounting Statement and Annual Financial Statements IAS of 9M 2013
21/11/2013	Announcement of comments with regard to the financial statements of 9M 2013
20/12/2013	Announcement of Regulated Information of L. 3556/2007. Disclosure of Transactions
20/12/2013	Announcement of Regulated Information of L. 3556/2007. Disclosure of Transactions
20/12/2013	Announcement of Regulated Information of L. 3556/2007. Disclosure of Transactions
20/12/2013	Announcement of Regulated Information of L. 3556/2007. Disclosure of Transactions
20/12/2013	Announcement of Regulated Information of L. 3556/2007. Disclosure of Transactions
20/12/2013	Announcement of Regulated Information of L. 3556/2007. Disclosure of Transactions

Amounts in thousand euro

CHAPTER 6 : Online availability of financial information

According to those stipulated by Decision No. 7/448/2007 issued by the Board of Directors of the Hellenic Capital Market Commission, we announce that the Annual Financial Statements of the Group and Company, the Audit Report by the Certified Auditor and the Report by the Company's Board of Directors, as well as the annual financial statements, audit reports and reports by Board of Directors of the companies included in the Company's consolidated financial statements, are available online on the website www.flexopack.gr