FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY

TZIMA POSITION – 194 00 KOROPI ATTICA
General Commercial Registry No. 582101000

Annual Financial Report for financial year 2016 (January 1st 2016 - December 31st 2016)

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

---

It is confirmed that the present Annual Financial Report that concerns the financial year 2016 (January 1st 2016 – December 31st 2016), has been approved by the Board of Directors of "FLEXOPACK PLASTICS S.A." on the 5th of April 2017 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 ten (10) years from its preparation date and initial release.

CONTENTS

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.

****

We, the following signatories, under our capacity as mentioned above, according to the stipulations by law (article 4 par. 2 of Law 3556/2007) and specifically pursuant to the relevant special decision 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 2016 (1.1.2016-31.12.2016), 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 2016, 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 of the activities, the performance and position of the Company and the companies included in the consolidation regarded as a whole.

Koropi, 5 April 2017

The parties of the statement

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

Amounts in thousand euro

CHAPTER 2: Annual Report by the Board of Directors (including the Corporate Governance Statement), for financial year 2016.

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 2016 (01.01.2016 – 31.12.2016) 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 8/754/14.04.2016, as well as with the clauses of P.L. 2190/1920.

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 under the name "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, which includes apart from the Company a number of affiliated companies as mentioned below.

Given the fact that the Company prepares consolidated and non-consolidated (separate) financial statements, the present Report is exclusive, with as its basic and primary reference 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 31.12.2016 are the following:

1) "FLEXOPACK POLSKA Sp. Z.o.o" (previously named as "Fescopack Sp. Z.o.o"), which is based in Poland, in which the Company participates now with 98.32%,
2) "FLEXOSYSTEMS Ltd Belgrade", which is based in Serbia, with a 100% participation of the Company,
3) «FLEXOPACK INTERNATIONAL LIMITED», domiciled in Larnaca, Cyprus, fully owned by the Company (100%),
4) «FLEXOPACK PTY LTD», domiciled in Brisbane, Australia, fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company),
5) «FLEXOPACK TRADE AND SERVICES UK LIMITED», domiciled in UK, fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company),
6) the Société Anonyme company "INOVA SA PLASTICS", which is based in Greece, in which the Company participates with 50%, and finally,
7) the Société Anonyme company, "VLAHOU BROS SA", which is based in Greece, in which the Company participates with 47.71%.

Of the above seven (7) legal entities, the (parent versus subsidiary) relation described in article 32 paragraph 2 of Law 4308/2014 applies only for the five (5) foreign companies.
It is noted that the company «FLEXOPACK NZ LIMITED», established on 25/10/2016 in New Zealand, is consolidated for the first time beginning from 1/1/2017, given the fact that company did not initiate its business activities within the year 2016.

The present Report is included in total with the annual financial statements (separate and consolidated) of the year 2016 and the other required by law information and statements in the Annual Financial Report which concerns the closing financial year 2016 (01.01.2016 – 31.12.2016).

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

SECTION A
Significant events of financial year 2016

The significant events that occurred during the financial year 2016 and any impact of theirs on the financial statements have as follows:

1. Annual Ordinary General Shareholders' Meeting of the Company

On Friday, 24th June 2016, 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 9.362.776 ordinary, registered shares and equal voting rights, i.e. 79.89% of total 11,720,024 shares and equal voting rights of the Company.

The annual Ordinary General Meeting of the Company's shareholders received the following decisions on the subjects of the daily agenda.

With regard to the 1st issue, it unanimously approved the Annual Financial Statements (Company and consolidated) relating to the financial year 2015 (01.01.2015-31.12.2015) and, in overall, the annual Financial Report for that year, in the form that they were published and submitted to the competent Supervisory Authorities.

With regard 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 24th March 2016, as well as the Audit Report of 28th March 2016, of the Chartered Auditor-Accountant of the Company, Theodoros N. Papailios, regarding the annual Financial Statements relating to the financial year 2015.

With regards to the 3rd issue, the Meeting unanimously approved the allocation and distribution of the results of the financial year which ended on 31.12.2015, and specifically it approved not to distribute any dividend to the shareholders of the Company from the earnings of the financial year 2015 (01.01.2015-31.12.2015).

With regards to the 4th issue, the Meeting unanimously approved, via a name-based voting procedure, 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 financial year of 2015 (01.01.2015-31.12.2015) and the annual Financial Statements of that year.

With regard to the 5th issue, it unanimously approved by majority the election of the Auditing Firm "SOL – Certified Public Accountants", registered in the Special Registry of article 13, paragraph 5 of P.D. 226/1992, for the ordinary audit of the annual and semi-annual Financial Statements of the Company (parent and consolidated) for the financial year 2016 (01.01.2016-31.12.2016) and specifically of Mr. Theodoros Papailios of Nikolaos (SOEL Registration Number 16641) as Ordinary Certified Auditor Accountant and Mr. Efstathios Banilas of Panagiotis (SOEL Registration Number 16451) as Deputy Certified Auditor Accountant.

It is noted that according to a relevant proposal approved by the Annual General Meeting the above Auditing Firm will prepare and issue the annual certificate and the tax compliance report of the Company

for the financial year 2016, according to the provisions of article 65a of Law 4174/2013 as it is currently in effect.
At the same time, with the above decision the Meeting authorized the Board of Directors to proceed into a final agreement with the Auditing Firm with regard to its remuneration fee, which will not however exceed the corresponding fee of the previous financial year 2015, as well as to send the written assignment-mandate to the elected Auditing Firm within five (5) days from the date of its election.

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 previous financial year 2015 (01.01.2015-31.12.2015) and it also pre-approved the remuneration payable to Board members during the current financial year 2016 (01.01.2016-31.12.2016) until the next annual Ordinary General Meeting.

With regard 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 regard to the 8th issue, some announcements, on behalf of the Presidium of the General Meeting, regarding the results and course of the Company, took place.

2. Participation in the share capital increase of the subsidiary company «Flexopack Polska Sp. Zoo»

The Extraordinary General Meeting of the shareholders of the Polish subsidiary under the name «FLEXOPACK POLSKA Sp. Zoo» in which the parent company participates with 97.86%, during its meeting which took place at Gstank, Poland, on 7 March 2016, decided a share capital increase via payment in cash, by the amount of 4.4 million Zloty (or 1.02 million Euro based on the current exchange rate), via the issuance of 8,800 new common, carrying voting rights, shares with a nominal value of 500 Zloty per share.
With the completion of the above share capital increase, entirely covered by the parent company, the share capital of the above subsidiary amounts to 20,476,000 Zloty divided into 40,952 common, carrying voting rights, shares with nominal value of 500 Zloty per share. The parent company's participation settled at 98.32%.
Through the above share capital increase, the Company finance the investment plan of its subsidiary in Poland with the objective to fully utilized the new state-of-the-art production facilities of the particular subsidiary and achieve a more aggressive penetration of the local market.

3. Participation in exhibitions

In the context of the efforts made in order to boost the export orientation of the Group and to promote its products to the international markets, the Company participated in IFFA 2016, which took place in Frankfurt, Germany, during the period 07.05-12.05.2016.
Through participation in such exhibitions, the Group targets the higher recognition of its products, the strengthening of international relations of the Company, the achievement of new partnerships and the expansion of the its presence on both product and geographical basis.

4. Information regarding the country-member of origination

The Company, following the amendment of law 3556/2007 made from law 4374 /2016 (Gov. Gaz. A΄ 50/01.04.2016) and specifically due to the inclusion made according to article 2, paragraph 2 of the above law, sub case dd' of case g' (country-member of origination) of article 3 of Law 3556/2007, informed the investor community on 22/4/2016 that the country-member of the Company's origination is Greece.

5. Establishment of new subsidiary company in New Zealand

The management of the Company announced in the beginning of November 2016 that it proceeded with the establishment of a new commercial company under the name «FLEXOPACK NZ LIMITED», in Auckland of New Zealand.

This new company is fully controlled by the company «FLEXOPACK PTY LTD» domiciled in Brisbane of Australia which is turn fully controlled (100%) from the Cypriot subsidiary «FLEXOPACK INTERNATIONAL LIMITED».

The establishment of the above new subsidiary company in New Zealand is in the context of the Group's broader strategic planning targeting the reorganization and the essential expansion of the global distribution network through the utilization of the experience and knowhow of the Group. The ultimate objective of the above is the further expansion of the Group's presence in the particular geographic market and also the optimal, complete, direct and most effective penetration of the particular market based on the entire spectrum of the Group's products. The above company was not active within the year 2016 and as result it did not affect the items and accounts of the annual financial statements.

6. Issuance of Tax Certificate for the Year 2015

On 11th October 2016, in application of the provisions of article 4.1.3.1 section 12 of the Athens Exchange Regulation and the article 10 paragraph 1 of Law 3340/2005, the Company announced to the investment community that in continuation of the special tax audit of the year 2015 (tax year 2015), which was conducted by the legal auditors of the Company in accordance with the clauses of article 65a of Law 4174/2013, as it is currently in effect, for both the Company and its subsidiaries INOVA PLASTICS SA and VLACHOU BROS SA, the relevant tax certificates were issued with opinion "without reservation".

7. Issuance of common bond loan and short-term financing (bridge finance)

(a) The Company on 26th September 2016, following the decision of the annual Ordinary General Meeting of shareholders on 26th June 2015 and the authorized decision of the Board of Directors on 9th September 2016, signed a Contractual Agreement for the Coverage of a Common Bond Loan via private placement, according to the clauses of Law 3156/2003 and of C.L. 2190/1920, as they are currently in effect, for a total nominal value of 3,500,000 million Euros and duration of seven (7) years. The banking companies under the names «NATIONAL BANK OF GREECE S.A.» and «NBG MALTA LIMITED» covered the above mentioned bond loan. «NATIONAL BANK OF GREECE S.A.» was appointed as the trustee with regard to the payments and the representation of Bondholders. The product of the common and non-secured Bond Loan will be utilized by the Company for the construction of new building facilities as well as for its broader business objectives and plans and also operating capital needs.

(b) In October 2016, the Company signed an agreement with a banking institution based in Greece concerning a bridge financing loan of 6.0 million Euros which was collected with the purpose (a) to repay the remaining amount of 4,086,500 Euros of the two existing, at that time, common bonds loans with Alpha Bank as the sole Bond Lender and (b) to finance the Company's investment program with the remaining amount. The above financing was of short-term nature as the Company was expecting the issuance of an equivalent common Bond Loan which took place after the fiscal year 2016.

8. Share capital increase of subsidiary company "FLEXOPACK INTERNATIONAL LIMITED"

The Company proceeded with a capital injection amounting to 2,000,000 Euros, based on a percentage of 100%, in the subsidiary company «FLEXOPACK INTERNATIONAL LIMITED» based in Larnaca of Cyprus. The above corporate action was implemented via the share capital increase of the particular subsidiary and in cash payment through the issuance of one hundred thousand (100,000) new shares, with nominal value of one (1.00) Euro per share and with offering price of twenty (20.00) Euro per share.

The above share capital increase was implemented with the exclusive objective to further finance and capitalize the Group's Australian subsidiary under the name "FLEXOPACK PTY LTD" domiciled in Brisbane and fully controlled by the above mentioned Cypriot subsidiary. The Australian subsidiary is under the phase of supply and installation of modern mechanical equipment in an effort to strengthen its production capacity and promote its business activities in the particular geographic market.

The Company's Management remains strategically focused on the expansion of the above subsidiary in the geographic region of Australia in order to further enrich the business activities of the broader Group and also to more effectively penetrate the particular market.

9. Construction of new industrial building

With the objective to expand its production facilities, the Company in January 2015 proceeded, as already known, with the acquisition of a land adjacent to the existing facilities in Tzima Location, Municipality of Koropi. The land covers an area of 9,904 square meters on which the Company will construct an industrial building.

The construction of the above industrial building, which will be a two-floor building with basement and will have production and storage spaces along with an office area of 6,975 square meters, started on an intensive pace during the last quarter of 2016 and is expected to complete by the end of the current fiscal year 2017.

This new building after the completion and the commencement of its operation is expected to strengthen the production capacity of the Company.

SECTION B'

Basic risks and uncertainties

Given its exporting activities and particularly its high extrovert strategy, 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 receivables, loans and other receivables, bank loans, as well as liabilities towards suppliers and related liabilities.

I. Financial risks

The most common financial risks which the Group is exposed to are the following:

A. Exchange Rate Risk

The Group operates on a global level and realizes transactions in foreign currency, mainly a) in U.S. dollar (U.S.D.), b) in Polish zloty (PLN), c) in Australian dollar (AUD) and in British Pound (GBP).

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 in foreign currency during the year 2016 represented 25.87% of total sales, of which 4.25% concerned sales in U.S.D., 6.82% sales in PLN, 12.10% sales in AUD, 1.77% sales in GBP and the remaining 0.93% sales in other foreign currencies.

Part of the foreign exchange risk that emanates from transactions in foreign currency according to the above is hedged with the use of natural hedging instruments.

The Group also has the capacity to use forwards in foreign currency and foreign exchange futures for purchase or sale of currency.
It is noted that within the above framework the Group during the fiscal year 2016 utilized currency futures for the purposes of risk hedging in relation to the exchange rate EUR/GBP (cash flow risk hedging).
More specifically, the Company signed an agreement with a banking institution concerning the sale of GBP 1,500,000 based on predetermined EUR/GBP rates and on predetermined dates within the year 2017, in order to minimize the exchange rate risk concerning the amounts which will become receivable in GBP from sales that will occur within 2017.
The Group monitors on constant basis the movements of the above exchange rates. Despite the fact that the largest part of the carried out transactions are expressed in Euros, the particular risk exists and may significantly affect the results of the Group.
A relevant analysis is presented in the note 5A of the annual financial statements, with regard to the above effect.

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 mainly 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 and relation of mutual trust in the majority of cases.
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. This fact is demonstrated by the non-existence of significant doubtful receivables over the last years.
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 cash collection 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.
No doubtful debtors exist that have not been covered by provisions for doubtful receivables.
It is also noted that the particular risk, although it exists, especially with regard to customers active in countries which have been hit by economic recession but also with regard to customers within the Greek region, due to the imposed capital controls concerning the banking transactions is considered for the time being as relatively limited and controllable according to the historic data possessed by the Group and in the context of the precautionary measures that have been taken and as well as the procedures that have been established.
A relevant analysis is presented in the note 5C of the annual financial statements.

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. Such case however, despite the clearly negative circumstances and conditions particularly seen in the domestic economy over the past years, has not yet appeared.
Following the above though, and given the capital controls imposed in the domestic economy as well as the especially negative conditions of the market and especially of the banking system, the above risk may affect the liquidity of the Group, although to an absolutely manageable extent.
A relevant analysis is presented in the note 5D of the annual financial statements.

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 render the above risk as controlled and not capable to materially affect the Group's activity and growth.
A relevant analysis is presented in the note 5B of the annual financial statements.

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 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 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 to remain competitive as well as expand or achieve 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 volatility constraints that lead frequently to a climate of negative psychology especially in the domestic and European market, but also to a more volatile behavior of the markets in general, the assessment of this risk remains as significant. Despite the fact that the Group's operation is directly linked to the food sector, which traditionally is less affected by any economic crisis, the current crisis and recession that have hit the domestic environment, also due to the capital controls imposed, indicate that the declining trend in demand will continue in the medium term.
For this reason, and until clear and final indications arise for a final reversal of the negative climate, the particular risk is considered as real and it may affect the performance and the results of the Group in the current financial year.

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 production prices, other chemical products 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 significant increase over the last years, in tackling this risk the Group has invested in low energy consumption equipment and at the same time it targets at developing and operating specialized energy management systems, thus intensifying its efforts towards a lower energy cost. In any case, the particular risk is viewed by the Company's management as real and may potentially affect the results of the Group, especially if in the context of the electricity sector's restructuring the pertinent authorities proceed with new increases in the supply cost of the Company.

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 plan that focuses on establishing a safety culture throughout all the Group's activities and operations, as well as on targeting the constant training and education of the Company's personnel is applied on a continuous and constant basis. Moreover, broad educational programs are applied to systematically and fully 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.

G. Risks due to the capital controls imposed on the Greek banking system.

With the Act of Legislative Content as of 28.06.2015, the Greek banks entered into a bank holiday whereas capital controls were imposed following the respective decisions of the Ministry of Finance. The bank holiday ended on 20.07.2015, however the capital controls remain in effect, although they have been relaxed to some degree.

Given the Company's strong export orientation (with exports representing nearly 80% of its turnover), the capital controls imposed did not affect until today, and most likely in the future, the business activities of the Company and the Group. It is noted that the Company has ensured the continuous and sufficient supply of raw materials needed for the production process.

From the eruption of the Greek economic crisis in 2010, the Group continuously monitors the economic environment in the country in order to assess the risks affecting its business activities and be able to take the necessary actions towards the minimization of any associated effect. Therefore, the Management reiterates its judgment that the risks emanating from the imposed and the continuing capital controls are real, however given what is known until today, the particular risks are totally controlled and manageable.

H. Risk related to the referendum in United Kingdom

Following the referendum that took place in the United Kingdom on 23rd June 2016 and the consequent decision concerning the country's exit from the European Union, and with regard to the risks and the

potential effect on the Company's and the Group's results due to the above event, the transactions carried out with the United Kingdom by the Group during the year 2016 are presented below.
The total sales of the Group during the year 2016 in the United Kingdom amounted to 7,054,355 Euros and correspond to a percentage of 10.04% of the consolidated turnover, whereas the sales of the Company accounted for 6,766,444 Euros representing also a percentage of 10.04%. The invoiced sales of the Group in GBP settled at 1.77% of the turnover and of the Company at 1.43%.
The total receivables-(liabilities) of the Group from transactions carried out in the United Kingdom settled at 1,415,681 Euros on 31/12/2016 and of the Company at 1,497,544 Euros.
During the present time and in view of the fact that the terms and conditions of the country's exit from the EU have not been finalized, no particular estimation concerning the effect of the particular event on the Group's commercial activity can be made.
It is noted that within the above framework the Group during the fiscal year 2016 utilized currency futures for the purposes of risk hedging in relation to the exchange rate EUR/GBP (cash flow risk hedging).
More specifically, the Company signed an agreement with a banking institution concerning the sale of GBP 1,500,000 based on predetermined EUR/GBP rates and on predetermined dates within the year 2017, in order to minimize the exchange rate risk concerning the amounts which will become receivable in GBP from sales that will occur within 2017.
An analysis of the transactions carried out in GBP and a sensitivity analysis of the exchange rate risk are presented in the note 5A of the annual financial statements.

SECTION C

Significant transaction with related parties

The present section includes the most important transactions made during the financial year 2016 between the Company and its related parties as defined by IAS 24 and in particular:

a) Transactions between the Company and each 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 each related party described in the last Annual Report, which could have a material effect on the financial position or performance of the Company during financial year 2016.

It is noted that the following reference to those transactions, includes the following elements:
(a) The amount of such transactions for the year 2016
(b) The outstanding balance of these transaction at the yearend (31/12/2016)
(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 2016 between the Company and its associates (as defined by IAS 24) are presented in the following table.

1/1/-31/12/2016 (euro thous.)

COMPANY	Sales of goods and services	Purchases of goods and services	Receivables	Liabilities
FLEXOPACK POLSKA Sp. Zo.o	3.452	2.920	2.482	418
FLEXOSYSTEMS Ltd -Belgrade	468	0	103	0
FLEXOPACK PTY LTD- AUSTRALIA	9.455	130	9.550	0
FLEXOPACK TRADE AND SERVICES UK LIMITED	961	0	534	0
FLEXOPACK INTERNATIONAL LIMITED-CYPRUS	0	0	25	0
INOVA SA	334	2	133	1
VLAHOU BROS SA	2.420	276	912	73
	17.091	**3.327**	**13.739**	**492**

Benefits towards management and executives	
Transactions and remuneration of senior executives and management	1.160
Receivables from senior executives and management	0
Liabilities towards senior executives and management	33

1/1/-31/12/2015 (euro thous.)

COMPANY	Sales of goods and services	Purchases of goods and services	Receivables	Liabilities
FLEXOPACK POLSKA Sp. Zo.o	3.796	2.591	2.388	266
FLEXOSYSTEMS Ltd -Belgrade	553	0	114	0
FLEXOPACK PTY LTD- AUSTRALIA	6.701	0	5.011	0
FLEXOPACK TRADE AND SERVICES UK LIMITED	177	0	130	0
FLEXOPACK INTERNATIONAL LIMITED-CYPRUS	0	0	0	0
INOVA SA	359	0	95	0
VLAHOU BROS SA	2.416	689	1.073	222
	14.003	**3.280**	**8.811**	**488**

Benefits towards management and executives	
Transactions and remuneration of senior executives and management	1.053
Receivables from senior executives and management	0
Liabilities towards senior executives and management	146

Notes:

It is also noted:

1. No other related to the Company parties exist according to the provisions of the International Accounting Standard 24 apart from the above mentioned.

It is noted that the company established on 25/10/2016 in New Zealand under the name "FLEXOPACK NZ LIMITED", which is fully controlled by the company "FLEXOPACK PTY LTD", will be consolidated for the first time during the year beginning from 01/01/2017 since it did not commenced any activities during 2016.

2. No loans or any other credit facilitations have been granted to the Board members or other senior executives of the Company and their families.

Amounts in thousand euro

3. Apart from the above fees, no other transactions exist between the Company and the directors and the members of the Board.
4. In the context of its ordinary activity the Company has provided a guarantee towards a bank, in favor of its subsidiary «FLEXOPACK PTY LTD» which is based in Australia, with a maximum guarantee amount of 74,000 Euros approximately.
5. The Company has granted to a banking institution based in Poland (a) a guarantee for a maximum amount of 2.5 million Euros, as insurance against the repayment of a long-term bank loan, of 2.5 million Euros, granted to its subsidiary company «FLEXOPACK POLSKA Sp. Zo.o». The current balance of the above loan settled at 2.148 million Euros on 31/12/2016. (b) a guarantee for a maximum amount of 1.35 million PLN (307,000 Euros approximately) as insurance against the repayment of a short-term credit line towards the above subsidiary.
6. The Company has provided a 5-year loan of 500 thousand Euros to its subsidiary «FLEXOPACK PTY LTD», based in Australia, for the implementation of the latter's ongoing investment plan which concerns the development and installation of production facilities. The current balance of the above loan is estimated at 400 thousand euro as 31/12/2016. It is included in the above table of related party transactions concerning transactions between the Company and its affiliates.
7. 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 2016.
8. 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.
9. There is no separate transaction that exceeds 10% of the value of the assets of the Company, as reflected in its latest published statements.
10. There is no separate transaction which may be regarded as significant within the meaning of Circular no. 45/2011 of the Hellenic Capital Markets Commission.
11. 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 Group and the Company.

A. Statement of Financial Position

Items (in thousand Euro) of the Statement of Financial Position for the year 2016 are presented below along with the most important changes that occurred versus the corresponding year of 2015.

STATEMENT OF FINANCIAL POSITION

EUR THOUS.	**GROUP**				**COMPANY**			
ASSETS	**31/12/2016**	**31/12/2015**	**Μετ.**	***% Μετ.***	**31/12/2016**	**31/12/2015**	**Μετ.**	***% Μετ.***
Non current assets	44,757	40,745	4,013	*9.8%*	42,993	38,102	4,891	*12.8%*
Cash and cash equivalents	15,375	12,965	2,411	*18.6%*	11,937	12,267	-331	*-2.7%*
Other current assets	31,858	30,093	1,765	*5.9%*	34,002	30,000	4,002	*13.3%*
Total Assets	**91,991**	**83,802**	**8,188**	***9.8%***	**88,932**	**80,370**	**8,562**	***10.7%***
EQUITY								
Total Shareholders' Equity	53,920	49,136	4,784	*9.7%*	55,971	50,468	5,503	*10.9%*
Non-controlling interests	68	76	-9	*-11.4%*	0	0	0	*0.0%*
Total Equity	**53,988**	**49,213**	**4,775**	***9.7%***	**55,971**	**50,468**	**5,503**	***10.9%***
LIABILITIES								
Long-term bank liabilities	4,791	4,364	427	*9.8%*	3,000	2,221	779	*35.1%*
Provisions / Other long-term liabilities	4,474	4,989	-515	*-10.3%*	4,609	5,105	-495	*-9.7%*
Short-term bank liabilities	10,498	10,017	482	*4.8%*	9,875	9,541	334	*3.5%*
Other short-term liabilities	18,240	15,220	3,019	*19.8%*	15,477	13,036	2,442	*18.7%*
Total Liabilities	**38,003**	**34,590**	**3,413**	***9.9%***	**32,962**	**29,902**	**3,059**	***10.2%***
Total Equity & Liabilities	**91,991**	**83,802**	**8,188**	***9.8%***	**88,932**	**80,370**	**8,562**	***10.7%***

As it derives from the above statement, there are no significant changes in the consolidated statement of financial position of 31/12/2016 compared to the one of 31/12/2015.

The total liabilities of the Group amounted to 38.003 million Euros whereas the total equity amounted to 53.988 million Euros.

The net bank debt (total short-term and long-term interest bearing liabilities minus cash and cash equivalents) of the Company amounted to 938 thousand Euros for the Company and to negative levels of -86 thousand Euros for the Group.

B. Statement of Income

Items (in thousand Euros) of the statement of income for the year 2016 are presented below, along with the most significant changes from the items of the statement of income for the year 2015.

STATEMENT OF INCOME

EUR THOUS.	**GROUP**				**COMPANY**			
	1/1-31/12/2016	**1/1-31/12/2015**	**Μετ.**	***% Μετ.***	**1/1-31/12/2016**	**1/1-31/12/2015**	**Μετ.**	***% Μετ.***
Turnover	**70,251**	**61,201**	**9,050**	***14.8%***	**67,416**	**62,271**	**5,146**	***8.3%***
Gross Profit	16,859	14,101	2,759	*19.6%*	15,179	12,850	2,329	*18.1%*
Operating income - (expenses)	(8,935)	(8,005)	(931)	*11.6%*	(6,530)	(5,907)	(622)	*10.5%*
Operating profit	**7,924**	**6,096**	**1,828**	***30.0%***	**8,650**	**6,943**	**1,707**	***24.6%***
Financial income - (expenses)	(639)	(516)	(123)	*23.9%*	(534)	(485)	(49)	*10.1%*
Other Financial Results	(179)	3	(182)	*-6290.6%*	60	117	(57)	*-49.0%*
Proportion of results from associate companies	497	157	340	*215.9%*	-	-	-	-
Earnings before taxes	**7,603**	**5,741**	**1,863**	***32.4%***	**8,175**	**6,575**	**1,600**	***24.3%***
Income tax	(2,425)	(2,054)	(370)	*18.0%*	(2,440)	(2,169)	(271)	*12.5%*
Earnings after taxes	5,179	3,686	1,492	*40.5%*	5,736	4,406	1,329	*30.2%*
Earnings after taxes and minority interests	**5,188**	**3,694**	**1,494**	***40.4%***	-	-	-	-

The following are noted with regard to the above items of the consolidated statement of income.
The increase of the consolidated sales by 14.8% resulted into an increase of the gross profit by 19.6%. This event in conjunction with the lower growth rate of operating expenses (Administrative, Distribution and R&D expenses) by 11.6% resulted into the increase of the operating profit by 30%.
The increase of the financial expenses as well as of the other financial results was offset from the higher earnings that resulted from the proportional participation in the results of the associate companies and consequently the earnings before taxes increased by 32.4% reaching 7.603 million Euros from 5.741 million Euros in the previous fiscal year.

C. Financial Ratios

The major financial ratios are presented below.

	GROUP		COMPANY		
Financial Ratios	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**	**Explanation**
Capital Structure	58.7%	58.7%	62.9%	62.8%	Total Equity / Total Assets
Liquidity Ratio	1.6	1.7	1.8	1.9	Total Current Assets / Total Short-term Liabilities
Profit Margin (before taxes)	10.8%	9.4%	12.1%	10.6%	Earnings before Taxes / Total Turnover
Return on Equity (before income tax)	14.1%	11.7%	14.6%	13.0%	Earnings before Taxes / Total Equity

D. Alternative Performance Measures (APM)

The Group, in the context of the decision making with regard to its financial, operating and strategic planning, utilizes the following mentioned Alternative Performance Measures (APM). The APM should be taken into consideration always in conjunction with the financial results that have been prepared in accordance with the IFRS and in no case should they replace them.

a) Capital Management

The goals of the Group with regard to the capital management refer to the uninterrupted course of its business activities, the assurance of the financing of investment plans and the optimal allocation of capital targeting the reduction of cost of capital.
For the purposes of capital management, the Group systematically monitors the ratio:
"Net bank debt to Total employed capital".
The net bank debt is calculated as the total short-term and long-term interest bearing liabilities minus the total cash and cash equivalents.
The total capital employed is calculated through the sum of the net bank debt and the total equity.
For the fiscal years ended on 31st December 2016 and 2015 respectively, the particular ratio settled as follows: (amounts are expressed in thousand Euros)

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Long-term debt obligations	4,791	4,364	3,000	2,221
Short-term bebt obligations	10,498	10,017	9,875	9,541
Total bank debt	15,290	14,381	12,875	11,762
Minus : Cash and cash equivalents	15,375	12,965	11,937	12,267
Net Bank Debt (1)	**(86)**	**1,416**	**938**	**(505)**
Total Equity (2)	**53,988**	**49,213**	**55,971**	**50,468**
Total Employed Capital (1)+(2)	**53,902**	**50,628**	**56,909**	**49,962**
Net Bank Debt / Total Employed Capital	**-0.2%**	**2.8%**	**1.6%**	**-1.0%**

The Group may affect its capital structure via the repayment or the collection of additional bank debt, through share capital increase or return of capital to shareholders, and via the distribution or not of dividends and through other distributions.

b) Earnings before interest, taxes, depreciation and amortization (EBITDA)

For the fiscal years ended on 31st December 2016 and 2015 respectively, the particular figure settled as follows: (amounts are expressed in thousand Euros)

	GROUP		COMPANY		
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	Note
Operating Profit	7,924	6,096	8,650	6,943	Statement of Income
Depreciation of tangible fixed assets	3,638	3,327	3,192	3,049	Cash Flow Statement
Amortization of intangible assets	243	208	243	208	Cash Flow Statement
Amortization of investment grants	(434)	(434)	(434)	(434)	Cash Flow Statement
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**11,371**	**9,196**	**11,651**	**9,765**	

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, following the last amendment which was approved by the Annual General Shareholders' Meeting on 26.06.2015, amounted to 6,328,812.96 Euro as of 31.12.2016, 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.

It is noted that the relevant amendment of the article 5 of the Company's Articles of Association, following the decision of the annual Ordinary General Meeting of Shareholders on 26th June 2015, was approved with

the decision 86157/20.08.2015 (ΑΔΑ: ΨΚΚΙ465ΦΘΘ-ΥΖΤ) of the Department of Public SA and Sports SA of the Division of Companies and GEMI of the General Market Division of the General Secretary of Trade and Consumer Protection of the Ministry of Finance, Infrastructure, Shipping and Tourism, which was registered in the General Electronic Commercial Registry (GEMI) on 20.08.2015 with registration number 399903. All Company shares (common registered) 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 Bond Loan agreement and specifically by the Terms of Common Bond Loan 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 (direct and indirect) are as follows:
- FLEEXOPACK POLSKA Sp.z.o.o: foreign Company domiciled in Poland. The Company now holds 98.32% 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,
- VLAHOU BROS SA: domestic company in which the Company holds 47.71% of shares and voting rights,
- «FLEXOPACK INTERNATIONAL LIMITED»: Foreign company domiciled in Larnaca, Cyprus, fully owned by the Company (100% of the total shares and voting rights),
- «FLEXOPACK PTY LTD»: Foreign company domiciled in Brisbane, Australia, fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company),
- «FLEXOPACK TRADE AND SERVICES UK LIMITED»: Foreign company domiciled in UK, fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company),
- « FLEXOPACK NZ LIMITED »: Foreign company domiciled in New Zealand, fully owned (100%) by the subsidiary « FLEXOPACK PTY LTD » (indirect participation of the Company).

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: 8.09% (direct participation)

(e) Canaccord Genuity Wealth (International) former Collins Stewart (CI): 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) (a) (b) (c) 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:

The signed, on 26/09/2016, agreement for the coverage of the common Bond Loan between the Company and the National Bank of Greece SA (representative of the Bondholders and trustee of the payments), agreement which provides for 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.

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.

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

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 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

1. On 31/12/2016 the Group employed 318 people and the Company 242 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.
2. 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 new 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, consisting of high standards scientific personnel, 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. 1e, article 26 of Law 4308/2014.
4. No other significant events took place after the end of the closing financial year 2016 and until the date of the compilation of this Report, which are worth of mentioning in this Report, except for the following:
4.1 The Extraordinary General Meeting of the Company's shareholders, which took place on 10th January 2017 unanimously approved the issuance by the Company in accordance with the provisions of C.L. 2190/1920 and of Law 3156/2003, as they are currently in effect, of one or additional common Bond Loans, for an amount up to ten million (10,000,000) Euros in total, via private placement. Simultaneously with the above decision, the Meeting granted authorization to the Company's Board of Directors to set the terms of the above loans (according to the clauses of paragraph 3, article 1 of Law 3156/2003), to proceed with the preparation and signing of the respective contractual agreements and documents in general, and also to proceed with any other actions, statements and legal transactions which are deemed as necessary, appropriate and useful for the proper implementation and completion of the above procedure within the above mentioned regulatory framework.
4.2 Following the above decision of the Extraordinary General Meeting of shareholders, the Management of the Company signed on 27th January 2017 a Contractual Agreement for the Coverage of a Common Bond Loan via private placement, according to the clauses of Law 3156/2003 and of C.L. 2190/1920, as they are currently in effect, for a total nominal value of 6,000,000 million Euros and duration of seven (7) years. The banking companies under the names "ALPHA BANK SOCIETE ANONYME" and "ALPHA BANK LONDON LTD" covered the above mentioned bond loan. "ALPHA BANK SOCIETE ANONYME" was appointed as the trustee with regard to the payments and the representation of Bondholders. The product of the common and non-secured Bond Loan will be utilized by the Company for the premature repayment, in full, of the remaining balance of the two issued common bond loans in which "ALPHA BANK SOCIETE ANONYME" had acted as bond lender, and also for the expansion of the production capacity of the subsidiary company «FLEXOPACK PTY LTD» domiciled in Australia, via the acquisition of a new production line. It is noted that towards this purpose, the Company had been given a bridge loan and as result with the issuance of the above bond loan and the repayment of the bridge loan, the Company's debt position has not been significantly altered.
4.3 Furthermore, on the above date (27/01/2017), the Management of the Company signed a Contractual Agreement for the Coverage of a Common Bond Loan via private placement, according to the clauses of Law 3156/2003 and of C.L. 2190/1920, as they are currently in effect, for a total nominal value of 3,000,000 million Euros and duration of seven (7) years. The banking companies under the names «EUROBANK ERGASIAS S.A.» and «Eurobank Private Bank (Luxembourg) S.A.» covered the above mentioned bond loan. «EUROBANK ERGASIAS S.A.» was appointed as the trustee with regard to the payments and the representation of Bondholders. The product of the common and non-secured Bond Loan will be utilized by the Company for the coverage of its capital needs as well as for the partial coverage of its investment plan.

SECTION H
Corporate governance statement

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:

* <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 of all parties engaged in the relevant transactions.

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 (it has been already superseded by Law 449/2017) 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 fully complies with the statutory requirements and regulations of the aforementioned legislation (specifically c.l. 2190/1920, 3016/2002 and 3693/2008 as well as Law 4449/2017), which also constitute the minimum content of any Corporate Governance Code and essentially (the relevant provisions) make up such an informal Code.

In view of the above mentioned, the Company declares that, at present, even during the current financial 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, along with the present Statement, 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, 3693/2008 as well as Law 449/2017), 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, developed in line with the above and adopted by the Company, 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 based on historic data, is established, consistent and rational, adapted to the prevailing economic conditions and the overall economic potential of the Group,

with the ultimate aim to promote the interests of the Company, 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. The above established policy that is followed by the Company, is also one of its cornerstones towards the realization of a balanced growth and the implementation with the most possible successful manner of its investment plans.
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 at the present time 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 successful course of the Company has been based on flexible organization and operating structures adopted within the said framework and there is no necessary reason to alter by any means the current size and operating structure of the Board of Directors.
-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. In any case the successful so far functioning of the Board of Directors is by definition a factor that deters any such alteration or adjustment.
- 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, as well as by the presence of the Group in geographic markets covering the globe, necessitating the frequent traveling outside Greece of the members of the Board.

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, resulting into the existence of two equal in power positions (Chairman and Vice Chairman). 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 the Chief Executive Officer will be reassessed. The same holds for the potential new and expanded composition of the Board of Directors with the goal of the most effective monitoring of the associate companies of the Group. In any case, the possession of the powers of Deputy Managing Director by the Vice Chairman of the Board substantially fulfills this requirement, since as it was noted, 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. In any case, the fact that none of the independent members hold the position of the Vice Chairman, does not mean that these members are not in position to conduct their duties effectively or that they are affected in terms of their functioning independence.

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. The decisions of the

BOD are taken in continuation of the relevant proposals made by the respective Departments and after having ensured the completeness of the relevant information provided to its members.

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, since any of the BOD members has the ability of direct or indirect communication with the pertinent departments and divisions of the Company for the provision of the necessary clarifications or information in their entirety.

- 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. It is noted though that the entire framework for the determination of fees, of both the executive and especially the non executive directors of the BOD, is under reexamination in view of the provisions of Law 4387/2016 and the relevant explanatory circulars of the administration.

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 any 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 "essence" of the principles of the Code difficult. In any case it is important to abide by the "essence" of the principles as this would be most beneficial to the Company itself.
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, if the circumstances dictate to (no such condition exists as today), the Company will proceed with 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 GEMI (General Electronic Commercial Registry) 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 27th June 2014 and was formed into a body on that date (27.06.2014), while its term ends on June 30th 2019 (Govt. Gazette, SA, LTD companies and GEMI issue No. 7705/24/24.07.2014)

2.3 Audit Committee

2.3.1 The Company, in full compliance with the provisions and requirements of Law 3693/2008 elected during the Annual General Meeting of shareholders on June 27th 2014 (when the election of the new BoD also took place) the 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 independent 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 twice during financial year 2016 (01/01/2016-31/12/2016).

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 65A of Law 41742013, according to which after the audit the "Annual Tax Certificate" is issued, following the relevant Report.

<u>* 3. General Meeting of shareholders</u>

<u>3.1 Operation of the General Meeting and basic authorities of such</u>

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.

3.1.5 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.

4.2 Risk management of the Company and Group in relation to the financial reporting process (separate and consolidated)

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 systematically 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 the corresponding 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).

<u>*5. Other management or supervisory bodies or committees of the Company</u>

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

<u>* 6. Additional information</u>

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:
- FLEXOPACK POLSKA Sp.z.o.o, (subsidiary) in which the Company participates with a stake of 98.32% 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.
- «FLEXOPACK INTERNATIONAL LIMITED»: Foreign company domiciled in Larnaca, Cyprus, fully owned by the Company (100% of the total shares and voting rights)
- «FLEXOPACK PTY LTD»: Fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company)
- «FLEXOPACK TRADE AND SERVICES UK LIMITED»: Fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company)
- «FLEXOPACKNZLTD» (subsidiary): Fully owned (100%) by the subsidiary «FLEXOPACK PTY LTD» (indirect participation of the Company)

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 8.093% (direct participation)
- Canaccord Genuity Wealth (International) Limited (former 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.

SECTION I
Group’s course and outlook for the current financial year 2017

Given Group’s strong export orientation (as exports represent approximately 80% of the Company’s turnover), the prospects, results and the course of both the Company and the Group for the current year 2017 depend directly on the conditions prevailing in the global economy and market. The above statement is becoming even stronger as the Group continues to implement a heavy investment plan in order to boost its international positioning, to geographically diversify as well as expand its production capacity, and also to strengthen and upgrade its global distribution network.

The especially unfavorable economic developments taking place in the domestic market and economy, the continuation of the imposed capital controls in Greece, the inability of the Greek economy to return to a growth phase, the increasing instability and uncertainty, the weak transaction activity and the observed weakening consumer demand, are not expected -according to the evidence known until today- to materially affect the Group’s growth dynamics.

In any case taking into account both the domestic as well as international economic conditions, which are characterized by increased uncertainty during the period of the preparation of the present Report, the Company’s Management believes that any estimation with regard to the course and evolution of the business activities of the Group during the fiscal year 2017, would be relatively precarious.

The Group's strategy concerning the current year 2017 refers to the constant adaptation to the conditions of each period of time via the enforcement of a conservative strategy which is summarized as follows:

- Improvement and continuous development of the spectrum of produced products, with an emphasis on high-quality product diversification compared to competition.

- Ongoing and systematic monitoring of market trends and needs, in order for the extracted products to cover the market's existing but also new needs, as well as to satisfy the customer needs.

- Further enhancement of the current modern production methods in order to meet the following targets:a) Reduction of energy consumption, b) Reduction of the carbon footprint and c) Contribution to sustainable development.

- Further penetration of the international markets via the maintenance or expansion of the Company's partnerships or through the creation of new fixed facilities for the utilization of the Group's knowhow.

- Expansion of the facilities and production capacity of the Group's subsidiaries in Poland and Australia with the aim to directly service the customer base of the geographic regions which are the basis of the subsidiaries. By this way, additional growth will be achieved in these markets, and finally

- Continuous development of the organizational and operating structures aiming at the further increase of efficiency, and the further reduction of costs.

Koropi, 5 April 2017
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"

Audit 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 2016, 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 controls 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 which have been incorporated into the Greek Legislation (Gov. Gaz. /Β΄/2848/23.10.2012). 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 controls 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 controls. 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 2016, 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 Requirements

Taking into the account that the Management has the responsibility for the preparation of the Management Report of the Board of Directors and of the Corporate Governance Statement included in this report, pursuant to the provisions of paragraph 5, article 2 (part B) of Law 4336/2015, we note that:

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

b) In our opinion, the Management Report of the Board of Directors has been prepared according to the legal requirements of articles 43a and 107A of paragraph 1 (cases c' and d') of article 43bb of Cod. Law 2190/1920 and the contents of the report correspond to the attached separate and consolidated financial statements for the fiscal year ended on 31/12/2016.

c) Based on the knowledge we acquired during our audit, for the Company "**Flexopack Société Anonyme Commercial and Industrial Plastics Company**" and its environment, we have not detected any material inaccuracies in the Management Report of its Board of Directors.

Athens, 6 April 2017

The Certified Auditor Accountant

Papailiou N. Theodoros

Certified Auditor Reg. No. 16641

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

CHAPTER 4: Annual Financial Statements

Annual Financial Statements of financial year 2016
(January 1st 2016 – December 31st 2016)

According to the International Financial Reporting Standards (IFRS)

Statement of financial position

		GROUP		COMPANY	
ASSETS	Note	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Non-current assets					
Tangible Assets	6.1	39,914	36,361	29,823	27,812
Goodwill	6.2-6.4	248	245	0	0
Intangible Assets	6.3	1,865	1,779	1,865	1,779
Investments in subsidiary companies	6.4	0	0	8,390	5,369
Investments in associate companies	6.5	2,413	1,916	2,199	2,199
Other Long-term Receivables	6.6	317	444	717	943
Total non-current assets		**44,757**	**40,745**	**42,993**	**38,102**
Current assets					
Inventories	6.7	15,909	15,241	10,528	10,871
Trade Receivables	6.8	9,460	9,062	18,565	14,108
Other Receivables	6.9	6,489	5,789	4,909	5,022
Cash and cash equivalents	6.10	15,375	12,965	11,937	12,267
Total current assets		**47,233**	**43,058**	**45,939**	**42,268**
Total Assets		**91,991**	**83,802**	**88,932**	**80,370**
EQUITY & LIABILITIES					
Share capital	6.11	6,329	6,329	6,329	6,329
Share premium	6.11	4,605	4,605	4,605	4,605
Capital Reserves	6.11	16,050	15,671	16,175	15,624
Retained Earnings	6.11	26,937	22,532	28,862	23,910
Total Shareholders' Equity		**53,920**	**49,136**	**55,971**	**50,468**
Non-controlling interests	6.4	68	76	0	0
Total Equity		**53,988**	**49,213**	**55,971**	**50,468**
LIABILITIES					
Long-term liabilities					
Deferred tax liabilities	6.12	2,533	2,935	2,668	3,051
Provision for employee benefits	6.13	825	600	825	600
Government grants	6.14	878	1,312	878	1,312
Long-term bank liabilities	6.15	4,791	4,364	3,000	2,221
Other provisions	6.16	238	142	238	142
Total Long-term Liabilities		**9,265**	**9,353**	**7,609**	**7,326**
Short-term liabilities					
Suppliers and related liabilities	6.17	14,919	12,583	12,158	10,401
Liabilities from income tax	6.18	3,321	2,638	3,319	2,635
Short-term bank liabilities	6.15	10,498	10,017	9,875	9,541
Total Short-term Liabilities		**28,738**	**25,237**	**25,352**	**22,577**
Total Liabilities		**38,003**	**34,590**	**32,962**	**29,902**
Total Equity & Liabilities		**91,991**	**83,802**	**88,932**	**80,370**

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

Amounts in thousand euro

Income Statement

		GROUP		COMPANY	
Continuing Operations	Σημ.	**1/1-31/12/2016**	**1/1-31/12/2015**	**1/1-31/12/2016**	**1/1-31/12/2015**
Turnover	6.19	**70.251**	**61.201**	**67.416**	**62.271**
Cost of Sales	6.20	(53.391)	(47.101)	(52.237)	(49.420)
Gross Profit		**16.859**	**14.101**	**15.179**	**12.850**
Other operating income	6.22	519	559	672	650
Administrative expenses	6.20	(3.336)	(3.504)	(2.467)	(2.530)
Research & Development Expenses	6.20	(814)	(862)	(745)	(844)
Distribution expenses	6.20	(5.068)	(4.141)	(3.696)	(3.143)
Other operating expenses	6.22	(236)	(57)	(294)	(40)
Operating Results		**7.924**	**6.096**	**8.650**	**6.943**
Financial income	6.23	10	23	39	15
Financial expenses	6.23	(649)	(538)	(573)	(500)
Other Financial Results	6.24	(179)	3	60	117
Proportion of associate companies' Result	6.5	497	157	0	0
Earnings before taxes		**7.603**	**5.741**	**8.175**	**6.575**
Income tax	6.25	(2.425)	(2.054)	(2.440)	(2.169)
Earnings after taxes		**5.179**	**3.686**	**5.736**	**4.406**
Allocated to :					
-Shareholders of the parent		5.188	3.694	5.736	4.406
-Non-controlling interests		(9)	(8)	0	0
		5.179	**3.686**	**5.736**	**4.406**
Basic Earnings per share that correspond to the parent's shareholders (Euro per share)	6.31	0,4426	0,3152	0,4894	0,3760

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

Amounts in thousand euro

FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY

Statement of comprehensive income

	GROUP		COMPANY	
Continuing Operations	**1/1-31/12/2016**	**1/1-31/12/2015**	**1/1-31/12/2016**	**1/1-31/12/2015**
Earnings after taxes	**5.179**	**3.686**	**5.736**	**4.406**
Other comprehensive income				
Amounts which may be transferred into the results in subsequent periods				
Foreign exchange differences from consolidation of foreign subsidiaries	(174)	22	0	0
Future contracts on currency - Cash flow hedging	(104)	0	(104)	0
Amounts which will not be transferred into the results				
Revaluation of gains-(losses) from defined benefit plans	(181)	0	(181)	0
Corresponding income tax	53	0	53	0
Other comprehensive income after taxes	**(407)**	**22**	**(232)**	**0**
Total comprehensive income after taxes	**4.772**	**3.708**	**5.503**	**4.406**
Allocated to :				
-Shareholders of the parent	4.784	3.716	5.503	4.406
-Non-controlling interests	(12)	(7)	0	0
	4.772	**3.708**	**5.503**	**4.406**

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

Amounts in thousand euro

Consolidated statement of changes in equity

GROUP	Share Capital	Share premium	Reserves	FX differences from consolidation	Retained Earnings	Total	Non-controlling interests	Total Equity
Balance as at January 1st 2015	**6,329**	**5,660**	**15,111**	**(88)**	**19,464**	**46,475**	**84**	**46,559**
Change in Equity								
Total comprehensive income after taxes	0	0	0	22	3,694	3,716	(7)	3,708
Transfer to Reserves (Ordinary Reserve)	0	0	191	0	(191)	0	0	0
Share capital increase	1,055	(1,055)	0	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	434	0	(434)	0	0	0
Balance of Equity as at 31/12/2015	**6,329**	**4,605**	**15,737**	**(67)**	**22,532**	**49,136**	**76**	**49,213**
Balance as at January 1st 2016	**6,329**	**4,605**	**15,737**	**(67)**	**22,532**	**49,136**	**76**	**49,213**
Change in Equity								
Total comprehensive income after taxes	0	0	(104)	(172)	5,059	4,784	(12)	4,772
Transfer to Reserves (Ordinary Reserve)	0	0	220	0	(220)	0	0	0
Share capital increase (Note 3.1)	0	0	0	0	0	0	3	3
Transfer of amortization of grants L. 3299/04	0	0	434	0	(434)	0	0	0
Balance of Equity as at 31/12/2016	**6,329**	**4,605**	**16,288**	**(238)**	**26,937**	**53,920**	**68**	**53,988**

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

Statement of changes in Parent Company's equity

COMPANY	Share Capital	Share premium	Reserves	Retained Earnings	Total
Balance as at January 1st 2015	**6,329**	**5,660**	**14,999**	**20,129**	**47,116**
Change in Equity					
Total comprehensive income after taxes	0	0	0	4,406	4,406
Transfer to Reserves (Ordinary Reserve)	0	0	191	(191)	0
Share capital increase	1,055	(1,055)	0	0	0
Share capital decrease	(1,055)	0	0	0	(1,055)
Transfer of amortization of grants of L. 3299/04	0	0	434	(434)	0
Balance of Equity as at 31/12/2015	**6,329**	**4,605**	**15,624**	**23,910**	**50,468**
Balance as at January 1st 2016	**6,329**	**4,605**	**15,624**	**23,910**	**50,468**
Change in Equity					
Total comprehensive income after taxes	0	0	(104)	5,607	5,503
Transfer to Reserves (Ordinary Reserve)	0	0	220	(220)	0
Transfer of amortization of grants of L. 3299/04	0	0	434	(434)	0
Balance of Equity as at 31/12/2016	**6,329**	**4,605**	**16,175**	**28,862**	**55,971**

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

Amounts in thousand euro

Statement of cash flows

	GROUP		COMPANY	
	1/1-31/12/2016	1/1-31/12/2015	1/1-31/12/2016	1/1-31/12/2015
Cash flows from operating activities				
Earnings before taxes	**7,603**	**5,741**	**8,175**	**6,575**
Adjustments on Earnings for:				
Depreciation of tangible assets	3,638	3,327	3,192	3,049
Amortization of intangible assets	243	208	243	208
Provisions	36	37	36	37
Impairment	184	28	117	0
Foreign exchange differences	131	(3)	(13)	(117)
Profit/(Loss) from the sale of tangible assets	(23)	(97)	(14)	(97)
Amortization of investment grants	(434)	(434)	(434)	(434)
Interest income	(41)	(23)	(39)	(15)
Interest expenses	680	538	573	500
Share of results in associate companies	(497)	(157)	0	0
Total adjustments on Earnings for Cash Flows	**3,917**	**3,424**	**3,662**	**3,131**
	11,521	**9,165**	**11,837**	**9,706**
Working capital changes				
(Increase) / decrease of inventories	(663)	(4,418)	342	(506)
(Increase) / decrease of receivables	(544)	(2,102)	(3,572)	(5,003)
Increase/ (decrease) of liabilities	339	310	1,661	(1,711)
	(868)	***(6,209)***	***(1,568)***	***(7,220)***
Cash flows from operating activities	**10,653**	**2,955**	**10,269**	**2,486**
minus: Income tax paid	(2,644)	(1,628)	(2,639)	(1,624)
Net cash flows from operating activities	**8,009**	**1,328**	**7,630**	**862**
Cash flows from investment activities				
Acquisition of subsidiaries, associates, joint ventures and other investments	0	0	0	(200)
Share capital increase of subsidiary	0	0	(3,020)	0
Purchases of tangible fixed assets	(5,496)	(5,630)	(5,240)	(3,365)
Purchases of intangible assets	(329)	(307)	(329)	(307)
Receipts from sale of tangible and intangible assets	59	98	50	98
Interest received	10	23	39	15
Net cash flows from investment activities	**(5,756)**	**(5,817)**	**(8,500)**	**(3,760)**
Cash flows from financing activities				
Receipts from issued/collected loans	1,274	7,402	1,113	5,140
Payment of loans	(349)	(4,025)	0	(2,541)
Interest paid	(680)	(538)	(573)	(500)
Share capital return	0	(570)	0	(570)
Net Cash flows from financing activities	**246**	**2,268**	**539**	**1,529**
Net (decrease)/ increase in cash and cash equivalents	**2,499**	**(2,221)**	**(331)**	**(1,370)**
Cash and cash equivalents at the beginning of the period	12,965	15,177	12,267	13,637
Effect from foreign exchange differences	(88)	9	0	0
Cash and cash equivalents at the end of the period	**15,375**	**12,965**	**11,937**	**12,267**

The accompanying notes constitute an inseparable part of the 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" (hereafter mentioned as "Company" or "FLEXOPACK") is specifically active in the production of flexible plastic packaging materials that broadly appeal to many sectors, the most important of which is 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. At the same time targeting the provision of total packaging solutions (total packaging concept) to its customers, the Company systematically prepares, since year 2013, the expansion of its activities in a new production system utilizing rotary vacuum chamber machinery.

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 29,432 sq. m. The total useful area of the building facilities amounts to 17,000 sq.m. approximately.
From September 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 (OASIS Code: ΦΛΕΞΟ).

2. Basis for the preparation of the financial statements

The consolidated and individual financial statements of FLEXOPACK PLASTICS SA of December 31st 2016 covering the period from January 1st up to December 31st 2016 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 mentioned in the following section 3.1.1 Group Structure and methods of companies' consolidation.
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.

It is noted that with the Act of Legislative Content as of 28.06.2015, the Greek banks entered into a bank holiday whereas capital controls were imposed following the respective decisions of the Ministry of Finance. The bank holiday ended on 20.07.2015, however the capital controls remain in effect, although they have been relaxed to some degree.
The Group continuously monitors the economic environment in Greece in order to assess the risks affecting its business activities and be able to take the necessary actions towards the minimization of any associated effect.

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 financial years
The provision for income tax, according to IAS 12, requires judgment and is calculated by estimating the taxes that will be paid to the tax authorities.

There are many transactions and calculations which render the final determination of the tax uncertain. The Company recognizes liabilities from expected tax audits, based on estimates of whether or not additional taxes will be imposed. If the final outcome of the audit is different from the initially recognized, then the difference will affect the income tax of the period.

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

The Group makes provisions for doubtful receivables in relation to certain customers when there is evidence or when there are certain elements which indicate that the cash collection with regard to a particular claim is not likely to occur. The Management of the Group proceeds with a periodical reassessment of the adequacy of the provision regarding the doubtful receivables in relation to its credit policy and according to the data of the Group's Legal Department. These data derive from the processing of historical information and from recent developments concerning cases under examination.

Recovery of deferred tax receivables

A deferred tax receivable is recognized for all unutilized tax losses to the extent that there will be sufficient taxable earnings in future in order to be offset with these tax losses. For the determination of the amount of the deferred tax receivable which may be recognized there is the requirement of judgments and estimations that must be made by the Group's Management. These are based on the future taxable earnings in combination with the tax policies that will be followed in the future.

2.2 New accounting standards, interpretations and amendment of existing standards

A) Amendments in standards and new interpretations adopted by the Group, which do not significantly affect the financial statements of the Group and the Company

The following amendments in standards and new interpretations as they were issued from the International Accounting Standards Board (IASB) and the IFRS Interpretation Committee and were also adopted by the European Union (EU), are in effect since 1st January 2016:

IAS 1, Amendments - "Disclosures"

The amendments clarify the guidance of IAS 1 with regard to the concept of materiality and grouping, presentation of subtotals, the structure of the financial statements and the disclosures of the accounting policies.

IAS 16 and IAS 38, Amendments - "Clarification of Acceptable Methods of Depreciation and Amortization"

The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

IAS 19, Amendment – Defined Benefit Plans: Contributions from Employees

The amendment clarifies the accounting treatment for pension plans, according to which the employees or third parties are required to proceed with contributions which are independent of the number of years that the service is rendered. For example, contributions from employees are calculated on the basis of a fixed percentage on their salary. The amendment allows these contributions to be deducted from the service cost, at the year when the relevant service is rendered from the employee, instead of their allocation along the years of service.

IAS 27 — Equity method in separate financial statements

This amendment allows the economic entities to utilize the equity method in order to account for the investments in subsidiaries, joint ventures and associate companies in their separate financial statements, and also clarifies the definition of the separate financial statements. Specifically, the separate financial statements are those prepared as a supplement to the consolidated financial statements or on complementary basis to the financial statements of an investor who has no interests in subsidiaries but possesses interests in associates or joint ventures, which are required to be accounted for based on the equity method according to IAS 28 "Investments in Associates and Joint Ventures".

IFRS 11, Amendment - Joint Arrangements
This amendment requires from an investor to apply the purchase method when the investor acquires an interest in a joint arrangement which constitutes a "company".

IFRS 10, IFRS 12 and IAS 28 (Amendments) - Investment Entities: Applying the Consolidation Exception
The amendments clarify the application of the exception with regard to the consolidation of subsidiary companies from the investment entities.

Annual Improvements in IFRS 2010-2012

The amendments introduce significant changes in seven IFRS as consequence of the release of the results of the Cycle 2010 – 2012 of the annual improvement program of the International Accounting Standards Board. The issues affected from the above amendments are the following:

- Definition of the vesting condition in the IFRS 2 "Share-based Payment",
- Accounting treatment of a potential consideration paid for a business combination in the IFRS 3 "Business Combinations",
- Aggregation of the operating segments and reconciliation between the total assets of the segments and the assets of the economic entity in the IFRS "Operating Segments",
- Short-term receivables and liabilities in the IFRS 13 "Fair Value Measurement",
- Adjustment method – proportional restatement of accumulated depreciation in the IAS 16 "Property, Plant and Equipment",
- Major members of the Management in the IAS 24 "Related Party Disclosures" and
- Adjustment method – proportional restatement of accumulated amortization in the IAS 38 "Intangible Assets"

Annual Improvements in IFRS 2012-2014

The amendments introduce significant changes in four IFRS as consequence of the release of the results of the Cycle 2012 – 2014 of the annual improvement program of the International Accounting Standards Board. The issues affected from the above amendments are the following:

- Clarification to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The amendment clarifies that when an entity reclassifies an asset (or group of assets) from held for sale to held for distribution or vice versa, this does not constitute an alteration in the plan for sale or distribution and thus should not be accounted for as an alteration.

- Addition to IFRS 7 "Financial Instruments: Disclosures". The amendment adds certain guidance in order to assist the management to define whether the terms of an agreement for the servicing of a financial instrument that has been transferred constitute continuous engagement and clarifies that the additional disclosures that are provided with the amendment of IFRS 7 "Disclosure–Offsetting Financial Assets and Financial Liabilities" are not required for all interim periods, unless otherwise stated by the IFRS 34.

- Amendment to IAS 19 "Employee Benefits". The amendment clarifies that when the discount rate concerning the employee benefits on a post service basis is defined, the important parameter is the currency at which the liabilities are denominated and not the country from which these liabilities originate.

- Clarification to IAS 34 "Interim Financial Reporting". The amendment clarifies the concept of the "meaning of disclosure of information elsewhere in the interim financial report" that is mentioned in this standard.

The adoption of the above amendments and new interpretations did not have any effect on the Annual Consolidated and Separate Financial Statements of the Group.

B) New standards and amendments of standards which have not been yet adopted by the Group

A number of new standards and amendments of existing standards will be placed in effect after 2016, given the fact that they have not been adopted by the European Union or the Group has not adopted the above prior to their mandatory application. The standards which may be relevant to the Group have as follows:

IAS 7, Amendment - Disclosures (effective after 1st January 2017, it has not been adopted by the European Union)
The amendment requires the disclosure of information which allows the users of the financial statements to assess the changes of the liabilities deriving from financing activities, including both the changes from cash flows and the non-cash changes. The requirements for disclosures also apply for changes in financial assets, such as financial assets offsetting liabilities that have derived from financing activities, if the cash flows from those assets had been included or will be included in the cash flows from financing activities.

IAS 12, Amendment - Recognition of deferred tax assets for unrealized losses (effective after 1st January 2017, it has not been adopted by the European Union)
The amendment clarifies that (a) unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, (b) estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences, (c) estimates for future taxable profits may include the recovery of an asset for an amount greater than its carrying value, if there is adequate proof that the above recovery is likely to be made by the company and (d) a deferred tax asset is assessed in combination with other deferred tax assets when the tax law does not restrict the sources of the taxable earnings from which deductible temporary tax differences that are recovered may be deducted. Wherever there are restrictions, the deferred tax assets are assessed only in combination with the deferred tax assets of the same type.
No material effect is expected on the Group and the Company.

IAS 40, Amendment – Investment Property (effective after 1st January 2018, it has not been adopted by the European Union)
The amendment clarifies that the transfer of an asset, including an asset under construction or development, within or out of the scope of investment property, should occur only if there is a change in the use of the property. This change during the year occurs when the property fulfils or ceases to fulfill the definition of investment property and should be justified accordingly.
It is not applicable for the Group and the Company.

IFRS 2, Amendment – Share-based Payment (effective after 1st January 2018, it has not been adopted by the European Union)
The amendment refers to (a) the measurement of share-based payments settled in cash, (b) the accounting for modifications of share-based payment transactions from cash-settled to equity-settled, and (c) the classification of share-based payments which are settled solely based on withheld taxation.
Specifically, the amendment clarifies that a share-based payment settled in cash is measured by using the same approach as in the case of share-based payments settled in equity. Therefore at the measurement of the liability, the market conditions and the non-vesting conditions are taken into consideration for fair value measurement, however the conditions not related to the market and the service conditions are reflected into the estimation of the number of granted payments which are expected to be vested.
Furthermore it clarifies that when there is a modification of share-based payment transactions from cash-settled to equity-settled, as a consequence of the changes in the terms and conditions, the liability from the initial share-based payment settled in cash is derecognized, whereas the liability from the share-based payment settled in equity is recognized at fair value on the date of amendment, and is recognized to the extent of the goods or services that have been rendered until that date.
Any difference arising between the carrying value of the liability which was derecognized and the amount which was recognized in the equity on that date is directly recognized in the results. A share-based payment settled in equity, which the business entity is allowed or is obliged to settle solely via withholding part of the equity, in order to fulfill the obligation of the withheld tax for the account of the employee (net settlement), is classified as share-based payment settled in equity under the condition that the payment in any case would be classified as such if it did not include the feature of the net settlement.

IFRS 9, Financial Instruments (effective after 1st January 2018)
IFRS 9 refers to the Financial Instruments and incorporates revised guidance and new requirements which concern the classification and measurement, the impairment as well as the hedge accounting of these. The standard applies a unified approach for the classification of all categories of financial instruments of assets, according to which the classification and measurement of these items is based on the business model utilized by the company for the management of these and also on the features of their contractual cash flows. The IFRS introduces an impairment model based on the expected losses from credit risk and replaces the existing model of the realized losses. The standard also introduces changes in the model of hedge accounting, which target to align the hedge accounting with the risk management activities.
The Group currently assesses the effect of the new requirements however no material quantitative effect on the financial statements is expected during the transition to IFRS 9. The Group intends to adopt IFRS 9 at the date of its mandatory application.

IFRS 15, Revenue from Contracts with Customers (effective after 1st January 2018)
The IFRS 15 establishes a unified and complete model for the recognition of revenues with the objective to apply this model in all customer contracts. It defines the time and the level of recognition of the revenues, however it does not affect the recognition of income from financial instruments, which is subject to the scope of IFRS 9 and IAS 39. Additionally, IFRS 15 replaces the previous standards IAS 18 "Revenues" and IAS 11 "Construction Contracts" along with the relevant interpretations concerning the recognition of revenues.
The Group currently examines the effect of IFRS 15 on the consolidated financial statements, although its adoption is not expected to significantly affect the financial statements.

IFRS 16, Leases (effective after 1st January 2019, it has not been adopted by the European Union)
According to IFRS 16 which replaces IAS 17 and the relevant interpretations, the classification of leases from the side of the lessee, as operating or financial ones, is abolished and thus all leases are treated in the same

manner as the financial leases according to IAS 17. The new standard provides for the recognition of the "right-of-use asset" and the "lease liability", at the present value of the payable leases during the leasing period, in case there is a contract or part of a contract which provides the lessee with the right of use of an asset for a specified period and based on a specified consideration. Therefore, the fixed recognition method of the expense from the operating leases according to IAS 17 is replaced by the amortization of the "right-of-use asset" and the interest-expense of the "lease liability". The recognition of the assets and liabilities from the lessees as described above is not required for certain leases of short-term nature and for leases of low-value assets.
Furthermore, the accounting treatment in the case of the lessors is not significantly affected from the requirements of IFRS 16.
The Group currently examines the effect of IFRS 16 on the consolidated financial statements.

Annual Improvements in IFRS 2014 – 2016 (effective from 1 January 2017 and 1 January 2018, not adopted by the European Union)

The amendments introduce significant changes in two IFRS as consequence of the release of the results of the Cycle 2014 – 2016 of the annual improvement program of the International Accounting Standards Board. The issues affected from the above amendments are the following:

They clarify with regard to IFRS 12 "Disclosure of interests in other entities" that the requirements of disclosure set by the standard, apply for the interest of an economic entity in a subsidiary, joint venture or associate company classified as held for share except for the case of requirement of condensed financial information. This amendment is effective for annual periods beginning on or after 1 January 2017.

They clarify in IAS 28 "Investments in Associates and Joint Ventures" that mutual funds of corporate interests, mutual funds and similar companies may select to measure their interests in associate companies or joint ventures at fair value through the results and this choice will have to be made separately for each associate or joint venture during the initial recognition. The amendment is effective for annual periods beginning on or after 1 January 2018.

IFRIC 22, Foreign Currency Transactions and Advance Consideration (effective after 1st January 2018, it has not been adopted by the European Union)
The IFRIC 22 provides the requirements with regard to the exchange rate which will be used for the depiction of currency transactions incorporating advance considerations. The interpretation clarifies that in this case the transaction date for the determination of the exchange rate that must be utilized for the initial recognition of the relevant asset item, expense or income is the date of the advance consideration, meaning the date on which the business entity initially recognized the non monetary asset item (deferred expense) which derived from the advance consideration. If there are many payments or advance considerations, the business entity will have to determine one transaction date for each payment or receipt.

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 Company participates in their share capital, as well as the respective consolidation method in the consolidated financial statements, are presented below.

Name	Domicile	Activity	% Participation 31/12/2016	% Participation 31/12/2015	Type of Participation	Relationship that dictated the consolidation	Year of Acquisition
Full Consolidation Method							
FLEXOPACK AEBE	Koropi - Attica	Production - Flexible plastic packaging	Parent				
FLEXOPACK POLSKA Sp. Zo.o	Malbork Poland	Production - Flexible plastic packaging	98,32	97,86	Direct	The participation percentage	2007
FLEXOSYSTEMS LTD - BELGRADE	Begrade Serbia	Trading - Flexible plastic packaging	100,00	100,00	Direct	The participation percentage	2010
FLEXOPACK INTERNATIONAL LIMITED-CYPRUS	Larnaca Cyprus	Holding company	100,00	100,00	Direct	The participation percentage	2014
FLEXOPACK PTY LTD	Brisbane Australia	Trading - Manufacturing Flexible plastic packaging	100,00	100,00	Direct	The participation percentage	2014
FLEXOPACK TRADE AND SERVICES UK LIMITED	Norwich England	Trading - Flexible plastic packaging	100,00	100,00	Direct	The participation percentage	2014

«FLEXOPACK PTY LTD», as well as FLEXOPACK TRADE AND SERVICES UK LIMITED, are fully owned from the Cypriot subsidiary «FLEXOPACK INTERNATIONAL LIMITED» in which the parent Company FLEXOPACK SA participates with 100%.

Equity Consolidation Method							
VLACHOU BROS SA	Koropi - Attica	Production - Flexible plastic packaging	47,71	47,71	Άμεση		2001
INOVA PLASTICS SA	Thiva	Production - Rigid plastic packaging	50,00	50,00	Άμεση		2001

It is noted that the company established on 25/10/2016 in New Zealand under the name "FLEXOPACK NZ LIMITED", which is fully controlled by the company "FLEXOPACK PTY LTD", will be consolidated for the first time during the year beginning from 01/01/2017 since it did not commenced any activities during 2016.

Participation in the share capital increase of the subsidiary company «Flexopack Polska Sp. Zoo»

The Extraordinary General Meeting of the shareholders of the Polish subsidiary under the name «FLEXOPACK POLSKA Sp. Zoo» in which the parent company participates with 97.86%, during its meeting which took place at Gstank, Poland, on 7 March 2016, decided a share capital increase via payment in cash, by the amount of 4.4 million Zloty (or 1.02 million Euro based on the current exchange rate), via the issuance of 8,800 new common, carrying voting rights, shares with a nominal value of 500 Zloty per share. With the completion of the above share capital increase, entirely covered by the parent company, the share capital of the above subsidiary amounts to 20,476,000 Zloty divided into 40,952 common, carrying voting rights, shares with nominal value of 500 Zloty per share. The parent company's participation settled at 98.32%.
Through the above share capital increase, the Company finance the investment plan of its subsidiary in Poland with the objective to fully utilized the new state-of-the-art production facilities of the particular subsidiary and achieve a more aggressive penetration of the local market.

Share capital increase of subsidiary company "FLEXOPACK INTERNATIONAL LIMITED"

Amounts in thousand euro

The Company proceeded with a capital injection amounting to 2,000,000 Euros, based on a percentage of 100%, in the subsidiary company «FLEXOPACK INTERNATIONAL LIMITED» based in Larnaca of Cyprus. The above corporate action was implemented via the share capital increase of the particular subsidiary and in cash payment through the issuance of one hundred thousand (100,000) new shares, with nominal value of one (1.00) Euro per share and with offering price of twenty (20.00) Euro per share.

The above share capital increase was implemented with the exclusive objective to further finance and capitalize the Group's Australian subsidiary under the name "FLEXOPACK PTY LTD" domiciled in Brisbane and fully controlled by the above mentioned Cypriot subsidiary. The Australian subsidiary is under the phase of supply and installation of modern mechanical equipment in an effort to strengthen its production capacity and promote its business activities in the particular geographic market.

The Company's Management remains strategically focused on the expansion of the above subsidiary in the geographic region of Australia in order to further enrich the business activities of the broader Group and also to more effectively penetrate the particular market.

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.

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 of the subsidiary company. 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 acquisition 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 at 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 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 date of the annual financial statements 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 method.

With regard to obsolete and scrap inventory, relevant provisions are formed and the corresponding losses are recorded in the statement of income during the period they arise.

3.9 Financial assets

Financial assets 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 date of the annual financial statements.

(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 date of the annual financial statements.

(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.
At the date of the annual financial statements, 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.
The Group during the fiscal year 2016 utilized currency futures for the purposes of risk hedging in relation to the exchange rate EUR/GBP (cash flow risk hedging).
The agreement concerning the above derivatives for the hedging of cash flow risk fulfils the requirements of the hedging accounting in accordance with the provisions of IAS 39 "Financial Instruments: Recognition and Measurement" and as result any changes in their fair value are recorded in the statement of total comprehensive income and through this statement they are also recognized in the "hedging reserve" of the equity.

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 date of the annual financial statements.

3.14 Income tax (Current and deferred)

The period charge for income tax consists of the current tax and the deferred taxes, 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 and is calculated in accordance with the established tax rates at the date of the annual financial statements.
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 date of the annual financial statements.
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.
The Group proceeds with offsetting entries between tax receivables and tax liabilities whenever there is a legally applicable right for such action as well as whenever the deferred tax receivables and tax liabilities concern taxable income imposed by the same tax authority.

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 a 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 annual financial statements 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 statement of comprehensive income.

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 (usually upon delivery) 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 2016.

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 Annual 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

1/1-31/12/2016	GREECE	EUROPE	OTHER COUNTRIES	Intra-Group Write-offs	TOTAL
Income from external customers	12,885	29,630	27,736	0	**70,251**
Assets	88,932	15,731	11,919	(24,592)	**91,991**
Purchases of Fixed Assets	5,569	121	2,085	0	**7,775**

GROUP

1/1-31/12/2015	GREECE	EUROPE	OTHER COUNTRIES	Intra-Group Write-offs	TOTAL
Income from external customers	12,141	27,692	21,368	0	**61,201**
Assets	80,370	12,288	5,742	(14,598)	**83,802**
Purchases of Fixed Assets	3,672	935	1,330	0	**5,938**

5. Risk management

Given its exporting activities and particularly its high extrovert strategy, 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 receivables, loans 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. dollar (U.S.D.), b) in Polish zloty (PLN), c) in Australian dollar (AUD) and in British Pound (GBP).
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 in foreign currency during the year 2016 represented 25.87% of total sales, of which 4.25% concerned sales in U.S.D., 6.82% sales in PLN, 12.10% sales in AUD, 1.77% sales in GBP and the remaining 0.93% sales in other foreign currencies.
Part of the foreign exchange risk that emanates from transactions in foreign currency according to the above is hedged with the use of natural hedging instruments.

Amounts in thousand euro

The Group also has the capacity to use forwards in foreign currency and foreign exchange futures for purchase or sale of currency.

It is noted that within the above framework the Group during the fiscal year 2016 utilized currency futures for the purposes of risk hedging in relation to the exchange rate EUR/GBP (cash flow risk hedging).

More specifically, the Company signed an agreement with a banking institution concerning the sale of GBP 1,500,000 based on predetermined EUR/GBP rates and on predetermined dates within the year 2017, in order to minimize the exchange rate risk concerning the amounts which will become receivable in GBP from sales that will occur within 2017.

The Group monitors on constant basis the movements of the above exchange rates. Despite the fact that the largest part of the carried out transactions are expressed in Euros, the particular risk exists and may significantly affect the results of the Group.

The following table presents the exposure of the Company to exchange rate risk on 31/12/2016 and more specifically the effect on the earnings before taxes and the equity of the Group in case of a 5% change in the exchange rates compared to the exchange rate of 31/12/2016, keeping all other variables constant.

More specifically, the presented changes concern the exchange rates EUR/USD, EUR/PLN, EUR/AUD and EUR/GBP.

Sensitivity Analysis for Foreign Exchange Changes
GROUP

	Foreign currency	Increase / decrease of foreign currency against €	Effect on earnings before taxes	Effect on equity
Amounts for 2016	USD	5,00%	53	38
		-5,00%	-53	-38
	PLN	5,00%	310	452
		-5,00%	-310	-452
	AUD	5,00%	478	443
		-5,00%	-478	-443
	GBP	5,00%	55	42
		-5,00%	-55	-42
Amounts for 2015	USD	5,00%	167	119
		-5,00%	-167	-119
	PLN	5,00%	120	476
		-5,00%	-120	-476
	AUD	5,00%	170	280
		-5,00%	-170	-280
	GBP	5,00%	14	15
		-5,00%	-14	-15

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.

Amounts in thousand euro

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 2016, 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 2016	1%	-153	-109
	-1%	153	109
Amounts for 2015	1%	-144	-102
	-1%	144	102

C. Credit risk

The Group does not face significant credit risk until today. Trade receivables stem from a wide client base, both from Greece and mainly 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 and relation of mutual trust in the majority of cases.
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. This fact is demonstrated by the non-existence of significant doubtful receivables over the last years.
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 cash collection 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.

However it is noted that the aggregate amount of existing doubtful debtors are covered from relevant provisions for doubtful receivables.
It is also noted that the particular risk, although it exists, especially with regard to customers active in countries which have been hit by economic recession but also with regard to customers within the Greek region, due to the imposed capital controls concerning the banking transactions is considered for the time being as relatively limited and controllable according to the historic data possessed by the Group and in the context of the precautionary measures that have been taken and as well as the procedures that have been established.

On December 31st 2016, the maturity of trade receivables was as follows:

Amounts in thousand euro

Trade receivables	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Up to 3 months	8,989	3,464	14,108	8,509
Between 3 and 6 months	280	2,961	2,983	2,961
Between 6 months and 1 year	154	2,637	1,460	2,637
Over 1 year	37	0	14	0
Total	**9,460**	**9,062**	**18,565**	**14,108**
Non overdue and non-impaired	7,843	7,574	10,199	7,184
Overdue and non-impaired	1,617	1,488	8,366	6,924
Total	**9,460**	**9,062**	**18,565**	**14,108**

Of the amount of 8,366 thousand Euros concerning overdue and non impaired receivables of the Company, the amount of 7,735 thousand Euros concerns receivables of the parent company from subsidiaries.

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. Such case however, despite the clearly negative circumstances and conditions particularly seen in the domestic economy over the past years, has not yet appeared.

Following the above though, and given the capital controls imposed in the domestic economy as well as the especially negative conditions of the market and especially of the banking system, the above risk may affect the liquidity of the Group, although to an absolutely manageable extent.

The following table summarizes the maturity dates of financial liabilities as at December 31st 2016, according to payments derived from the relevant loan agreements, in non-discounted prices.

Financial Liabilities

GROUP 2016	up to 6 months	6 to 12 months	2 to 5 years	> 5 years	Total
Bank Debt	10,195	304	3,554	1,237	15,290
Suppliers and related liabilities	13,322	1,598	0	0	14,919
Taxes payable	476	2,845	0	0	3,321
Total	**23,992**	**4,746**	**3,554**	**1,237**	**33,530**

GROUP 2015	up to 6 months	6 to 12 months	2 to 5 years	> 5 years	Total
Bank Debt	8,568	1,449	3,650	714	14,381
Suppliers and related liabilities	11,225	570	788	0	12,582
Taxes payable	379	2,259	0	0	2,638
Total	**20,172**	**4,278**	**4,438**	**714**	**29,601**

Amounts in thousand euro

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 2016 and 2015 respectively, the above financial ratio evolved as follows.

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Long-term debt obligations	4,791	4,364	3,000	2,221
Short-term bebt obligations	10,498	10,017	9,875	9,541
Total bank debt	15,290	14,381	12,875	11,762
Minus : Cash and cash equivalents	15,375	12,965	11,937	12,267
Net Bank Debt (1)	**(86)**	**1,416**	**938**	**(505)**
Total Equity (2)	**53,988**	**49,213**	**55,971**	**50,468**
Total Employed Capital (1)+(2)	**53,902**	**50,628**	**56,909**	**49,962**
Net Bank Debt / Total Employed Capital	**-0.2%**	**2.8%**	**1.6%**	**-1.0%**

6. Notes on the Financial Statements

6.1 Tangible fixed assets

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

Amounts in thousand euro

GROUP

Tangible fixed assets	Plots	Buildings	Mechanical equipment	Vehicles, furniture and Other equipment	Assets under construction	Total
Acquisition Cost as at January 1st 2015	4.580	10.000	41.080	2.026	6.714	64.399
Accumulated Depreciations	0	(2.982)	(25.916)	(1.460)	0	(30.358)
Book value as at January 1st 2015	**4.580**	**7.018**	**15.164**	**566**	**6.714**	**34.041**
Additions	1.282	1.004	1.698	448	1.198	5.631
FX differences on acquisition cost	0	1	1	0	17	19
Transfers	0	2.439	2.231	(17)	(4.653)	0
Sales - Reductions	0	0	(1.006)	(41)	0	(1.047)
Depreciations of the current period	0	(350)	(2.808)	(168)	0	(3.327)
FX differences of depreciations	0	(0)	(1)	(0)	0	(1)
Depreciations of sold, written-off goods	0	0	1.005	41	0	1.046
Acquisition Cost as at December 31st 2015	5.862	13.444	44.004	2.415	3.276	69.002
Accumulated Depreciations	0	(3.332)	(27.720)	(1.588)	0	(32.640)
Book value as at December 31st 2015	**5.862**	**10.112**	**16.284**	**828**	**3.276**	**36.361**
Additions	0	163	172	119	7.123	7.577
FX differences on acquisition cost	(1)	(125)	(9)	(2)	(95)	(232)
Transfers	0	36	648	181	(997)	(132)
Sales - Reductions	0	0	(105)	0	0	(105)
Depreciations of the current period	0	(461)	(2.968)	(209)	0	(3.638)
FX differences of depreciations	0	6	8	1	0	15
Depreciations of sold, written-off goods	0	0	69	0	0	69
Acquisition Cost as at December 31st 2016	5.861	13.518	44.709	2.714	9.307	76.109
Accumulated Depreciations	0	(3.787,1)	(30.612)	(1.796)	0	(36.195)
Book value as at December 31st 2016	**5.861**	**9.731**	**14.097**	**917**	**9.307**	**39.914**

The Group has no tangible fixed assets under financial leasing.

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

Amounts in thousand euro

Tangible fixed assets	Plots	Buildings	Mechanical equipment	Vehicles, furniture and Other equipment	Assets under construction	COMPANY Total
Acquisition Cost as at January 1st 2015	4,548	9,580	40,711	1,929	700	57,469
Accumulated Depreciations	0	(2,885)	(25,673)	(1,414)	0	(29,972)
Book value as at January 1st 2015	**4,548**	**6,695**	**15,039**	**515**	**700**	**27,497**
Additions	1,282	38	115	114	1,816	3,365
Transfers	0	(11)	2,080	26	(2,094)	0
Sales - Reductions	0	0	(1,006)	(41)	0	(1,047)
Depreciations of the current period	0	(249)	(2,668)	(132)	0	(3,049)
Depreciations of sold, written-off goods	0	0	1,005	41	0	1,046
Acquisition Cost as at December 31st 2015	5,830	9,607	41,900	2,027	422	59,787
Accumulated Depreciations	0	(3,134)	(27,336)	(1,505)	0	(31,975)
Book value as at December 31st 2015	**5,830**	**6,473**	**14,565**	**522**	**422**	**27,812**
Additions	0	39	74	84	5,174	5,372
Transfers	0	26	510	180	(848)	(132)
Sales - Reductions	0	0	(105)	0	0	(105)
Depreciations of the current period	0	(260)	(2,790)	(143)	0	(3,192)
Depreciations of sold, written-off goods	0	0	69	0	0	69
Acquisition Cost as at December 31st 2016	5,830	9,673	42,378	2,291	4,748	64,921
Accumulated Depreciations	0	(3,394)	(30,057)	(1,648)	0	(35,098)
Book value as at December 31st 2016	**5,830**	**6,279**	**12,322**	**643**	**4,748**	**29,823**

6.2 Goodwill

Gross book value at January 1st 2015	245
Net book value at January 1st 2015	245
Gross book value at December 31st 2015	245
Net book value at December 31st 2015	245
Acquisition of minority interests due to share capital increase of subsidiary	3
Gross book value at December 31st 2016	248
Net book value at December 31st 2016	**248**

The amount of goodwill refers to the acquisition of the Polish company FLEXOPACK POLSKA Sp. z.o.o.

Impairment Review of Goodwill

For purposes of reviewing goodwill for possible impairment in 2016, the aforementioned subsidiary constitutes an individual cash flow generating unit. As regards to goodwill recognized from the acquisition of FLEXOPACK POLAND 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 8.05%

Average growth of turnover in the next five years 13.80%

Amounts in thousand euro

Growth rate after five-years 2.00%

According to the impairment review on 31/12/2016 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 2015	1,015	1,808	2,823	1,014	1,808	2,822
minus: Accumulated Amortization	(520)	(624)	(1,144)	(519)	(624)	(1,143)
Book value as at January 1st 2015	**495**	**1,184**	**1,679**	**495**	**1,184**	**1,679**
Additions	132	175	307	132	175	307
Transfers	0	(0)	(0)	0	(0)	(0)
Amortization during the period	(75)	(132)	(208)	(75)	(132)	(208)
Acquisition Cost as at December 31st 2015	1,147	1,983	3,131	1,146	1,983	3,130
minus: Accumulated Amortization	(595)	(756)	(1,352)	(594)	(756)	(1,350)
Book value as at December 31st 2015	**552**	**1,227**	**1,779**	**552**	**1,227**	**1,779**
			0			
Additions	34	163	197	34	163	197
Transfers	132	0	132	132	0	132
Amortization during the period	(94)	(149)	(243)	(94)	(149)	(243)
Acquisition Cost as at December 31st 2016	1,313	2,147	3,460	1,312	2,147	3,459
minus: Accumulated Amortization	(689)	(905)	(1,595)	(688)	(905)	(1,594)
Book value as at December 31st 2016	**624**	**1,241**	**1,865**	**624**	**1,241**	**1,865**

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.

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	
	31/12/2016	**31/12/2015**
Opening balance	**5,369**	**5,169**
Share capital increase in FLEXOPACK POLSKA Sp. Zo.o	1,020	0
Share capital increase in FLEXOPACK INTERNATIONAL LIMITED-CYPRUS	2,000	200
Closing balance	**8,390**	**5,369**

Amounts in thousand euro

Condensed financial information on subsidiaries

YEAR 2016	Domicile	Acquisition cost	Assets	Liabilities	Income	Earnings (losses) before taxes	Earnings (losses) after taxes
Direct participation							
FLEXOPACK POLSKA Sp. Zo.o	Poland	5,220	11,608	7,586	9,658	(445)	(425)
FLEXOSYSTEMS LTD BELGRADE	Serbia	70	268	128	663	31	27
FLEXOPACK INTERNATIONAL LIMITED-CYPRUS	Cyprus	3,100	3,077	29	0	(23)	(23)
		8,390					
Indirect participation							
FLEXOPACK PTY LTD	Australia	2,813	11,919	9,741	8,579	(333)	(333)
FLEXOPACK TRADE AND SERVICES UK LIMITED	England	200	779	713	1,243	(16)	(16)

«FLEXOPACK PTY LTD», as well as FLEXOPACK TRADE AND SERVICES UK LIMITED, are fully owned from the Cypriot subsidiary «FLEXOPACK INTERNATIONAL LIMITED» in which the parent Company FLEXOPACK SA participates with 100%.

YEAR 2015	Domicile	Acquisition cost	Assets	Liabilities	Income	Earnings (losses) before taxes	Earnings (losses) after taxes
Direct participation							
FLEXOPACK POLSKA Sp. Zo.o	Poland	4,199	10,679	7,122	7,577	(358)	(358)
FLEXOSYSTEMS LTD BELGRADE	Serbia	70	251	134	720	19	16
FLEXOPACK INTERNATIONAL LIMITED-CYPRUS	Cyprus	1,100	1,091	20	0	(17)	(17)
		5,369					
Indirect participation							
FLEXOPACK PTY LTD	Australia	868	5,742	5,152	4,129	(348)	(232)
FLEXOPACK TRADE AND SERVICES UK LIMITED	England	200	268	174	213	(115)	(115)

6.5 Participations in associate companies

Participations of the Company in associate companies are analyzed as follows.

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
INOVA SA	1,516	1,380	1,199	1,199
VLACHOS BROS S.A.	897	535	1,000	1,000
	2,413	**1,916**	**2,199**	**2,199**

The movement of investments in associate companies is as follows:

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Opening balance	**1,916**	**1,758**	**2,199**	**2,199**
Proportion in profit/loss (after taxes)	497	157	0	0
Closing balance	**2,413**	**1,916**	**2,199**	**2,199**

Amounts in thousand euro

Condensed financial information on associate companies:

	Domicile	Acquisition Cost	Assets	Liabilities	Income	Earnings (losses) before taxes	Earnings (losses) after taxes
YEAR 2016							
INOVA SA	Greece	1,199	5,751	2,718	5,135	425	271
VLACHOS BROS S.A.	Greece	1,000	12,256	10,358	18,976	930	758
YEAR 2015							
INOVA SA	Greece	1,199	5,160	2,400	4,613	162	82
VLACHOS BROS S.A.	Greece	1,000	11,678	10,556	17,633	397	239

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	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Guarantees given to PPC	71	84	71	84
Other given Guarantees	52	35	52	35
Convertible Bond loan to associate company	20	150	20	150
Long-term loan to subsidiary	0	0	400	500
subsidiary	74	74	74	74
Other Long-term Receivables	101	100	100	100
Total	**317**	**443**	**717**	**943**

6.7 Inventories

The inventories of the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
Inventories	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Raw Materials	8,650	8,538	6,203	6,312
Consumables	99	66	90	66
Spare parts & packaging items	1,290	1,189	1,281	1,106
Products & other inventory	6,056	5,634	3,140	3,572
Total	16,095	15,427	10,714	11,057
Less: Provisions for impairment of inventories	(186)	(186)	(186)	(186)
Total	**15,909**	**15,241**	**10,528**	**10,871**

6.8 Trade receivables

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

Amounts in thousand euro

Trade receivables	GROUP 31/12/2016	GROUP 31/12/2015	COMPANY 31/12/2016	COMPANY 31/12/2015
Customers (open account)	8,630	7,934	17,641	12,952
Checks Receivable	1,041	1,156	1,041	1,156
Less: Impairment Provisions	(211)	(28)	(117)	0
Total	**9,460**	**9,062**	**18,565**	**14,108**
Charges to the results				
Impairment provisions	(184)	(28)	(117)	0
Total	**(184)**	**(28)**	**(117)**	**0**

As of 31 December 2016, the maturity of trade receivables was as follows:

Trade receivables	GROUP 31/12/2016	GROUP 31/12/2015	COMPANY 31/12/2016	COMPANY 31/12/2015
Up to 3 months	8,989	3,464	14,108	8,509
3 - 6 months	280	2,961	2,983	2,961
6 months - 1 year	154	2,637	1,460	2,637
Over 1 year	37	0	14	0
Total	**9,460**	**9,062**	**18,565**	**14,108**
Non overdue and non impaired	7,843	7,574	10,199	7,184
Overdue and non impaired	1,617	1,488	8,366	6,924
Total	**9,460**	**9,062**	**18,565**	**14,108**

Of the amount of 8,366 thousand Euros concerning overdue and non impaired receivables of the Company, the amount of 7,735 thousand Euros concerns receivables of the parent company from subsidiaries.

6.9 Other receivables

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

Other receivables	GROUP 31/12/2016	GROUP 31/12/2015	COMPANY 31/12/2016	COMPANY 31/12/2015
Receivables from the Greek State for income taxes	2,672	2,056	2,672	2,022
Receivables from the Greek State for V.A.T.	317	28	317	28
Prepayments to suppliers	0	709	0	709
Purchases of inventory under receipt	2,817	2,304	1,462	1,787
Discounts on purchases under settlement	405	409	344	305
Deferred expenses	201	150	76	83
Short-term loan to subsidiary	65	46	37	12
Sundry Debtors	12	88	1	76
Total	**6,489**	**5,790**	**4,910**	**5,022**

Amounts in thousand euro

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	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Cash in hand	33	28	33	28
Short-term bank deposits	15,342	12,937	11,904	12,240
Total	**15,375**	**12,965**	**11,937**	**12,267**

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
31/12/2016	6,329	4,605	0	**10,934**
31/12/2015	6,329	4,605	0	**10,934**

The share premium reserve of the Company derived from the issuance of shares paid for cash at a value higher than their nominal value.
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	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Statutory reserve	**2,335**	**2,115**	**2,335**	**2,115**
Specially taxed reserves	**12,670**	**12,236**	**12,670**	**12,236**
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 specially taxed income	33	33	33	33
Other reserves	52	156	(61)	43
Total other reserves	**1,283**	**1,387**	**1,170**	**1,274**
Reserve from FX differences	**(238)**	**(67)**	**0**	**0**
Grand total	**16,050**	**15,671**	**16,175**	**15,624**

Amounts in thousand euro

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

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.

-Reserve due to hedging of cash flow risk

The Company, during the year 2016, utilized currency future contracts in order to hedge risks related to foreign exchange rates (hedging of cash flow risk).

The agreement concerning the above derivatives for the hedging of cash flow risk fulfils the requirements of the hedging accounting in accordance with the provisions of IAS 39 "Financial Instruments: Recognition and Measurement" and as result any changes in their fair value are recorded in the statement of total comprehensive income and through this statement they are also recognized in the "hedging reserve" of the equity.

The Company 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.

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:

GROUP

Reserves

	Statutory reserve	Specially taxed reserves	Other reserves	FX differences from consolidation	Total
Balance as at January 1st 2015	**1.923**	**11.801**	**1.387**	**(88)**	**15.023**
Formation of reserves from net earnings of the period	191	0	0	0	191
Transfer of amortization of grants of L. 3299/04 from balance carried forward	0	434	0	0	434
FX differences from translation	0	0	0	22	22
Balance as at December 31st 2015	**2.115**	**12.236**	**1.387**	**(67)**	**15.671**
Formation of reserves from net earnings of the period	220	0	0	0	220
Transfer of amortization of grants of L. 3299/04 from balance carried forward	0	434	0	0	434
Reserve from hedging of cash flow risk	0	0	(104)	0	(104)
FX differences due to consolidation of subsidiaries abroad	0	0	0	(172)	(172)
Balance as at December 31st 2016	**2.335**	**12.670**	**1.283**	**(238)**	**16.050**

COMPANY

Reserves

	Statutory reserve	Specially taxed reserves	Other reserves	Total
Balance as at January 1st 2015	**1.923**	**11.801**	**1.274**	**14.999**
Formation of reserves from net earnings of the period	191	0	0	191
Transfer of amortization of grants of L. 3299/04 from balance carried forward	0	434	0	434
Balance as at December 31st 2015	**2.115**	**12.236**	**1.274**	**15.624**
Formation of reserves from net earnings of the period	220	0	0	220
Transfer of amortization of grants of L. 3299/04 from balance carried forward	0	434	0	434
Reserve from hedging of cash flow risk	0	0	(104)	(104)
Balance as at December 31st 2016	**2.335**	**12.670**	**1.170**	**16.175**

iii) Retained earnings

Retained earnings	**GROUP**		**COMPANY**	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Balance as at January 1st	**22,532**	**19,464**	**23,910**	**20,129**
Net Results for the period	5,188	3,694	5,736	4,406
Revaluation of gains-(losses) due to defined benefit plans	(129)	0	(129)	0
Transfers to reserves	(220)	(191)	(220)	(191)
Transfer of amortization of grants of L. 3299/04 to reserves	(434)	(434)	(434)	(434)
Balance as at December 31st	**26,937**	**22,532**	**28,862**	**23,910**

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	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Deferred tax assets				
Provision for staff indemnities	248	174	74	28
Trade receivables	34	0	34	0
Other provisions	71	54	17	6
Tax loss of subsidiary	166	116	50	100
	520	**344**	**175**	**133**
Deferred tax liabilities				
Intangible assets	(204)	(182)	(22)	(31)
Tangible assets	(2,841)	(3,097)	256	(116)
Other	(8)	0	(8)	(115)
	(3,052)	**(3,279)**	**227**	**(147)**
Net deferred tax liabilities	**(2,533)**	**(2,935)**		
Net charge of deferred tax on the results			**402**	**(14)**

	Deferred tax liabilities/assets Statement of Financial Position COMPANY		Deferred tax Income statement COMPANY	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Deferred tax assets				
Provision for staff indemnities	239	174	65	28
Trade receivables	34	0	34	0
Other provisions	54	54	0	6
	327	**228**	**99**	**33**
Deferred tax liabilities				
Intangible assets	(204)	(182)	(22)	(31)
Tangible assets	(2,792)	(3,097)	305	(133)
	(2,995)	**(3,279)**	**283**	**(164)**
Net deferred tax liabilities	**(2,668)**	**(3,051)**		
Net charge of deferred tax on the results			**382**	**(131)**

Amounts in thousand euro

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:

Employee benefits due to retirement from service	**GROUP**		**COMPANY**	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Balance at beginning	**600**	**563**	**600**	**563**
Debits - (credits) in the results	44	37	44	37
income	181	0	181	0
Balance at end	**824**	**600**	**824**	**600**

The main actuarial assumptions used are the following:

	31/12/2016	**31/12/2015**
Discount rate	1.8%	2.4%
Future salary increases	2.0%	0.5%
Inflation	1.5%	1.5%

6.14 Government grants

The Group has received 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:

Government grants	**GROUP**		**COMPANY**	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Opening balance	1,312	1,746	1,312	1,746
Amortization on income	(434)	(434)	(434)	(434)
Total	**878**	**1,312**	**878**	**1,312**

6.15 Long-term and short-term loans

The Company's long-term and short-term bank loans have been provided by domestic banks and are in Euro.

The Group's total long-term debt is under floating interest rates based on 3-month Euribor and fixed interest margins.

Amounts in thousand euro

The Group's short-term debt is also under floating interest rates based on Euribor plus a margin, apart from an amount of 266 thousand Euros (based on the exchange rate of 31/12/2016) which is denominated in Polish Zloty (PLN).

The subsidiary company «FLEXOPACK POLSKA Sp. Zo.o» has signed since the year 2015 a long-term loan of 2.5 million Euro with a banking institution domiciled in Poland with the purpose to finance its investment program. The particular loan has been granted with a floating rate, Euribor, and based on fixed interest margin. The balance of the loan amounted to 2,148 thousand Euro on 31/12/2016.

The amounts of the long-term loans which are payable within a year starting from the balance sheet date are recorded as short-term liabilities, whereas the amounts payable at a later stage, are recorded as long-term ones.
The fair values of the Group's loans are almost equal to their book values.

The Company on 26th September 2016, following the decision of the annual Ordinary General Meeting of shareholders on 26th June 2015, signed a Contractual Agreement for the Coverage of a Common Bond Loan via private placement, according to the clauses of Law 3156/2003 and of C.L. 2190/1920, as they are currently in effect, for a total nominal value of 3,500,000 million Euros and duration of seven (7) years. The banking companies under the names «NATIONAL BANK OF GREECE S.A.» and «NBG MALTA LIMITED» covered the above mentioned bond loan. «NATIONAL BANK OF GREECE S.A.» was appointed as the trustee with regard to the payments and the representation of Bondholders. The product of the common and non-secured Bond Loan will be utilized by the Company for the construction of new building facilities as well as for its broader business objectives and plans and also operating capital needs.

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 above bond loan 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.

In October 2016, the Company signed an agreement with a banking institution based in Greece concerning a bridge financing loan of 6.0 million Euros which was collected with the purpose (a) to repay the remaining amount of 4,086,500 Euros of the two existing, at that time, common bonds loans with the former Commercial Bank (and currently Alpha Bank) as the sole Bond Lender and (b) to finance the Company's investment program with the remaining amount.

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

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Long-term debt				
Common bond loans	3,375	4,762	3,375	4,762
Long-term Bank Debt	2,148	2,500	0	0
	5,523	**7,262**	**3,375**	**4,762**
Minus part of bond loans payable in the next period	375	2,541	375	2,541
Minus part of long-term bank debt payable in the next period	357	357	0	0
	4,791	**4,364**	**3,000**	**2,221**
Short-term debt				
Bank debt	9,766	7,119	9,500	7,000
Short-term portion of bond loans	375	2,541	375	2,541
Short-term portion of long-term bank debt	357	357	0	0
	10,498	**10,017**	**9,875**	**9,541**
Total debt	**15,290**	**14,381**	**12,875**	**11,762**
Maturities of long-term debt				
Up to 1 year	732	2,898	375	2,541
2 - 5 years	3,554	3,650	2,125	2,221
Over 5 years	1,237	714	875	0
Total	**5,523**	**7,262**	**3,375**	**4,762**
Weighted average interest rate charged on the results	4.35%	4.71%	4.60%	5.09%

6.16 Other Provisions

	GROUP	COMPANY
Other Provisions		
January 1st 2015	**142**	**142**
December 31st 2015	**142**	**142**
Additional provisions for the period	96	96
December 31st 2016	**238**	**238**
Analysis of provisions		
Provision for other taxes	234	234
Other provisions	4	4
Total	**238**	**238**
Analysis of additional provisions for the year		
Provision for other taxes	96	96
Total	96	**96**

Amounts in thousand euro

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	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Suppliers	12,369	10,213	10,084	8,395
Checks payable	258	30	258	30
Customer prepayments	163	127	163	127
Sundry creditors	38	512	22	512
Future contracts on currency	104	0	104	0
Payable employee remuneration	405	528	325	428
Accrued expenses	485	349	312	266
Purchases under settlement	169	0	169	0
Social Security Funds	438	363	404	363
Other taxes, other than income tax	490	461	319	280
Total	**14,919**	**12,583**	**12,158**	**10,401**

Reclassifications of not significant items of the previous fiscal year have been made in the above statement in order to be comparable with the ones of the current fiscal year.

6.18 Liabilities from income tax

	GROUP		COMPANY	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Liabilities from Income Tax	3.321	2.638	3.319	2.635
Total	**3.321**	**2.638**	**3.319**	**2.635**

The income tax is paid via seven (7) equivalent monthly installments within the same financial year. The first payment is made with the submission of the tax statement at, the latest, the last day of the sixth month of the taxed year.

6.19 Turnover

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

	GROUP		COMPANY	
	1/1-31/12/2016	**1/1-31/12/2015**	**1/1-31/12/2016**	**1/1-31/12/2015**
Income from sale of merchandise	7,832	4,038	7,293	3,639
Income from sale of products	59,575	53,164	57,529	56,020
Income from sale of other inventories	956	2,254	323	594
Income from provision of services	1,888	1,745	2,272	2,018
	70,251	**61,201**	**67,416**	**62,271**

Amounts in thousand euro

6.20 Analysis of Expenses per category

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

GROUP	1/1-31/12/2016					1/1-31/12/2015				
Expense per Category	**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	6.935	1.022	160	1.940	**10.057**	6.463	1.036	141	1.757	**9.398**
Third party fees & expenses	217	465	7	514	**1.202**	180	373	13	576	**1.141**
Third party benefits (energy, insurance, maintenance etc.)	3.964	472	24	366	**4.826**	3.853	365	15	284	**4.517**
Taxes-Duties	54	9	1	77	**141**	44	12	1	133	**190**
Other sundry expenses (Transfers, export expenses etc.)	1.306	3.029	130	311	**4.775**	1.217	2.309	109	542	**4.177**
Depreciations of fixed assets	3.512	42	31	53	**3.638**	3.112	21	30	164	**3.327**
Amortization of intangible assets	51	30	130	33	**244**	44	25	118	22	**208**
Provision for staff indemnity	0	0	0	44	**44**	10	0	0	27	**37**
Cost of inventories recognized as an expense	37.352	0	331	0	**37.683**	32.398	0	435	0	**32.833**
Total	53.392	5.068	814	3.336	**62.610**	47.320	4.140	863	3.505	**55.827**
Self-production of fixed assets	0	0	0	0	**0**	-219	0	0	0	**(219)**
Total	**53.392**	**5.068**	**814**	**3.336**	**62.610**	**47.100**	**4.140**	**863**	**3.505**	**55.608**

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

COMPANY	1/1-31/12/2016					1/1-31/12/2015				
Expense per Category	**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	5.889	626	160	1.462	**8.138**	6.079	630	141	1.321	**8.171**
Third party fees & expenses	140	404	7	313	**864**	143	318	13	498	**972**
Third party benefits (energy, insurance, maintenance etc.)	3.357	299	24	277	**3.957**	3.647	337	15	257	**4.256**
Taxes-Duties	53	9	1	25	**88**	44	12	1	70	**126**
Other sundry expenses (Transfers, export expenses etc.)	882	2.301	130	277	**3.590**	968	1.803	109	300	**3.180**
Depreciations of fixed assets	3.096	28	31	38	**3.192**	2.965	18	30	36	**3.049**
Amortization of intangible assets	51	30	130	32	**243**	44	25	118	21	**208**
Provision for staff indemnity				44	**44**	10	0	0	27	**37**
Cost of inventories recognized as an expense	38.769	0	261	0	**39.031**	35.521	0	417	0	**35.938**
Total	**52.237**	**3.696**	**745**	**2.467**	**59.145**	**49.420**	**3.143**	**844**	**2.530**	**55.938**

Amounts in thousand euro

6.21 Employee Benefits

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

	GROUP		COMPANY	
Employee benefits	**1/1-31/12/2016**	**1/1-31/12/2015**	**1/1-31/12/2016**	**1/1-31/12/2015**
Wages and daily wages and benefits	7,446	6,926	5,783	5,875
Social security expenses	1,638	1,576	1,416	1,441
End of service indemnities	16	49	16	35
Other employee benefits	105	98	71	71
Total	**9,205**	**8,649**	**7,286**	**7,421**

	GROUP		COMPANY	
Benefits towards Management	**1/1-31/12/2016**	**1/1-31/12/2015**	**1/1-31/12/2016**	**1/1-31/12/2015**
Remuneration of Board of Directors	852	750	852	750
Other benefits of Board of Directors	47	63	47	63
Total	**899**	**813**	**899**	**813**

Employed staff as at 31/12/2016: Group 318 individuals, Company 242 individuals.
Employed staff as at 31/12/2015: Group 299 individuals, Company 239 individuals.

6.22 Other Operating Income and Expenses

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

	GROUP		COMPANY	
Other income	**1/1-31/12/2016**	**1/1-31/12/2015**	**1/1-31/12/2016**	**1/1-31/12/2015**
Amortization of received grants	434	434	434	434
Extraordinary income from services	21	0	156	110
Profit from sale of fixed assets	23	97	14	97
Other income from previous years	15	0	50	0
Other income	27	28	19	9
Total	**519**	**559**	**672**	**650**
Other expenses				
Provisions for doubtful customers	184	0	117	0
Other expenses from previous years	29	0	171	0
Other expenses	23	57	7	40
Total	**236**	**57**	**294**	**40**

Amounts in thousand euro

6.23 Financial Income and Expenses

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

	GROUP		COMPANY	
	1/1-31/12/2016	1/1-31/12/2015	1/1-31/12/2016	1/1-31/12/2015
Financial income				
Bank interest	2	9	0	1
Other financial income	9	13	39	13
	10	**23**	**39**	**15**
Financial expenses				
Interest and expenses of bank loans	597	497	541	458
Other bank expenses	52	42	32	42
	649	**538**	**573**	**500**

6.24 Other Financial Results

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

	GROUP		COMPANY	
Other Financial Results	1/1-31/12/2016	1/1-31/12/2015	1/1-31/12/2016	1/1-31/12/2015
Foreign exchange differences realized - (losses)	(124)	(3)	0	0
Foreign exchange differences realized - profit	75	106	47	106
Foreign exchange differences from valuation of receivables and liabilities in foreign currency (profit)	(131)	(100)	13	11
	(179)	**3**	**60**	**117**

6.25 Income Tax

The income tax of the Group and the Company is analyzed as follows:

Amounts in thousand euro

Income Tax	**GROUP**		**COMPANY**	
	1/1-31/12/2016	**1/1-31/12/2015**	**1/1-31/12/2016**	**1/1-31/12/2015**
Income Tax	2.678	2.041	2.673	2.038
Deferred tax (Note 6.12)	(350)	14	(330)	131
Other taxes on earnings from previous years	96	0	96	0
Total income tax	**2.424**	**2.054**	**2.440**	**2.169**

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

	1/1-31/12/2016	**1/1-31/12/2015**	**1/1-31/12/2016**	**1/1-31/12/2015**
Earnings before taxes (IFRS)	7.603	5.741	8.175	6.575
Tax Rate	29%	29%	29%	29%
Income tax based on effective tax rate	2.205	1.665	2.371	1.907
Tax corresponding to:				
Tax free income	(140)	(140)	(126)	(126)
Subsidiaries' loss for which no deferred tax was recognized	134	13	0	0
Proportion of Results by associate companies	(144)	(46)	0	0
Non deductible expenses	149	133	98	51
Adjustment of deferred tax due to change of tax rate	0	337	0	337
Results of subsidiaries taxed with a different tax rate	42	43	0	0
Elimination of intra-company profit	82	50	0	0
Other taxes and differences from previous years	96	0	96	0
Tax expense in the income statement	**2.425**	**2.054**	**2.440**	**2.169**
Weighted tax rate	31,89%	35,79%	29,84%	32,98%

The income tax for the year 2016 has been calculated with 29% tax rate. The corresponding tax rate for the year 2015 had settled at 29%.

It is finally noted that 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.

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.

6.26.2 Tax un-audited financial 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 235 thousand euro and concern the parent Company.

Tax compliance report

Amounts in thousand euro

From financial year 2011, FLEXOPACK S.A. and its associate companies INOVA S.A. PLASTICS AND IRON and VLACHOU BROS S.A., have been subject to tax audit by the legal auditors as defined by the relevant provisions, and no additional charges resulted from the relevant tax certificates that were issued for the years 2011 up to the year 2015 (conclusion without reservation).

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

FLEXOPACK POLSKA Sp. Zo.o: 2010-2016

FLEXOSYSTEMS Ltd Belgrade : 2011-2016

FLEXOPACK INTERNATIONAL LIMITED-CYPRUS: 2014-2016

FLEXOPACK PTY LTD : 2014-2016

FLEXOPACK TRADE AND SERVICES UK LIMITED: 2014-2016

INOVA AEBE PLASTICS AND IRON: 2007-2010

VLACHOU 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.

6.27 Current liens

No collateral or liens are written on the fixed assets of the parent Company.

With regard to the fixed assets of the Group, there is a lien written for a banking institution in Poland, amounting to 3.0 million Euros, on the production facilities of the Polish subsidiary «FLEXOPACK POLSKA Sp. Zo.o». The purpose of the lien is to be used as insurance against the repayment of a long-term bank loan, of 2.5 million Euros, granted to the subsidiary.

6.28 Audit company's fees

The total fees of the legal auditors of the Company and the Group are as follows:

	GROUP		COMPANY	
	1/1-31/12/2016	1/1-31/12/2015	1/1-31/12/2016	1/1-31/12/2015
Audit Fees	70	66	43	43
	70	**66**	**43**	**43**

Amounts in thousand euro

6.29 Operating leases

Such concern long-term leases of vehicles, mainly of private use, and the rent of a building of subsidiary company in Australia FLEXOPACK PTY LTD.
Future payments of the Group that concern Operating leases, are analyzed as follows:

Operating Leases

	GROUP		COMPANY	
Leases from operating leasing payable:	**1/1-31/12/2016**	**1/1-31/12/2015**	**1/1-31/12/2016**	**1/1-31/12/2015**
Up to 1 year	524	153	249	143
From 2 to 5 years	1,177	177	522	164
Total	**1,701**	**330**	**771**	**307**
Charges to the results				
Leases from operating leasing	556	208	289	196

6.30 Transactions with related parties

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

1/1/-31/12/2016 (euro thous.)

COMPANY	**Sales of goods and services**	**Purchases of goods and services**	**Receivables**	**Liabilities**
FLEXOPACK POLSKA Sp. Zo.o	3.452	2.920	2.482	418
FLEXOSYSTEMS Ltd -Belgrade	468	0	103	0
FLEXOPACK PTY LTD- AUSTRALIA	9.455	130	9.550	0
FLEXOPACK TRADE AND SERVICES UK LIMITED	961	0	534	0
FLEXOPACK INTERNATIONAL LIMITED-CYPRUS	0	0	25	0
INOVA SA	334	2	133	1
VLAHOU BROS SA	2.420	276	912	73
	17.091	**3.327**	**13.739**	**492**

Benefits towards management and executives

Transactions and remuneration of senior executives and management	1.160
Receivables from senior executives and management	0
Liabilities towards senior executives and management	33

Amounts in thousand euro

1/1/-31/12/2015 (euro thous.)

COMPANY	Sales of goods and services	Purchases of goods and services	Receivables	Liabilities
FLEXOPACK POLSKA Sp. Zo.o	3.796	2.591	2.388	266
FLEXOSYSTEMS Ltd -Belgrade	553	0	114	0
FLEXOPACK PTY LTD- AUSTRALIA	6.701	0	5.011	0
FLEXOPACK TRADE AND SERVICES UK LIMITED	177	0	130	0
FLEXOPACK INTERNATIONAL LIMITED-CYPRUS	0	0	0	0
INOVA SA	359	0	95	0
VLAHOU BROS SA	2.416	689	1.073	222
	14.003	**3.280**	**8.811**	**488**

Benefits towards management and executives

Transactions and remuneration of senior executives and management	1.053
Receivables from senior executives and management	0
Liabilities towards senior executives and management	146

Amounts in thousand euro

	GROUP		COMPANY	
	1/1-31/12/2016	1/1-31/12/2015	1/1-31/12/2016	1/1-31/12/2015
Sales of goods and services				
To subsidiaries	0	0	14.297	11.227
To associates	2.753	2.776	2.753	2.776
	2.753	**2.776**	**17.051**	**14.003**
Purchases of goods and services				
From subsidiaries	0	0	3.050	2.591
From associates	278	689	278	689
	278	**689**	**3.327**	**3.280**
Sales of fixed assets				
To subsidiaries	0	0	39	0
To associates	1	0	1	0
	1	**0**	**40**	**0**
Receivables				
From subsidiaries	0	0	12.694	7.643
From associates	1.045	1.168	1.045	1.168
	1.045	**1.168**	**13.739**	**8.811**
Liabilities				
To subsidiaries	0	0	418	266
To associates	74	222	74	222
	74	**222**	**492**	**488**
Benefits towards the company's management and executives				
Wages and other short-term benefits	1.160	1.053	1.160	1.053
Receivables from senior executives and management	0	0	0	0
Liabilities towards senior executives and management	33	146	33	146

Notes:

It is also noted that:

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 against 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.

In addition to the above, the following are noted:

1. No other related to the Company parties exist according to the provisions of the International Accounting Standard 24 apart from the above mentioned.

It is noted that the company established on 25/10/2016 in New Zealand under the name "FLEXOPACK NZ LIMITED", which is fully controlled by the company "FLEXOPACK PTY LTD", will be consolidated for the first time during the year beginning from 01/01/2017 since it did not commenced any activities during 2016.

2. No loans or any other credit facilitations have been granted to the Board members or other senior executives of the Company and their families.

3. Apart from the above fees, no other transactions exist between the Company and the directors and the members of the Board.

Amounts in thousand euro

4. In the context of its ordinary activity the Company has provided a guarantee towards a bank, in favor of its subsidiary «FLEXOPACK PTY LTD» which is based in Australia, with a maximum guarantee amount of 74,000 Euros approximately.
5. The Company has granted to a banking institution based in Poland (a) a guarantee for a maximum amount of 2.5 million Euros, as insurance against the repayment of a long-term bank loan, of 2.5 million Euros, granted to its subsidiary company «FLEXOPACK POLSKA Sp. Zo.o». The current balance of the above loan settled at 2.148 million Euros on 31/12/2016. (b) a guarantee for a maximum amount of 1.35 million PLN (307,000 Euros approximately) as insurance against the repayment of a short-term credit line towards the above subsidiary.
6. The Company has provided a 5-year loan of 500 thousand Euros to its subsidiary «FLEXOPACK PTY LTD», based in Australia, for the implementation of the latter's ongoing investment plan which concerns the development and installation of production facilities. The current balance of the above loan is estimated at 400 thousand euro as 31/12/2016. It is included in the above table of related party transactions concerning transactions between the Company and its affiliates.
7. 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 2016.
8. 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.
9. There is no separate transaction that exceeds 10% of the value of the assets of the Company, as reflected in its latest published statements.
10. There is no separate transaction which may be regarded as significant within the meaning of Circular no. 45/2011 of the Hellenic Capital Markets Commission.
11. The Company's transactions and outstanding balances with subsidiaries have been eliminated from the consolidated financial statements.

6.31 Earnings per share

Earnings per share are analyzed as follows:

	GROUP		COMPANY	
	1/1-31/12/2016	**1/1-31/12/2015**	**1/1-31/12/2016**	**1/1-31/12/2015**
Earnings after taxes corresponding to shareholders of the parent (1)	5,188	3,694	5,736	4,406
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)	0.4426	0.3152	0.4894	0.3760

6.32 Dividends

Amounts in thousand euro

As the broader financial and credit environment remains uncertain (not only domestically but also internationally), and given the volatility which may affect the global market due to political developments, the priority of the management of the Company and the Group at the current stage is to maintain and if possible to strengthen the current liquidity levels, so that there is no delay or any other problem in the implementation of the Group's and Company's investment plan, currently underway. The investment plan targets the greater penetration of new geographic markets, through the enlargement of the production facilities both in Greece and abroad (Poland and Australia).

In this context, the Company's Board of Directors will propose to the Annual Ordinary General Shareholders' Meeting the distribution of no dividend from the earnings of the financial year 2016.

6.33 Events after the reporting date of the financial statements

The Extraordinary General Meeting of the Company's shareholders, which took place on 10th January 2017 unanimously approved the issuance by the Company in accordance with the provisions of C.L. 2190/1920 and of Law 3156/2003, as they are currently in effect, of one or additional common Bond Loans, for an amount up to ten million (10,000,000) Euros in total, via private placement. Simultaneously with the above decision, the Meeting granted authorization to the Company's Board of Directors to set the terms of the above loans (according to the clauses of paragraph 3, article 1 of Law 3156/2003), to proceed with the preparation and signing of the respective contractual agreements and documents in general, and also to proceed with any other actions, statements and legal transactions which are deemed as necessary, appropriate and useful for the proper implementation and completion of the above procedure within the above mentioned regulatory framework.
Following the above decision of the Extraordinary General Meeting of shareholders, the Management of the Company signed on 27th January 2017 a Contractual Agreement for the Coverage of a Common Bond Loan via private placement, according to the clauses of Law 3156/2003 and of C.L. 2190/1920, as they are currently in effect, for a total nominal value of 6,000,000 million Euros and duration of seven (7) years. The banking companies under the names "ALPHA BANK SOCIETE ANONYME" and "ALPHA BANK LONDON LTD" covered the above mentioned bond loan. "ALPHA BANK SOCIETE ANONYME" was appointed as the trustee with regard to the payments and the representation of Bondholders. The product of the common and non-secured Bond Loan will be utilized by the Company for the premature repayment, in full, of the remaining balance of the two issued common bond loans in which "ALPHA BANK SOCIETE ANONYME" had acted as bond lender, and also for the expansion of the production capacity of the subsidiary company «FLEXOPACK PTY LTD» domiciled in Australia, via the acquisition of a new production line. It is noted that towards this purpose, the Company had been given a bridge loan and as result with the issuance of the above bond loan and the repayment of the bridge loan, the Company's debt position has not been significantly altered.
Furthermore, on the above date (27/01/2017), the Management of the Company signed a Contractual Agreement for the Coverage of a Common Bond Loan via private placement, according to the clauses of Law 3156/2003 and of C.L. 2190/1920, as they are currently in effect, for a total nominal value of 3,000,000 million Euros and duration of seven (7) years. The banking companies under the names «EUROBANK ERGASIAS S.A.» and «Eurobank Private Bank (Luxembourg) S.A.» covered the above mentioned bond loan. «EUROBANK ERGASIAS S.A.» was appointed as the trustee with regard to the payments and the representation of Bondholders. The product of the common and non-secured Bond Loan will be utilized by the Company for the coverage of its capital needs as well as for the partial coverage of its investment plan.

Apart from the above mentioned ones, there are no significant events after the end of the reporting period, which concern either the Group or the Company, and whose disclosure is required by the International Accounting Standards (IAS).

Koropi, 5/4/2017

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

CHAPTER 5 : Website with the uploading of the financial information

According to the provisions of Law 3556/2007 as well as the Decision 8/754/14-4-2016 of the Board of Directors of the Hellenic Capital Market Commission, it is announced that the Annual Financial Report of the year 2016 has been recorded and uploaded in the Internet at the address www.flexopack.com. The above uploading fulfils all the requirements of article 7 of the above decision of the Capital Market Commission.