# Annual Financial Report

# (1 January 2016 – 31 December 2016)

| THE CHAIRMAN OF THE BOARD OF DIRECTORS | THE MANAGING DIRECTOR AND MEMBER OF THE BoD | THE GENERAL MANAGER AND MEMBER OF THE BoD | THE FINANCIAL MANAGER AND MEMBER OF BoD |
|---|---|---|---|
| | | | |
| NIKOLAOS KOUDOUNIS<br>ID. No. AE 012572 | ANDREAS GONTZES<br>ID No. X 170406 | VASILIOS GONTZES<br>ID No. X 561428 | SPYRIDON KOKKOLIS<br>ID No. X 701209 |

## FITCO S.A.

*G.C.Registry:6489301000*

*SEAT: Athens Tower, Building B, 2-4Mesogeion Avenue*

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# ANNUAL REPORT OF THE BOARD OF DIRECTORS

This Annual Report of the Board of Directors set out below (hereinafter referred to for the purpose of brevity as "Report"), concerns the year 2016 (1 January - 31 December 2016). This report was prepared in line with the relevant provisions of Codified Law 2190/1920, as revised by Law 3873/2010.

This report details financial information on the FITCO Metal Works S.A. (hereinafter referred to for the purpose of brevity as "Company" or «FITCO») for the year 2016, important events that took place during the said year and their effect on the annual financial statements. It also points out the main risks and uncertainties that the Company faced against and finally sets out the important transactions between the issuer and its affiliated parties.

## 1. Financials - Business report - Major events

Throughout 2016 recovery in the Eurozone fluctuated slightly positively. The average price of Copper fluctuated to Euro 4,399 per tonne for the fiscal year 2016 following the downtrend during the first six months of the year, versus Euro 4,952 per tonne in 2015, while the average price of zinc fluctuated slightly positively to Euro 1,897 per tonne versus Euro 1,736 per tonne for the prior fiscal year.

The turnover for 2016 accumulated to Euro 43.7 million reduced by 31% versus Euro 63.4 million for the prior year. The reduction of the turnover is attributed to the intense competition to the European markets which put pressure to the prices and consequently margins. The earnings before taxes, interest and depreciation (EBITDA) accumulated for 2016 to losses of Euro 0.3 million, versus losses of Euro 3.2 million the respective prior year, while the results before taxes and interest (EBIT) amounted to losses of Euro 1.6 million, versus Euro 1.9 million the respective prior year. The net result (losses) after tax in 2016 amounted to Euro 1.9 million, versus Euro 3.5 million in 2015.

In 2016 initiatives for cost savings were realized as well as programs for restructuring of production through optimizing and reorganizing production processes. The Company for those purposes proceeded with limited capital expenditures, which included mainly some necessary improvements – upgrades in the existing machinery with a total cost of Euro 0.3 million.

In addition, the net debt for the fiscal year of 2016 amounted to Euro 15.1 million, versus Euro 15.4 million in the year before.

## 2. Financial standing

The ratios showing the financial standing of the Company evolved as follows:

| RATIOS | COMPANY 31/12/2016 | 31/12/2015 |
|---|---|---|
| **Liquidity**<br>Current Assets / Current Liabilities | 1,45 | 1,93 |
| **Leverage**<br>Equity / Bank Loans | 1,04 | 1,1 |
| **Return on Invested Capital**<br>Profit before taxes and Financial / Equity + Bank Loans | -5,0% | -5,7% |
| **Return on Equity**<br>Net profit(loss) / Equity | -11,8% | -19,6% |

## 3. Corporate Social Responsibility and Sustainable Development

***Environment***

FITCO, considering the big environmental problems that humanity is facing, seeks to actively contribute to international efforts to protect the environment, both through its responsible operation and by minimizing its environmental footprint.

The protection of the environment is implemented with significant investments in integrated measures to prevent pollution and to optimize production processes through the use of BAT (Best Available Techniques) that have been established by the European Union. In the adoption of best available techniques, the production processes are assessed based on the total environmental footprint, including the consumption of electricity, water and other natural resources, and not only in terms of waste produced.

***Human resources***

One of the main advantages of Fitco is the quality of human capital that is credited in large part for its hitherto successful course. For this reason, the company attaches great importance to the selection, evaluation and reward its staff.

Fitco's policy is to attract highly quality individuals for optimal and timely needs, the establishment of objective evaluation and selection criteria as well as to ensure fairness and merit-based recruitment, through transparent procedures.

Fitco within its responsible operation has established a code of values and behaviour of employees. The Code is mandatory for all workers across the range of activities of the Company. This Code has been incorporated in the Bylaws of the Company and outlines the basic principles and rules governing the internal life and practices of the organization, taking into account the existing provisions under national and international legislative framework.

In the context of equal opportunities policy that is being applied, the Company desires and seeks a balanced distribution among employed men and women. However, given the nature of business, the involvement of men is increased.

Moreover, Halcor seeks and ensures jobs and recruitment from the wider society, Viotia and Evia, supporting virtually the employment in the region.

***Health and Safety***

FITCO cares of creating and maintaining a modern and safe working environment which is continuously improved reflecting the high levels of security that seeks to provide for their employees. For this reason, it maintains and implements a Management System for Safety and Health at Work.

In 2016, further steps were taken to improve the security culture while the training of employees to create a safe working environment intensified. Fitco's virtue is the recording and reporting of "near misses" something that is key element for improving and advancing worker safety.

## 4. Main Risks and Uncertainties

The company is exposed to the following risks from the use of its financial instruments:

***Credit risk***

The Company's exposure to credit risk is primarily affected by the features of each customer. The demographic data of the Company's clientele, including payment default risk characterizing the specific market and the country in which customers are active, affect credit risk to a lesser extent since no geographical concentration of credit risk is noticed. No client exceeds 10% of total sales (for Company) and, consequently, commercial risk is spread over a large number of clients.

Based on the credit policy adopted by the Board of Directors, each new customer is tested separately for creditworthiness before normal payment terms are proposed. The creditworthiness test made by the Company includes the examination of bank sources. Credit limits are set for each customer, which are reviewed in accordance with current circumstances and the terms of sales and collections are readjusted, if necessary. In principal, the credit limits of customers are set on the basis of the insurance limits received for them from insurance companies and, subsequently, receivables are insured according to such limits.

When monitoring the credit risk of customers, the latter are grouped according to their credit characteristics, the maturity characteristics of their receivables and any past problems of collectability they have shown. Trade and other receivables include mainly wholesale customers of the Company. Any customers characterized as being of "high risk" are included in a special list of customers and future sales must be received in advance and approved by the Board of Directors. Depending on the background of the customer and his properties, the Company demands real or other security (e.g. letters of guarantee) in order to secure its receivables, if possible.

The Company makes impairment provisions which reflect its assessment of losses from customers, other receivables and investments in securities. This provision mainly consists of impairment losses of specific receivables that are estimated based on given circumstances that they will be materialized though they have not been finalized yet.

***Investments***

These items are classified by the Company pursuant to the purpose for which they were acquired. The Management decides on proper classification of the investment at the time of acquisition and reviews classification on each presentation date.

The Management estimates that there will be no payment default for such investments.

### *Guarantees*

The Company's policy consists in not providing any financial guarantees, unless the Board of Directors decides so on an exceptional basis; The sum of the guarantees provided by Company is of low value and does not pose a significant risk.

### *Liquidity risk*

Liquidity risk is the inability of the Company to discharge its financial obligations when they mature. The approach adopted by the Company to manage liquidity is to ensure, by holding the necessary cash and having adequate credit limits from cooperating banks, that it will always have adequate liquidity in order to cover its obligations when they mature, under normal or more difficult conditions, without there being unacceptable losses or its reputation being jeopardized. It is noted that on 31 December 2016, the Company possessed an amount of Euro 322 thousand in Cash and Cash equivalents and the necessary credit lines, so they can easily service the short-term and mid-term liabilities.

For the avoidance of liquidity risk the Company makes a cash flow projection for one year while preparing the annual budget as well as a monthly rolling projection for three months to ensure that it has adequate cash to cover its operating needs, including fulfilment of its financial obligations. This policy does not take into account the impact of extreme conditions which cannot be foreseen.

### *Market risk*

Market risk is the risk of a change in raw material prices, exchange rates and interest rates, which affect the Company's results or the value of its financial instruments. The purpose of risk management in respect of market conditions is to control Company exposure to such risks in the context of acceptable parameters while at the same time improving performance.

The Company enters into transactions involving derivative financial instruments so as to hedge a part of the risks arising from market conditions.

#### Risk from fluctuation of metal prices (copper, zinc, other metals)

The Company bases both its purchases and sales on stock market prices/ indexes for the price of copper and other metals used and incorporated in its products. The risk from metal price fluctuation is covered by hedging instruments (futures on London Metal Exchange-LME). The Company, however, does not use hedging instruments for the entire working stock of its operation and, as a result, any drop in metal prices may have a negative effect on its results through the impairment of inventories.

### *Exchange rate risk*

The Company is exposed to foreign exchange risk in relation to the sales and purchases carried out and the loans issued in a currency other than the functional currency of Company companies, which is the Euro. The currencies in which these transactions are held are mainly the USD and the GBP.

Over time, the Company hedges the greatest part of its estimated exposure to foreign currencies in relation to the anticipated sales and purchases as well as receivables and liabilities in foreign currency. The Company enters mainly into currency forward contracts with external counterparties so as to deal with the risk of the exchange rates variation, which mainly expire within less than a year from the balance sheet date. When deemed necessary, these contracts are renewed upon expiry. As the case may be, foreign exchange risk may be hedged by taking out loans in the respective currencies.

Loan interest is denominated in the same currency with that of cash flows, which arises from the Company's operating activities and is mostly the Euro.

***Interest rate risk***

The Company finances its investments and its needs for working capital from bank and bond loans with the result that interest charges reduce its results. Rising interest rates have a negative impact on results since borrowing costs for the Company rise.

The interest rate risk is mitigated as part of the Company's borrowing is in fixed rates.

***Capital management***

The Company' policy is to maintain a strong capital base to ensure investor, creditor and market trust in the Company and to allow Company activities to expand in the future. The Board of Directors monitors the return on capital which is defined by the Company as net results divided by total equity save non-convertible preferential shares and minority interests. The Board of Directors also monitors the level of dividends distributed to holders of common shares.

The Board of Directors tries to maintain equilibrium between higher returns that would be feasible through higher borrowing levels and the advantages and security offered by a strong and robust capital structure.

There were no changes in the approach adopted by the Company in how capital was managed during the financial year.

***Macroeconomic environment***

In the context of the aforementioned analysis, the Company has evaluated the impact in the management of the financial risks due to the macroeconomic environment in the markets in which it operates.

In Greece since the beginning of 2017 the negotiation with institutions is on-going with the aim the closing of the evaluation of the current program. The return to the financial stability depends at a high degree from the actions and the decisions of the institutions in the country and abroad. Considering however the nature of the activities of Fitco, as exporting for the greater part, indicatively the 79% of the turnover in 2016 was directed to exports versus the 86% in 2016, any negative developments in the Greek economy are not expected to affect significantly the normal operations. In regards to the units' production capacity problems are not expected to occur since the exporting activity create adequate cash-flows to cover the imports of materials which are necessary to the production activity. The availability and the prices of the basis raw materials follow and are determined by the international market and consequently they are not affected by the domestic situation in Greece.

Nevertheless, the Management constantly estimates the situation and the potential repercussions, in order to secure that all the necessary actions and possible measures are being taken for the minimization of potential effects to the Company's operations.

## 5. Outlook and prospects for 2017

The Company considering that the greater proportion of its sales is orientated towards markets outside Greece as well as the fact that the Group in which the company belongs has access to source of funding outside Greece, estimates that any negative developments in the Greek economy are not expected to significantly impact its smooth operation. In spite of that, the Management assesses constantly the situation and its possible ramifications, in order to ensure that all proper and possible measures are taken in time, in order to minimize the effects to the activities of the Company.

In general for 2017, considering the tough economic conditions that persist in the domestic environment and the foreseeable stabilization of the economies in most of the countries of the Eurozone, the Company will continue to have as a strategic target the increase of the market shares in industrial products and the strengthening of the activity in new markets that have not been affected by the economic crisis. Furthermore, in the current year the optimal management of the working capital and the reduction of the net debt is our main priority.

## Independent Auditor's Report

## (Translated from the original in Greek)

To the Shareholders of
FITCO METAL WORKS S.A.

### Auditor's Report on the Financial Statements

We have audited the accompanying Financial Statements of FITCO METAL WORKS S.A. (the "Company") which comprise the Statement of Financial Position as of 31 December 2016, the Statements of Income and Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing, which have been incorporated in Greek legislation. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of FITCO METAL WORKS S.A. as of 31 December 2016 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

## Report on Other Legal and Regulatory Requirements

Taking into consideration that Management is responsible for the preparation of the Directors' Report, pursuant to the provisions of paragraph 5 of Article 2 (part B) of Law 4336/2015, we note that:

(a) In our opinion, the Directors' Report has been prepared in accordance with the applicable legal requirements of article 43a of C.L. 2190/1920 and its contents correspond with the accompanying Financial Statements for the year ended 31 December, 2016.

(b) Based on the knowledge acquired during our audit, relating to FITCO METAL WORKS S.A. and its environment, we have not identified any material misstatements in the Directors' Report.

Athens, 17 July 2017

KPMG Certified Auditors AE
AM SOEL 114

Alexandros-Petros Veldekis, Certified Auditor Accountant
AM SOEL 26141

# I. Statement of Financial Position

| *EUR* | *Note* | 2016 | 2015 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 9 | 25,455,424 | 26,320,306 |
| Intangible assets and goodwill | 10 | 95,225 | 92,454 |
| Investment property | 11 | 1,746,304 | 1,811,837 |
| Trade and other receivables | 14 | 40,927 | 40,299 |
| | | **27,337,880** | **28,264,896** |
| **Current Assets** | | | |
| Inventories | 13 | 11,853,565 | 10,879,810 |
| Trade and other receivables | 14 | 4,877,975 | 4,963,591 |
| Derivatives | 15 | 100,080 | - |
| Cash and cash equivalents | 16 | 321,822 | 674,105 |
| | | **17,153,442** | **16,517,505** |
| **Total assets** | | **44,491,322** | **44,782,401** |
| **EQUITY** | | | |
| **Capital and reserves attributable to the Company's equity holders** | | | |
| Share capital | 17 | 10,384,770 | 10,384,770 |
| Other reserves | 17 | 8,113,290 | 8,250,835 |
| Retained earnings/(losses) | | (2,487,049) | (977,159) |
| **Total equity** | | **16,011,011** | **17,658,447** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Loans and Borrowings | 18 | 10,380,766 | 11,667,832 |
| Deferred tax liabilities | 12 | 5,360,568 | 5,927,911 |
| Employee benefits | 19 | 301,386 | 282,158 |
| Grants | 20 | 626,236 | 674,621 |
| | | **16,668,956** | **18,552,522** |
| **Current liabilities** | | | |
| Trade and other payables | 21 | 6,661,648 | 3,782,410 |
| Current tax liabilities | | 104,595 | 127,196 |
| Loans and Borrowings | 18 | 5,044,557 | 4,401,154 |
| Derivatives | 15 | 556 | 260,673 |
| | | **11,811,356** | **8,571,433** |
| **Total liabilities** | | **28,480,311** | **27,123,955** |
| **Total equity and liabilities** | | **44,491,322** | **44,782,402** |

The notes in pages from 6 through 45 constitute an integral part of these Financial Statements.

## II. Income Statement

| *EUR* | *Note* | **2016** | **2015** |
|---|---|---|---|
| **Revenue** | 5 | **43,732,599** | **63,402,176** |
| Cost of sales | 7 | (43,818,079) | (63,201,063) |
| **Gross profit** | | **(85,480)** | **201,113** |
| Other Income | 6 | 256,438 | 515,979 |
| Selling and Distribution expenses | 7 | (648,825) | (1,493,001) |
| Administrative expenses | 7 | (741,032) | (795,029) |
| Other Expenses | 6 | (338,255) | (341,481) |
| **Operating profit / (loss)** | | **(1,557,154)** | **(1,912,419)** |
| Finance Income | 8 | 252 | 1,944 |
| Finance Costs | 8 | (1,002,714) | (1,186,846) |
| **Net Finance income / (cost)** | | **(1,002,462)** | **(1,184,902)** |
| **Profit/(Loss) before income tax** | | **(2,559,616)** | **(3,097,320)** |
| Income tax expense | 12 | 666,570 | (363,739) |
| **Profit/(Loss) for the year** | | **(1,893,046)** | **(3,461,060)** |

The notes in pages from 6 through 45 constitute an integral part of these Financial Statements.

## III. Statement of Comprehensive Income

| EUR | 2016 | 2015 |
|---|---|---|
| **Profit / (Loss) of the period from continued operations** | **(1,893,046)** | **(3,461,060)** |
| Items that will never be reclassified to profit or loss | | |
| Remeasurements of defined benefit liability | (18,027) | 41,704 |
| Related tax | 7,898 | (12,094) |
| **Total** | **(10,129)** | **29,610** |
| Items that are or may be reclassified to profit or loss | | |
| Foreign currency translation differences | | |
| Gain / (Loss) of changes in fair value of cash flow hedging - effective portion | 545,294 | (534,702) |
| Gain / (Loss) of changes in fair value of cash flow hedging - reclassified to profit or loss | (185,077) | 113,778 |
| Related Tax | (104,457) | (237,154) |
| **Total** | **255,760** | **(658,077)** |
| **Total comprehensive income / (expense) after tax** | **(1,647,415)** | **(4,089,527)** |
| **Attributable to:** | | |
| Owners of the company | (1,647,415) | (4,089,527) |
| **Total comprehensive income / (expense) after tax** | **(1,647,415)** | **(4,089,527)** |

The notes in pages from 6 through 45 constitute an integral part of these Financial Statements.

## IV. Statement of Changes in Equity

| *EUR* | Share capital | Reserves at Fair Value | Other reserves | Reserves for Revaluation of Fixed Assets to Fair Value | Results carried forward | Total |
|---|---|---|---|---|---|---|
| **Balance as at 1 January 2015** | **10,384,770** | **113,778** | **327,284** | **8,860,794** | **2,061,348** | **21,747,974** |
| Net Profit / (Loss) for the period | - | - | - | - | (3,461,060) | (3,461,060) |
| Other comprehensive income | - | (298,856) | - | (359,221) | 29,610 | (628,467) |
| Total comprehensie income | - | (298,856) | - | (359,221) | (3,431,450) | (4,089,527) |
| **Transactions with the shareholder's directly in equity** | | | | | | |
| Transfer of reserves | - | - | - | (392,944) | 392,944 | - |
| Total transactions with the shareholders | - | - | - | (392,944) | 392,944 | - |
| **Balance as at 31 December 2015** | **10,384,770** | **(185,078)** | **327,284** | **8,108,629** | **(977,159)** | **17,658,447** |
| **Balance as at 1 January 2016** | **10,384,770** | **(185,078)** | **327,284** | **8,108,629** | **(977,159)** | **17,658,447** |
| Net Profit / (Loss) for the period | - | - | - | - | (1,893,047) | (1,893,047) |
| Other comprehensive income | - | 255,740 | - | - | (10,129) | 245,611 |
| Total comprehensie income | - | 255,740 | - | - | (1,903,176) | (1,647,435) |
| **Transactions with the shareholder's directly in equity** | | | | | | |
| Transfer of reserves | - | - | - | (393,285) | 393,285 | - |
| Total transactions with the shareholders | - | - | - | (393,285) | 393,285 | - |
| **Balance as at 31 December 2016** | **10,384,770** | **70,662** | **327,284** | **7,715,344** | **(2,487,049)** | **16,011,011** |

The notes in pages from 6 through 45 constitute an integral part of these Financial Statements.

## V. Statement of Cash-Flows

| *EUR* | 2016 | 2015 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit / (loss) after taxes | (1,893,046) | (3,461,060) |
| *Adjustments for:* | | |
| *Tax* | (666,570) | 363,739 |
| *Depreciation and Amortization* | 1,170,867 | 1,173,757 |
| Depreciation of tangible assets | 1,202,549 | 1,210,468 |
| Depreciation of intangible assets | 16,703 | 11,673 |
| Depreciation of grants | (48,385) | (48,385) |
| Investing activities result (income, expenses, profits and losses) | (252) | (1,944) |
| Interest charges & related expenses | 1,002,714 | 1,186,846 |
| (Profit) / loss from sale of tangible & Intangible assets | - | 1,920 |
| Decrease / (increase) in inventories | (973,755) | 5,084,314 |
| Decrease / (increase) in receivables | 85,616 | 2,554,478 |
| (Decrease) / Increase in liabilities (minus banks) | 2,914,108 | (4,612,405) |
| Increase/ (decrease) in other provisions | (1,641) | 948,221 |
| Interest charges & related expenses paid | (989,774) | (1,163,583) |
| **Net Cash flows from operating activities** | **648,267** | **2,074,283** |
| | | |
| **Cash flows from investing activities** | | |
| Purchase of tangible assets | (337,667) | (662,710) |
| Purchase of intangible assets | (19,473) | (12,980) |
| Purchase of Investment Propertty | - | (131,837) |
| Sales of Fixed Assets and Intangible Asset | - | 3,000 |
| Interest received | 252 | 1,944 |
| **Net Cash flows from investing activities** | **(356,888)** | **(802,583)** |
| | | |
| **Cash flows from financing activities** | | |
| Loans settlement | (643,662) | (1,162,100) |
| **Net cash flows from financing activities** | **(643,662)** | **(1,162,100)** |
| | | |
| **Net (decrease)/ increase in cash and cash equivalents** | **(352,283)** | **109,600** |
| Cash and cash equivalents at the beginning of period | 674,105 | 564,504 |
| **Cash and cash equivalents at the end of period** | **321,822** | **674,105** |

The notes in pages from 6 through 45 constitute an integral part of these Financial Statements.

# Notes to the Financial Statements

## 1. Incorporation and Activities

FITCO Metal Works S.A. (former SYLL.AN S.A.) or «FITCO» or the «Company» was established in 2005 and it is registered in the Register of Societes Anonyme G.C.Registry. : 6489301000.

The term of the company has been set to 50 from publication of its Articles of Association, namely until 2055 and it is a subsidiary of Halcor S.A. and member of Viohalco SA/NV.

FITCO produces rolling products from copper, zinc, brass and other copper alloys. The Company has a vertically integrated production and holds a leading position in the production of brass tubes and bars.

The Financial Statements of Fitco are included in the consolidated Financial Statements of the parent Halcor SA.

The main activities of the Company is the production and sales of zinc rolling.

The company is operating mainly in Greece, Italy, Germany, the United Kingdom, Bulgaria, Poland, Serbia, Portugal and Turkey.

The Company is seated in Athens, 2-4 Mesogeion Ave., Athens Tower, Building B, 11525. The Company's main offices as well as the address is at 53rd km. National Road Athens-Lamia, Inofyta, Pr. of Viotia, GR 320 11. Information about the Company and its activities are available on its website (***www.fitco.gr***) .

## 2. Basis of preparation of the Financial Statements

### (a) Compliance Note

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. The International Financial Reporting Standards issued by the IASB may differ from those adopted by the European Union.

The financial statements ended 31 December 2016 were approved for publication by the Company's Board of Directors on 14 July, 2017**.**

### (b) Measurement basis

The financial statements have been prepared in historical cost, except of derivative financial instruments, fixed assets (land-plot, buildings and machinery) and investment property which are valued in the fair value.

## Notes to the Financial Statements

**(c) Functional currency and presentation**

The Financial Statements are presented in Euro, which is the Company's functional currency. The amounts indicated in the Financial Statements are denominated in Euro and are rounded up/down to the nearest unit (any differences in sums are due to rounding up/down).

**(d) Application of estimates and judgements**

Preparing financial statements in line with the IFRS requires that Management take decisions, make assessments and assumptions which affect the implementation of accounting policies, and the book amounts of assets, liabilities, income and expenses. The actual results may finally differ from such estimates.

Estimates and related assumptions are continuously revised. These revisions are recognized in the period they were made and any subsequent ones.

Specific information about the areas for which estimates are uncertain and vital decisions must be made with respect to the application of accounting policies having a considerable effect on the amounts posted in financial statements is given in the notes below:

- **Valuation of assets in fair value (notes 9 and 11):** At the end of 2014, the Company adopted the Fair Value approach in the valuation of Property, Plant and Equipment. In addition the investment property is presented in Fair Value. The measurement are performed by independent valuators who are members of accredited unions and institutions and have the necessary experience and expertise in the fair value approach of real estate and machinery.
- **Inventory valuation (note 13)**: The Company makes estimates to calculate the realizable value
- **Accounting for defined staff leaving indemnity plans (note 19):** The present value of the liability of a defined benefit contribution plan is based on actuarial assumptions that are carried out from the Management. Any changes in the assumptions will affect the carrying value of the liability.

## 3. New Principles

**New principles that have not been put in effect**

The following standards and amendment of standards have not been put in effect, have not been adopted by the Group and have not been approved by the European Union. The Management is assessing the potential impact on the financial position and profitability of the Group. However the effect has on the financial statements is yet to be estimated.

**IFRS 9 "Financial Instruments"**

This standard is effective for annual reporting periods beginning on or after January 1, 2018 with early adoption permitted. This standard will replace IAS 39 and includes new guidance on the classification and measurement of financial instruments. The Management is assessing the potential impact from the implementation of this Standard on their financial statements. The standard has not yet been endorsed by European Union.

## Notes to the Financial Statements

**IFRS 15 "Revenue from contracts with customers"**

This standard will replace IAS 11 "Construction contracts", IAS 18 "Revenue" and IFRIC 13 «Customer loyalty programs", the IFRIC 15 "Agreements for the construction of real estate", την IFRIC 18 "Transfer of Assets from customers" and SIC-31 "Revenue – Barter transactions involving advertising services". This standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. The standard provides a five-step guideline based on principles that can be applicable to all contracts with customers.

This standard is effective for annual reporting periods beginning on or after January 1, 2018 with early adoption permitted.

**IFRS 16 «Leases»**

The IFRS replaces the IAS 17. It was issued on January 2016 and its purpose is to secure that lessors and lesees provide useful information for the exchanges that constitute a lease. The IFRS 16 requires that the lessee to recognize financial assets and liabilities for all leasing contracts with maturity over 12 months, unless the asset is of immaterial value. The standard has not yet been adopted by the European Union.

**IFRS 12 "Recognition of deferred tax assets for unlrealized losses"**

The amendment is applied for the fiscal periods that begin from 1st of January 2017 and clarified the accounting treatment for the deferred tax receivables for unrealized losses that have resulted from loans which are measured at fair value. The amendments have not yet been adopted by the European Union.

**IFRS 2 "Classification and measurement of transactions that are related to payments which are dependent on the value of shares"**

The amendment provides classifications in regards to measurement basis for remunerations which depend on the value of shares and are settled with cash as well as the accounting treatment in regards to the terms that change a remuneration which is settled in cash to a remuneration that is settled with participating titles. The amendments will be applied for the fiscal years that start from 1st of January 2018 and have not been adopted by the European Union.

**IAS 7 "Disclosures"**

The amendments introduce compulsory disclosures for the variations in liabilities from operational activities. The amendments are applicable for the fiscal years starting from the 1st of January 2017 and have not been adopted by the European Union.

**IFRS 4 "Implementation of IFRS 9 Financial instruments in IFRS 4 insurance contracts"**

## Notes to the Financial Statements

The amendments will be applied for the fiscal years that begin from the 1st of January 2018 and are applied for amendment in insurance contracts and will pride the choice to all entities that issue insurance contracts to recognize in other comprehensive income any deviation that may arise due to the implementation of IFRS 9 and namely with entities that are operating in the insurance industry the choice for temporary suspension of implementation from IFRS 9 until 2021. The amendments have not been adopted by the European Union.

**IAS 40 "Reclassifications of Investment Property"**

The amendment is for the financial statements that are effective from 1st of January 2018. The amendment clarifies that for the change in the use of a property, it has to be evaluated if the property fulfills the criteria and the change can be supported. The amendments have not been adopted by the European Union.

**Annual improvements to IFRSs Cycle 2014 -2016**

**IFRS 12 "Disclosure of participation to other entities"**

The amendment clarifies that the disclosures of IFRS 12 is applicable to participations in entities that have been classified as held for sale. It is applicable for financial statements which begin from 1st of January 2017 and have not been adopted by the European Union.

**IAS 28 "Participations in other and joint-ventures"**

The amendments provide clarifications investment funds, mutual funds that choose to measure other participations and joint-ventures in fair value through profit and loss. The option has to be done separately for each participation or joint-venture during initial recognition. It is applicable for financial statements beginning from 1st of January 2017 and has not been adopted by the European Union.

**IFRIC 22 "Transactions in foreign currency and advance payments"**

This interpretation provides guidance for determining the date of transaction for transactions in foreign currency as defined in IAS 21. The interpretation has not been adopted by the European Union.

## 4. Significant accounting policies

The accounting principles cited below have been consistently applied to all periods presented in these Financial Statements with the exception of the implementation of new standards, amendments and interpretations that are mentioned below, the implementation of which is compulsory for the annual reporting period on or after January 1, 2016. The new standards that have been adopted in 2016 and did not have an impact on the financial statements of the Company are the below mentioned:

**Amendment to IFRS 11 "Acquisition of participations in entities under joint control"**

This amendment adds new guidance for the accounting of acquisition of participation in a jointly controlled entity that is a business according to IFRS and clarifies the appropriate accounting treatment for these acquisitions. This amendment is applicable prospectively for fiscal years starting from 1st of

## Notes to the Financial Statements

January 2016, although earlier application is permitted. This amendment has been approved by the European Union.

**Amendments to IAS 16 and IAS 38 "Clarification for the acceptable method of depreciation and amortization"**

The amendment of IAS 16 states that the depreciation on the revenue-based method cannot be used for property, plant and equipment. The amendment of IAS 38 introduces the evidence that the use of the revenue-based depreciation method for intangible assets is not suitable. The amendments are applicable for annual periods starting on or after the 1st of January 2016 with prospective application and have been adopted by the European Union. Earlier application is permitted.

**Amendment IAS 27 "Equity Method on the separate financial statements"**

This amendment allows to entities to use the equity method in order to account for the participations in subsidiaries, joint-ventures and other related to the separate financial statements and also clarifies the definition of the separate financial statements. This amendment is applicable for annual periods beginning from or after 1st of January 2016. The amendments have been adapted by the European Union. Earlier application is permitted.

**IAS 19 (Amendment) "Employee benefits":** This limited scope amendment is applicable to contributions of employees or third parties to programs of defined benefit contribution and simplify the accounting treatment for contributions when they are independent of the number of years of employment, for instance, employees contributions which are being calculated based on a fixed percentage of the remuneration.

**Amendment to IAS 1 "Presentation of Financial Statements".**

This amendment aims at the improvement of the financial statements that are being prepared according to IFRS (Disclosure initiative). This amendment has been adopted by the European Union and is applicable after the 1st of January 2016.

**Annual Improvements to "IFRSs Cycle 2012-2014"**

Improvements are effective for annual periods beginning on or after January 1, 2016. These amendments have not yet been endorsed by European Union. Earlier adoption Is permitted.

The amendments set out below describe the key changes to four IFRSs.

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations": The amendment clarifies that, when an asset (or disposal group) is reclassified from "held for sale" to "held for distribution", or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.

## Notes to the Financial Statements

IFRS 7 "Financial Instruments: Disclosures": The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement and clarifies that the additional disclosure required by the amendments to IFRS 7, "Disclosure – Offsetting financial assets and financial liabilities" is not specifically required for all interim periods, unless required by IAS 34.

IAS 19 "Employee Benefits": The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise.

IAS 34 "Interim Financial Reporting": The amendment clarifies what is meant by the reference in the standard to "information disclosed elsewhere in the interim financial report".

### 4.1 Foreign Currency

Transactions and balances

Transactions that are carried out in a foreign currency are converted to the Company's functional currency based on the exchange rate that is applicable on the day the transaction is carried out. Profits and losses from foreign exchange differences that arise from the settlement of such transactions during the period and from the conversion of monetary assets that are expressed in a foreign currency based on the exchange rate that is applicable on the balance sheet date are recorded in the profit and loss statement.

### 4.2 Financial Assets

(a) Non-derivative financial instruments

Financial instruments excluding derivatives consist of equities and other securities, receivables and other receivables, cash and cash equivalents, loans and long-term liabilities, trade and other payables. These items are classified by the Company pursuant to the purpose for which they were acquired. The Management decides on adequate classification of the investment at the time of acquisition. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets are initially recognized at fair value plus acquisition cost save those recognized at fair value. Assets are measured as per their classification

(b) Trade and other receivables

Receivables from customers are initially booked at their fair value and are subsequently valued at their non-depreciated cost less impairment losses. Impairment losses are recognised when there are objective indications that the Company is not in a position to collect all or part of the amounts due based on contractual terms. The amount of impairment loss is the difference between the book value of receivables and the present value of the estimated future cash flows. The amount of provision is recognised in the income statement as an expense.

## Notes to the Financial Statements

(c) Cash and cash equivalents

Cash and cash equivalents include cash balances, sight deposits and short-term, high-liquid and low-risk investments.

(d) Available-for-sale financial assets

These include non-derivative financial assets that are either designated in this subcategory, or do not fit into "detained until the end" or "as a fair value through profit and loss." Purchases and sales of investments are recognized on trade date that is the date the Company commits to buy or sell the asset. Investments are initially recognized at fair value plus transaction costs. Then available for sale financial assets are measured at fair value and the resulted profit or loss is recognised in reserve 'fair value' of equity until these assets are sold or impaired. The fair value of those traded on a regulated market is the closing price. For other items the fair value cannot reliably determine the fair value corresponds to the acquisition cost. The impairment loss is recognized upon transfer of the accumulated damage from the reserve to the income statement.

The accumulated losses carried forward is the difference between the acquisition value after depreciation over the effective rate and the current fair value minus the depreciation already charged to the profit from previous years. Impairment losses recognized in profit or loss statement are not reversed through the income statement for equity financial assets. The Company looks for evidence of impairment that for the shares are listed in Stock Exchange is a mandatory or prolonged decline in fair value below its cost, which in such case recorded in the results.

(e) Fair Value

The fair values of financial assets traded on active markets are designated based on current market price. In the case of assets not so traded, fair values are designated using valuation techniques such as recent transaction analysis, reference to comparable and cash flow discounts.

(f) Loans

Loans are initially booked at fair value, less any direct expenses for the execution of the transaction. Subsequently loans are valued at non-depreciated cost based on the effective interest rate method. Any difference between the amount that has been collected (net of relative expenses) and the settlement value is recorded in the results during the term of the loan based on the effective interest rate method.

Loans are classified as “Short-term Liabilities” unless the Company has the right to defer the settlement thereof for at least 12 months from the balance sheet date. Loan interest charges are directly posted to the income statement of the period they concern. The recognition stops when the contractual obligations cancelled, terminated or sold.

### 4.3 Derivatives and hedge accounting

The Company holds derivative instruments to offset the risk of interest rate and the foreign currency change. Derivatives are initially and subsequently recognized at fair value. The method of recognizing

## Notes to the Financial Statements

gains and losses depends on whether derivatives designated as hedging instruments or as held for trading.

The Company documents at the inception of the transaction the relationship between instruments of hedging and hedged items as well as the strategic management of risk. At the conclusion of the contract and on an ongoing basis later recorded assessment of the high efficiency of hedging for both fair value hedges and for cash flow hedges. To offset future transaction demonstrates the possibility of completing the transaction.

***(a) Fair value hedging***

Changes in the fair value of derivatives which are defined as fair value hedges are posted to the results as are the changes in the fair value of the hedged assets which are attributed to the risk offset.

***(b) Cash-Flow hedging***

The effective proportion of change in the fair value of derivatives defined as cash flow hedges are posted to an equity reserve. The gain or loss on the non-effective proportion is posted to the results. The amounts posted as an equity reserve are carried forward to the results of the periods where the hedged assets affect profits or losses. In cases of hedging forecast future transactions which result in recognition of a non-monetary asset (e.g. inventory) or liability, profits or losses which had been posted to equity are carried forward to acquisition cost of the non-financial asset generated.

When a hedge matures or is sold or when the hedging proportion no longer meets the hedge accounting criteria, the profits and losses accrued to Equity remain as a reserve and are carried forward to the results when the hedged asset affects profits or losses. In the case of a hedge on a forecast future transaction which is no longer expected to be realised, the profits or losses accrued to Equity are carried forward to the income statement.

### 4.4 Share Capital

The share capital consists of common shares. Direct expenses for the issuance of shares appear after deducting the relevant income tax, reducing the amount of growth.

### 4.5 Property, Plant & Equipment

(a) Recognition and measurement

Land, buildings, machinery and equipment are shown at fair value, based on valuations by external independent assessors, less subsequent depreciation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any positive effect from the revaluation of land, building and machinery is recognized in the Statement of Comprehensive Income and transferred to the equity in a special reserve, unless the amount is reversing a prior year loss for impairment that was formerly recognized in the Income Statement. The loss from the impairment of land, buildings, machinery is recognized in the Income

Statement unless it reverses a prior year positive effect that was recognized in a revaluation reserve in the Equity. Transportation means and other equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenses are recorded as an increase to the book value of the fixed assets or as a separate asset only where it is probable that the future financial benefits will accrue to the Company and the cost can be reliably measured. The cost of repairs and maintenance is posted to the results when incurred.

Upon sale of tangible assets, the differences between the proceeds and the carrying value is recorded as gains or losses on the results and the item 'Other operating income' or 'Other operating expenses "as appropriate. When the book value of tangible assets exceeds its recoverable amount, the difference (impairment loss) is recognized immediately as an expense in the income statement.

(b) Depreciation

Plots – lots are not depreciated. Depreciation of other tangible assets is calculated using the straight-line method during the estimated useful life of fixed assets and their segments if they have a different useful life. The estimated useful life of these categories is as follows:

| | | |
|---|---|---|
| Buildings | 25-50 | years |
| Machinery & equipment | 1-40 | years |
| Transportation equipment | 5-15 | years |
| Furniture and fixtures | 3-8 | years |

Residual value and the useful life of tangible assets are subject to re-examination on each balance sheet date, if deemed necessary.

**4.6 Intangible Assets**

Intangible assets acquired separately are recognized at acquisition cost while any intangible assets acquired through the purchase of entities are recognized at their fair value on acquisition date. After acquisition they are valued at that amount less accumulated depreciation and any accumulated impairment losses. The useful life of intangible assets may be limited or unlimited. The cost of intangible assets with a limited useful life is depreciated over the estimated useful life using the straight-line method. Intangible assets are depreciated from the date they become available for use.

Intangible assets with unlimited useful life are not depreciated but are subject periodically (at least annually) to an estimate of any impairment based on the provisions of IAS 36 "Impairment of Assets". Residual values are not recognized. The useful life of intangible assets is evaluated on an annual basis. Intangible assets are tested for impairment at least annually individually or at cash-generating unit level.

## Notes to the Financial Statements

Software licences are valued at acquisition cost less accumulated depreciation and any accumulated impairment. Depreciation is recorded using the straight-line method over the useful life of the assets, which is 3 years.

Expenses required to develop and maintain software are posted as expenses in the income statement during the year they incur.

### 4.7 Investment Property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in the profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to the retained earnings.

### 4.8 Inventories

Inventories are valued at acquisition cost or net realisable value, whichever is lower. Acquisition cost is determined by applying the annual average weighted cost method and includes the cost to buy, produce or manufacture and other expenses so as to acquire its current condition and location and the ratio of production expenses. The cost may include any transfer from the cash flow hedging reserve. Net realisable value is assessed based on current sale prices of inventories in the course of ordinary activities less any termination and sales expenses which apply to the case.

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### 4.9 Impairment

**(a) Non-derivative financial assets**

The carrying values of Company's financial assets not recognized at fair value through profit or loss, including investments accounted for by the equity method, are examined in each reporting period to determine whether there is objective evidence of impairment.

Objective evidence that a financial asset is impaired include:

- bankruptcy of a debtor or designation as insusceptible to recovery
- amount of debt adjustment because of changing conditions of payment,
- evidence that due to adverse economic conditions, the borrower or issuer will go into bankruptcy,
- adverse developments in the method of payment of borrowers or issuers.
- the disappearance of an active market for a share or
- observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets.

## Notes to the Financial Statements

### Assigned financial assets at amortized cost

The Company recognizes an indication of impairment of these assets both at independent asset and at entire. All individually significant assets reviewed individually for impairment. Whatever is not impaired individually, is collectively evaluated for impairment. Assets that are not individually significant, are collectively evaluated for impairment. Collective assessment results from the aggregation of assets with common risk characteristics.

An impairment loss is recognized as the difference between the carrying amount of the asset and the present value of expected future cash flows at the effective interest rate. The loss is recognized in the income statement as a provision. Where the Company decides that there is no realistic reason to restore the carrying amount of the asset, the provision deleted. If the amount of the impairment loss decreases and the decrease is linked to an objective event occurring after the impairment, then the original impairment loss was reversed and recognized in the Income Statement.

### Financial assets available for sale

Impairment on financial assets available for sale is recognized by transferring the cumulative loss of the reserve "Fair value" in the results. The amount transferred to the results is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of a share depicted as a financial asset available for sale subsequently increases and the increase is related to an objective event occurring after the impairment then the original impairment loss is reversed and recognized in the Income Statement. Otherwise, the impairment is reversed in the Statement of Comprehensive Income.

### (b) Non-financial assets

For non-financial assets other than investment property, inventories and deferred tax asset, the value of accounting is examined at each balance sheet date for impairment. Goodwill and intangible assets with indefinite life are examined annually for impairment in a mandatory basis.

The recoverable amount of the asset or cash-generating unit is the higher of value in use and fair value less any costs to sell. The value in use is based on expected future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk directly associated with the asset or cash-generating units.

Impairment is recognized if the carrying amount exceeds the estimated recoverable amount.

Impairment is recognized in the Income Statement.

The impairment of goodwill is not reversed. The impairment loss is reversed by restoring the carrying value of the asset to its recoverable amount to the extent it does not exceed the carrying amount of the asset (net of depreciation) that would have been determined if he had not registered the loss.

### 4.10 Employee benefits

## Notes to the Financial Statements

***(a) Short-term benefits***

Short-term benefits to staff in cash and kind are posted as expenses when accrued. A liability is recognized for the amount expected to be paid as benefit to the staff and its executives if there is a legal or contractual obligation to pay this amount as a result of employee services and insofar as such liability can be reliably measured.

***(b) Defined contribution plans***

Defined-contribution plans are plans for the period after the employee has ceased to work during which the Company pays a defined amount to a third legal entity without any other obligation. Obligations for contributions to defined-contribution plans are recognized as expense in profit or loss at the time they are due.

***(c) Defined benefit plans***

Defined-benefit plans are any other retirement plans excluding defined-contribution plans. The obligation posted to the balance sheet for defined-benefit plans is the current value of the future benefit of the employee for his services for the defined benefit less the fair value of the plan assets and changes arising from the non-posted actuarial gains and losses and the past service cost. The discount rate corresponds to the rate of the index applying to the European bonds “iBoxx – AA-rated Euro corporate bond 10+ year”. Independent actuaries using the projected unit credit method calculate the defined benefit obligation.

The past service cost is recorded directly in the income statement with the exception of the case where changes in the plan depend on the remaining service lives of employees. In this case the past service cost is recorded in the income statement using the straight-line method within the maturity period.

Actuarial gains and losses arising from historical data adjustments exceeding 10% of the accumulated liability.

***(d) Benefits for employment termination***

The benefits due to termination of the employment relationship are paid when employees depart before their retirement date. The Company books these benefits when it is committed, either when it terminates the employment of existing employees according to a detailed programme for which there is no departure possibility, or when it provides such benefits as an incentive for voluntary departure. Employment termination benefits that are due in 12 months after the balance sheet date are discounted. In the case of termination where it is impossible to determine the number of employees that will make use of such benefits, these will not be accounted for but will be disclosed as a contingent liability.

***(e) Plans for participation in profits and benefits***

The Company records a liability and a corresponding expense for benefits and profit participation. This amount is included in post-tax profits less any reserves stipulated by law.

## Notes to the Financial Statements

### 4.11 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation which will probably demand an outflow of resources for its settlement. In addition, the amount of this obligation should be reliably measurable. Provisions are re-examined on each balance sheet date and, if it is likely that there will no longer be an outflow of resources to settle the obligations, the provisions are reversed. Provisions are used only for the purpose for which they were originally created. No provisions are recognized for future losses. Contingent assets and contingent liabilities are not recognized in the financial statements.

### 4.12 Income

**(a) Sales of goods**

Income from sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the purchaser, the collection of the price is reasonably secured, the relevant expenses and eventual returns of goods can be reliably measured and no continuous involvement in goods management applies. Any returns or turnover-related discounts are deducted from the income from sales of goods. The time at which the risk and rewards are transferred varies per product.

**(b) Services**

Revenue from the sale of services is recognised in the period in which the services are rendered, on the basis of the stage in completion of the actual service to the services as a whole.

**(c) Income from interest**

Income from interest is recognised when the interest becomes accrued (based on the effective interest rate method).

**(d) Income from dividends**

Dividends are recognised as income when the right of the Company to receive payment is established.

**(e) Income from rents**

Rents are recognized as revenue on a straight course in the lease.

### 4.13 Government grants

Government grants for investments in assets are recognised as accrued income where there is a reasonable assurance that the grant will be received and the Company will comply with all relevant conditions. Government grants relating to the purchase of fixed assets are credited to the income statement on a straight-line basis over the expected useful lives of the related assets.

Government grants compensating the Company for expenses are recognized in the results so that these will match the expenses that they will cover.

### 4.14 Leases

Leases of property, plant and equipment, which the Company substantially maintains all the risks and benefits of ownership are classified as financial leasing. Financial leasing is capitalised from the moment the lease begins at the lower amount between the fixed asset's fair value and the present value of the minimum lease payments. Financial leases net of financial expenses are classified on 'Liabilities'. The part of financial expenses that concerns financial leasing is recorded in profit and loss during the term of the lease. Items of property, plant and equipment that were acquired through financial leasing are depreciated over the shorter period between the useful lives thereof and the term of their lease.

Leases where substantially all the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases are recognized in a straight line basis over the lease term.

Operating lease payments are allocated as an expense in the income statement under the direct method over the lease. The lease grants received are recognized in the income statement as an integral part of the cost during the lease.

### 4.15 Income Tax

The income tax of the year includes both current and deferred tax. Income tax is posted in profit or loss save any cases concerning items directly posted to Equity, in which case it is recognized in Equity.

Current income tax is the tax expected to be paid on the taxable income for the year, based on enacted tax rates on the balance sheet date, and any adjustment to prior-period payable tax.

Deferred income tax is calculated using the liability method which arises from temporary differences between the book value and taxation basis of the assets and liabilities. Deferred income tax is not calculated (a) if it is clear from initial recognition of an asset or liability in a transaction apart from business combinations in which the transaction occurred that it did not affect either the book or tax profits or losses, (b) for investments in subsidiaries to the extent that the temporary difference will not be reversed, (c) the initial recognition of goodwill. Deferred tax is determined using the tax rates that are expected to apply to the period in which the asset will be liquidated or the liability will be settled. The determination of future tax rates is based on laws passed on the date the financial statements are prepared.

Deferred tax assets are recognised only to the extent that there will be a future taxable profit for use of the temporary difference generating the deferred tax assets. Deferred tax assets are reduced when the relevant tax benefit is realized.

Additional income taxes arising from the allocation of dividends are posted in the same year with the obligation to pay the relevant dividend.

## Notes to the Financial Statements

### 4.16 Borrowing cost

The borrowing cost that is directly linked with the purchase, construction or production of fixed assets for which a considerable amount of time is required so they can be completed for use or sale, is added to the cost of those assets until the time when this assets will be available for use or sale. The proceeds from the interests from amounts collected as to be used for the purpose of the construction of the asset as well as the amount of grants reduces the borrowing cost that is capitalized. In all other case the cost of borrowing is affecting the Income statement of the fiscal year. To the extent that general borrowing is used for the construction of an asset, the cost of borrowing for capitalization can be estimated using a capitalization rate.

## 5. Sales

The sales according to the geographical distribution are presented as follows:

| *EUR* **Sales** | **2016** | **2015** |
|---|---|---|
| Greece | 9,132,750 | 8,968,144 |
| European Union | 32,503,530 | 52,512,443 |
| Other European countries | 1,281,388 | 1,420,484 |
| Asia | 621,518 | 78,361 |
| America | 75,431 | 170,579 |
| Africa | 117,981 | 252,165 |
| **Total** | **43,732,599** | **63,402,176** |

Breakdown of Sales per Category:

| *EUR* | **2016** | **2015** |
|---|---|---|
| Sale of goods | 35,977,684 | 56,199,926 |
| Rendering of services | 3,110,127 | 3,360,727 |
| Other | 4,644,787 | 3,841,524 |
| **Total** | **43,732,599** | **63,402,176** |

## Notes to the Financial Statements

## 6. Other Operating Income & Expense

| *EUR* | 2016 | 2015 |
|---|---|---|
| **Other Income** | | |
| Depreciation of Grants | 48,385 | 48,385 |
| Other Rentals | 80,808 | 48,082 |
| Foreign Exchange Differences | 48,285 | 131,467 |
| Damage Compensation | - | 5,556 |
| Other Income | 78,960 | 282,490 |
| **Total** | **256,438** | **515,979** |
| | | |
| **Other Expense (-)** | | |
| Loss from sale of Assets | - | (1,920) |
| Foreign Exchange Differences | (102,137) | (87,534) |
| Other Expense | (236,118) | (252,027) |
| **Total** | **(338,255)** | **(341,481)** |
| | | |
| **Other income and expense (net)** | **(81,817)** | **174,498** |

## 7. Expenses by nature

A breakdown of the expenses by nature is as follows:

| EUR | 2016 | 2015 |
|---|---|---|
| Cost of inventories recognized as an expense | 36,011,684 | 53,198,963 |
| Employee benefits | 3,232,383 | 3,160,530 |
| Energy | 436,838 | 524,734 |
| Depreciation and amortisation | 1,219,252 | 1,216,122 |
| Taxes - duties | 138,907 | 106,929 |
| Insurance premiums | 172,971 | 233,777 |
| Rental fees | 42,996 | 47,511 |
| Transportation | 965,585 | 1,164,820 |
| Promotion & advertising | 44,048 | 18,433 |
| Third party fees and benefits | 1,338,397 | 3,855,349 |
| Provision for Bad Debt | - | 1,082,418 |
| Gains/(losses) from derivatives | 1,220,665 | 576,654 |
| Other expenses | 384,210 | 302,854 |
| **Total** | **45,207,936** | **65,489,093** |

## Notes to the Financial Statements

The cost of employee benefits is analyzed as follows :

| *EUR* | **2016** | **2015** |
|---|---|---|
| Employee remuneration & expenses | 2,566,832 | 2,383,235 |
| Social security expenses | 618,810 | 603,581 |
| Defined benefit contribution plan | 31,529 | 21,986 |
| Other staff expenses | 15,212 | 151,728 |
| **Total** | **3,232,383** | **3,160,530** |

The number of staff at the end of the year for the Company was: 95 (2015 : 88).

## 8. Finance Income and Cost

| *EUR* | **2016** | **2015** |
|---|---|---|
| **Income** | | |
| Interest | 252 | 1,944 |
| **Total** | **252** | **1,944** |
| | | |
| **Expense (-)** | | |
| Interest | (1,002,714) | (1,186,846) |
| **Total** | **(1,002,714)** | **(1,186,846)** |
| | | |
| **Financial Income & Cost (Net)** | **(1,002,462)** | **(1,184,902)** |

## Notes to the Financial Statements

## 9. Property, Plant & Equipment

| *EUR* | Landplot | Buildings | Machinery | Transportation equipment | Furniture & other equipment | Fixed assets under construction | Total |
|---|---|---|---|---|---|---|---|
| **Cost or fair value** | | | | | | | |
| **Balance as at 1 January 2015** | **1,739,414** | **6,980,721** | **17,999,005** | **227,620** | **861,925** | **469,207** | **28,277,891** |
| Additions | - | 34,681 | 602,635 | - | 13,574 | 11,820 | **662,710** |
| Disposal | | | | | | (4,920) | **(4,920)** |
| Reclassifications | - | 4,668 | 50,584 | - | - | (55,252) | **-** |
| **Balance as at 31 December 2015** | **1,739,414** | **7,020,069** | **18,652,224** | **227,620** | **875,499** | **420,855** | **28,935,681** |
| | | | | | | | |
| **Accumulated depreciation** | | | | | | | |
| **Balance as at 1 January 2015** | **-** | | **(359,814)** | **(220,394)** | **(824,698)** | **-** | **(1,404,907)** |
| Depreciations of the period | - | (479,874) | (692,109) | (2,104) | (36,381) | - | **(1,210,468)** |
| **Balance as at 31 December 2015** | - | **(479,874)** | **(1,051,923)** | **(222,498)** | **(861,080)** | **-** | **(2,615,375)** |
| | | | | | | | |
| **Carrying amount as at 31 December 2015** | **1,739,414** | **6,540,195** | **17,600,301** | **5,122** | **14,420** | **420,855** | **26,320,306** |

| *EUR* | Landplot | Buildings | Machinery | Transportation equipment | Furniture & other equipment | Fixed assets under construction | Total |
|---|---|---|---|---|---|---|---|
| **Cost or fair value** | | | | | | | **-** |
| **Balance as at 1 January 2016** | **1,739,414** | **7,020,069** | **18,652,224** | **227,620** | **875,499** | **420,855** | **28,935,681** |
| Additions | - | 62,848 | 149,291 | - | 13,011 | 112,517 | **337,667** |
| **Balance as at 31 December 2016** | **1,739,414** | **7,082,917** | **18,801,516** | **227,620** | **888,510** | **533,371** | **29,273,348** |
| | | | | | | | |
| **Accumulated depreciation** | | | | | | | |
| **Balance as at 1 January 2016** | **-** | **(479,874)** | **(1,051,923)** | **(222,498)** | **(861,080)** | **-** | **(2,615,375)** |
| Depreciations of the period | - | (482,561) | (703,470) | (2,104) | (14,414) | - | **(1,202,549)** |
| **Balance as at 31 December 2016** | - | **(962,435)** | **(1,755,393)** | **(224,602)** | **(875,494)** | - | **(3,817,924)** |
| | | | | | | | |
| **Carrying amount as at 31 December 2016** | **1,739,414** | **6,120,482** | **17,046,122** | **3,018** | **13,016** | **533,371** | **25,455,424** |

## Notes to the Financial Statements

### (a) Measurement of Fair Value of fixed assets

Land, buildings and machinery for the Company are presented at fair value as the date of revaluation less the accumulated depreciation and the subsequent impairment. The measurement of fair value regarding Land, building and machinery for the the Company has been performed by independent certified valuators that are not affiliated with the Company. The independent valuators are members of accredited unions and institutions and have the necessary experience and knowledge regarding the fair value approach on land, building and production machinery.

The fair value of land has been determined using the market approach, which reflects on the recent prices of transactions for comparable land in the area where the land of the Company in located. The observable data have been adjusted for certain characteristics of each landplot.

The fair value of buildings has been determined using the cost approach, which reflects the cost that a participant in an active market would have to pay to construct a comparable asset, adjusted for impairment. The main parameters that were considered for the determination of the value of buildings include the estimated construction cost, additional expenses required and the impairment factor on the total estimated cost of construction.

The fair value of production machinery was determined using the cost approach, which reflects the cost that a participant in an active market would have to pay to acquire a comparable asset adjusted for impairment through use and technological advancements. The main parameters considered in the determination of the value of production machinery include the estimated cost of replacement, the residual value and the impairment factor on the total cost of construction.

As a consequence of the revaluation that took place in 31/12/2014, the Company perform a test for the revaluation of the assets. For 2016 and taking into consideration the following:

1. There was no change in the use of any of the assets.
2. There was no destruction or damages that would result in impairment of the cash generating ability of the assets of the Company.
3. During the year 2016 there was no significant external factors that have affected the value of the assets.

Therefore, the Company did not proceed to new measurements

In case that the land, buildings and machinery were presented in the historical cost, the respective amounts for the year ended December 31, 2016 and the comparable fiscal year of 2015 would be as follows:

## Notes to the Financial Statements

| | | *2015* | |
|---|---|---|---|
| *EUR* | Cost | Depreciation | Net Book Value |
| Landplot | 2,911,050 | - | 2,911,050 |
| Buildings | 8,729,268 | (4,647,809) | 4,081,459 |
| Machinery | 22,407,909 | (13,731,300) | 8,676,609 |

| | | *2016* | |
|---|---|---|---|
| *EUR* | Cost | Depreciation | Net Book Value |
| Landplot | 2,911,050 | - | 2,911,050 |
| Buildings | 8,792,116 | (4,949,874) | 3,842,242 |
| Machinery | 22,557,200 | (14,061,833) | 8,495,367 |

### (b) Pledges on fixed assets

There are pledges related to payment of loans for the fixed assets of the Company (see notes 18&25).

### (c) Assets under construction

The account “Assets under construction” includes machinery the installation of which has not been completed as at 31 December, 206.

### (d) Capitalization of borrowing costs

The fixed assets of the Company include amount of Euro 2,552 which concerns cost of borrowing that has been assumed for general purposes.

## Notes to the Financial Statements

## 10. Intangible Assets

| EUR | Trademarks and licenses | Software | Total |
|---|---|---|---|
| **Cost or Fair Value** | | | |
| **Balance as at 1 January 2015** | **99,813** | **124,139** | **223,951** |
| Additions | - | 12,980 | 12,980 |
| **Balance as at 31 December 2015** | **99,813** | **137,119** | **236,931** |
| **Accumulated amortization and impairment** | | | |
| **Balance as at 1 January 2015** | **(17,500)** | **(115,304)** | **(132,804)** |
| Amortization for the period | (7,778) | (3,895) | (11,673) |
| **Balance as at 31 December 2015** | **(25,277)** | **(119,200)** | **(144,477)** |
| **Carrying amount as at 31 December 2015** | **74,535** | **17,919** | **92,454** |

| EUR | Trademarks and licenses | Software | Total |
|---|---|---|---|
| **Cost or Fair Value** | | | |
| **Balance as at 1 January 2016** | **99,813** | **137,119** | **236,931** |
| Additions | - | 19,473 | 19,473 |
| **Balance as at 31 December 2016** | **99,813** | **156,592** | **256,405** |
| **Accumulated amortization and impairment** | | | |
| **Balance as at 1 January 2016** | **(25,277)** | **(119,200)** | **(144,477)** |
| Amortization for the period | (7,778) | (8,925) | **(16,703)** |
| **Balance as at 31 December 2016** | **(33,055)** | **(128,125)** | **(161,179)** |
| **Carrying amount as at 31 December 2016** | **66,758** | **28,468** | **95,225** |

## 11. Investment Property

Investment property includes seven housing structures in Kefalonia, which the Company is renting to third parties.

The valuation of the fair value of the investment property on 31 December 2016 was performed by independent valuators, who have no affiliation with the Company. The independent valuators are members of accredited professional bodies and hold the necessary experience and the specific knowledge in regards to the fair value measurement in the areas where the Company’s property is located.

## Notes to the Financial Statements

The measurement of the fair value of the investment property is classified as level 2 according to the assumptions used for applying the valuation techniques.

The valuation method that has been applied for the fair value reflect the most efficient use as estimated by the Management of the Company.

The fair value of the land and buildings was estimated with the market approach which reflects the prices of assets for comparable property in the area where the assets of the Company are located. The observable data were adapted to the specific characteristics of each land plot.

| *EUR* | | |
|---|---|---|
| *Cost or fair value* | **2016** | **2015** |
| **Balance at the beginning of the period - net** | **1,811,837** | **1,680,000** |
| Revaluation | (65,533) | 131,837 |
| **Balance as at period end** | **1,746,304** | **1,811,837** |

## 12. Income Tax

During 2015 the tax audit of Company was completed by the auditor according to article 82, paragraph 5 of Law.2238/1994, for the fiscal year 2015 and the certificate was issued without qualification remarks.

For the fiscal year 2016, the Company is under the audit of the Certified Auditors according to the provisions of article 65A of L. 4174/2013. This audit is on-going and the relative report of tax compliance is expected to be issued after the publication of the financial statements for the year ended in 31st December 2015. The result of the audit is not expected to significantly affect the financial statements.

| *EUR* | **2016** | **2015** |
|---|---|---|
| Deferred tax expense/(income) | (666,570) | 363,739 |
| **Tax expense** | **(666,570)** | **363,739** |

## Notes to the Financial Statements

Reconciliation of Tax expense:

| *EUR* | 2016 | | 2015 | |
|---|---|---|---|---|
| **Accounting Profit/loss (-) before income tax** | | **(2,559,616)** | | **(3,097,320)** |
| Atstatutory income tax rate of 2016:29% & 2015:29% | 29.0% | (742,289) | 29.0% | (898,223) |
| Non-deductible expenses for tax purposes | -3.0% | 75,719 | -22.1% | 685,588 |
| Change in tax rate or composition of new tax | 0.0% | - | -18.9% | 584,871 |
| Permanent Diferrences | 0.0% | - | 0.3% | (8,497) |
| | **26%** | **(666,570)** | **-12%** | **363,739** |
| **Income tax expense reported in the statement of profit or loss** | | **(666,570)** | | **363,739** |

## Deferred Tax

The movement in deferred tax is as follows:

## Notes to the Financial Statements

### Deferred Tax Liability

| | | | | | | Balance at 31 December | |
|---|---|---|---|---|---|---|---|
| **2016** | **Net balance at 1 January** | **Recognised in profit or loss** | **Recognised in OCI** | **Other** | **Net** | **Deferred tax assets** | **liabilities** |
| *EUR* | | | | | | | |
| Property, plant and equipment | (5,457,518) | (115,588) | - | - | **(5,573,106)** | - | (5,573,106) |
| Intangible assets | 2,606 | 22,115 | - | - | **24,721** | 24,721 | - |
| Investment property | (525,433) | 19,005 | - | - | **(506,428)** | - | (506,428) |
| Provisions | 493,732 | (68,080) | 7,898 | - | **433,550** | 433,550 | - |
| Other items | (441,299) | 809,119 | (104,457) | (2,668) | **260,695** | 260,695 | - |
| **Tax assets/liabilities (-) before set-off** | **(5,927,911)** | **666,570** | **(96,559)** | **(2,668)** | **(5,360,568)** | **718,966** | **(6,079,534)** |
| Set-off tax | | | | | - | (718,966) | 718,966 |
| **Net tax assets/liabilities (-)** | | | | | **(5,360,568)** | **-** | **(5,360,568)** |

| | | | | | | Balance at 31 December | |
|---|---|---|---|---|---|---|---|
| **2015** | **Net balance at 1 January** | **Recognised in profit or loss** | **Recognised in OCI** | **Other** | **Net** | **Deferred tax assets** | **Deferred tax liabilities** |
| *EUR* | | | | | | | |
| Property, plant and equipment | (5,355,860) | 462,913 | - | (564,571) | **(5,457,518)** | - | (5,457,518) |
| Intangible assets | 2,733 | (2,945) | - | 2,817 | **2,606** | 2,606 | - |
| Investment property | (106,896) | (364,182) | - | (54,355) | **(525,433)** | - | (525,433) |
| Provisions | 215,256 | 246,537 | (12,094) | 44,033 | **493,732** | 493,732 | - |
| Other items | (63,660) | (121,192) | (243,650) | (12,796) | **(441,299)** | - | (441,299) |
| **Tax assets/liabilities (-) before set-off** | **(5,308,427)** | **221,132** | **(255,744)** | **(584,871)** | **(5,927,911)** | **496,338** | **(6,424,249)** |
| Set-off tax | | | | | - | (496,338) | 496,338 |
| **Net tax assets/liabilities (-)** | **-** | **-** | **-** | **-** | **(5,927,911)** | **-** | **(5,927,911)** |

During 2015 there was a change in the corporate tax rate from 26% to 29%. The effect of this change in the Income statement was Euro 585 thousand.

## Notes to the Financial Statements

### 13. Inventories

| *EUR* | 2016 | 2015 |
|---|---|---|
| Merchandise | 128,940 | 217,641 |
| Finished goods | 2,346,962 | 2,313,635 |
| Semi-finished goods | 5,064,163 | 4,879,223 |
| By-products & scrap | 61,470 | 106,252 |
| Work in progress | 197,303 | 532,413 |
| Raw and auxiliary materials, consumables, spare parts and packaging materials | 4,054,728 | 2,830,646 |
| **Total** | **11,853,565** | **10,879,810** |

Inventories are recognized in the net realizable value which reflects the estimated value of sale less expenses for sale.

## Notes to the Financial Statements

## 14. Trade and Other receivables

**Current Assets**

| *EUR* | **2016** | **2015** |
|---|---|---|
| Trade receivables | 4,017,997 | 4,617,157 |
| Less: Impairment losses | (1,467,665) | (1,467,765) |
| **Net trade receivables** | **2,550,331** | **3,149,392** |
| | | |
| Other downpayments | - | 684 |
| Cheques and notes receivables & Cheques overdue | 148,790 | 91,299 |
| Receivables from related entities | 1,380,255 | 733,600 |
| Tax assets | 754,224 | 803,279 |
| Other debtors | 44,375 | 185,337 |
| Less: Impairment losses | - | - |
| **Total** | **4,877,975** | **4,963,591** |
| | | |
| **Non-current assets** | | |
| Non-current receivables from other related parties | - | - |
| Other non-current receivables | 40,927 | 40,299 |
| **Total** | **40,927** | **40,299** |
| | | |
| **Total receivables** | **4,918,902** | **5,003,889** |

The provision for doubtful debts is raised for specific balances of customers that the Management considers to be doubtful in terms of collection, less the expected indemnity received from insurance companies.

In 2015 provisions for impairment of receivables of Euro 1,082 thousand were posted.

## Notes to the Financial Statements

### 15. Derivatives

| EUR | 2016 | 2015 |
|---|---|---|
| **Current assets** | | |
| Future contracts | 100,080 | - |
| **Total** | **100,080** | **-** |
| | | |
| **Current liabilities** | | |
| Forward foreign exchange contracts | 556 | 2,930 |
| Future contracts | - | 257,743 |
| **Total** | **556** | **260,673** |
| | | |
| Amounts recognized in the results as income / (expense) | (742,125) | 349,542 |

For the Company results from settled financial risk management operations recorded in the Income Statement during years 2016 and 2015 are included in Sales and Cost of Goods Sold for results from metal and exchange rate derivatives and in other income-expenses for results derived from swaps and forwards contracts.

### 16. Cash and Cash equivalents

| EUR EUR | 2016 | 2015 |
|---|---|---|
| Cash in hand and Cash in bank | 525 | 774 |
| Short-term bank deposits | 321,297 | 673,331 |
| **Total** | **321,822** | **674,105** |

Bank deposits are set at variable interest rates according to the applicable rates of interbank market.

## Notes to the Financial Statements

## 17. Share capital and reserves

### (a) Share capital

The Company's share capital stands at Euro 10,384,770 (2015: Euro 10,384,770) divided into 3,461,590 (2015: 3,461,590) common unregistered shares with a nominal value of Euro 3.00 each.

### (b) Reserves

| *EUR* | ***2016*** | ***2015*** |
|---|---|---|
| Statutory Reserves | 6,545 | 6,545 |
| Hedging Reserve | 70,662 | (185,078) |
| Reserves for Revaluation of Fixed Assets to Fair Value | 7,715,344 | 8,108,629 |
| Tax exempt reserves | 295,422 | 295,422 |
| Other reserves | 25,317 | 25,317 |
| **Total** | **8,113,290** | **8,250,835** |

### Statutory reserve

Under Greek trade law, companies must transfer at least 5% of their annual net profits to a statutory reserve until that reserve is equal to 1/3 of the paid-up share capital. Distribution of Statutory Reserve is prohibited. No statutory reserve will be set aside during this year due to losses.

#### Untaxed and special reserves

Untaxed and special reserves concern non-distributed profits that are exempt from taxation pursuant to special provisions of incentive laws (under the condition that companies have sufficient profits to form these reserves). Reserves from income exempt from taxation and reserves taxed pursuant to special laws concern income from interest for which a tax has been withheld at the source. In addition to any prepaid taxes, these reserves are subject to taxation in case they are distributed. No deferred taxes have been accounted for as regards the above untaxed reserves in case they are distributed.

#### Reserves from revaluation at fair value

This reserve is accounted after the positive effect of the revaluation of Land, buildings and machinery to fair value. This reserve cannot be distributed to shareholders until it is moved to results carried forward account through depreciation or after the recognition of profit through the sale of an asset.

## Notes to the Financial Statements

### 18. Loans and obligations from financial leasing

| *EUR* | **2016** | **2015** |
|---|---|---|
| **Non-current** | | |
| Secured bond issues | 10,380,766 | 11,667,832 |
| **Total** | **10,380,766** | **11,667,832** |
| | | |
| **Current** | | |
| Unsecured bank loans | 3,732,977 | 3,071,119 |
| Current portion of secured bond issues | 1,311,580 | 1,330,035 |
| **Total** | **5,044,557** | **4,401,154** |
| | | |
| **Total loans and borrowings** | **15,425,324** | **16,068,986** |

The maturity of the long-term debt are as follows:

| *EUR* | **2016** | **2015** |
|---|---|---|
| Between 1 and 2 years | 10,380,766 | 11,667,832 |
| **Total** | **10,380,766** | **11,667,832** |

For the assumption of the bank loans of the Company mortgages and pledges have been issued to property total worth of Euro 15.6 million.

The average interest rates (short-term and long-term) at the reporting date was 5.28% for 2016 and 5.51% for 2015.

There was no incident in 2015 which could lead to a breach of the terms of the loans of the Company.

### 19. Liabilities for employee's retirement benefits

According to the Greek labor law, employees are entitled to compensation in case of dismissal or retirement, the amount of which varies depending on salary, years of service and the manner of termination (dismissal or retirement).Employees who resign are not entitled to compensation. The compensation payable in case of retirement equals 40 % of the compensation which would be payable in case of unjustified dismissal. The Company believes this is a defined benefit and it charges the accrued benefits in each period with a corresponding increase in the pension liability. Any payments made to retirees each year are charged against this liability. The displayed personal benefit obligation of the Company as at 31 December 2016 and 2015 is as follows:

## Notes to the Financial Statements

| *EUR* | **2016** | **2015** |
|---|---|---|
| **Balance at 1 January** | **282,158** | **308,364** |
| **Included in profit or loss** | | |
| Current service cost | 10,706 | 13,282 |
| Settlement/curtailment/termination loss | 15,212 | 4,102 |
| Interest cost/income (-) | 5,611 | 4,602 |
| | **31,529** | **21,986** |
| | | |
| **Included in OCI** | | |
| -Actuarial loss/gain (-) arising from: | | |
| -Financial assumptions | 13,729 | (17,522) |
| -Experience adjustements | 4,298 | (24,182) |
| | **18,027** | **(41,704)** |
| **Other** | | |
| Contributions paid by the employer | | |
| Benefits paid | (30,328) | (6,488) |
| | **(30,328)** | **(6,488)** |
| **Balance at 31 December** | **301,386** | **282,158** |

The assumptions on which the actuarial study was based for the calculation of provision are the following:

| | **2016** | **2015** |
|---|---|---|
| Discount rate | 1.6% | 2.0% |
| Inflation | 1.5% | 1.8% |

The aforementioned results depend of the assumptions (financial and demographic) of the actuarial study. Therefore, if a discount rate was used less by 50 basis points, then the liability for employee retirement benefits of the Company would be lower by 6.2% and if a salary growth by 50 basis points more was used per annum (instead of 1.5% p.a.), then the liability for employee retirement benefit of the Company would be higher by 5.4%.

## Notes to the Financial Statements

## 20. Government grants

| *EUR* | **2016** | **2015** |
|---|---|---|
| Balance as at January 1 | **674,621** | **723,005** |
| Amortisation of grans | (48,385) | (48,385) |
| **Ending Balance** | **626,236** | **674,621** |

Depreciation of grants corresponding to fixed assets depreciation is posted in the account "Other income" of the income statement.

Grants have been provided for the purchase of tangible assets.

## 21. Trade payables and other liabilities

*EUR*

| *EUR* | **2016** | **2015** |
|---|---|---|
| Suppliers | 1,610,396 | 1,013,368 |
| Social Security funds | 136,317 | 130,865 |
| Amounts due to related parties | 4,127,099 | 2,511,004 |
| Sundry creditors | 702,824 | 58,145 |
| Accrued expenses | 85,012 | 69,028 |
| **Total** | **6,661,648** | **3,782,410** |

## 22. Financial Assets

The Board of Directors of the Company in cooperation with the parent Group has set rules and procedures for measuring the following risks:

- Credit risk
- Liquidity risk
- Exchange rate risk
- Interest rate risk

Below there were presented analytically the evidence of the size of each risk.

## Notes to the Financial Statements

### (a) Credit risk

The Company's exposure to credit risk is primarily affected by the features of each customer. The demographic data of the Company's clientele, including payment default risk characterizing the specific market and the country in which customers are active, affect less the credit risk since no geographical concentration of credit risk is noticed. No client exceeds 10% of sales and, consequently, commercial risk is spread over a large number of clients.

Based on the credit policy adopted by the Board of Directors, each new customer is tested separately for creditworthiness before normal payment terms are proposed. The creditworthiness test made by the Company includes the examination of bank sources. Credit limits are set for each customer, which are reviewed in accordance with current circumstances and the terms of sales and collections are readjusted, if necessary. In principal, the credit limits of customers are set on the basis of the insurance limits received for them from insurance companies and, subsequently, receivables are insured according to such limits.

When monitoring the credit risk of customers, the latter are grouped according to their credit characteristics, the maturity characteristics of their receivables and any past problems of receivability they have shown. Trade and other receivables include mainly wholesale customers of the Company. Any customers characterized as being of "high risk" are included in a special list of customers and future sales must receive in advance and approved by the Board of Directors. Depending on the background of the customer and its status, the Company demands real or other security (e.g. letters of guarantee) in order to secure its receivables, if possible.

The Company makes impairment provisions which reflect its assessment of losses from customers, other receivables and investments in securities. This provision mainly consists of impairment losses of specific receivables that are estimated based on given circumstances that they will be materialized though they have not been finalized yet.

The financial assets that bear a risk is are as follows:

| | **2016** | **2015** |
|---|---|---|
| *EUR* | | |
| Trade & Other receivables - Current | 4,877,975 | 4,963,591 |
| Trade & Other receivables - Non-current | 40,927 | 40,299 |
| **Subtotal** | **4,918,902** | **5,003,889** |
| | | |
| Cash and cash equivalents | 321,822 | 674,105 |
| Derivatives | 100,080 | - |
| | **421,902** | **674,105** |

The account «*Trade and other receivables*» includes receivables from customers and related parties.

## Notes to the Financial Statements

| EUR | 2016 | 2015 |
|---|---|---|
| Neither past due nor impaired | 4,631,899 | 4,559,882 |
| Overdue | | |
| - Up to 6 months | 70,685 | 115,984 |
| - Over 6 months | 216,318 | 328,023 |
| | **4,918,902** | **5,003,889** |

The movement for the provision for impairment for trade and other receivables is as follows:

| EUR | 2016 | 2015 |
|---|---|---|
| **Balance as at 1 January** | **1,467,765** | **519,544** |
| Impairment loss recognized | - | 1,082,418 |
| Impairment loss reversed | (100) | (134,197) |
| **Balance as at 31 December** | **1,467,665** | **1,467,765** |

The Company insures the bigger part of its receivables in order to be secured in case of failure to collect.

### (b) Liquidity risk

Liquidity risk is the inability of the Company to discharge its financial obligations when they mature. The approach adopted by the Company to manage liquidity is to ensure, by holding necessary cash and adequate credit limits from cooperating banks, that it will always have adequate liquidity to cover its obligations when they mature, under normal or more difficult conditions, without there being unacceptable losses or its reputation being jeopardized. Note that on 31 December 2016, the Company had an amount of Euro 322 thousand (2015: 674 thousand) as cash and the necessary credit lines that are approved but are not used so as to meet its short-term and medium-term obligations easily.

To avoid liquidity risk the Company makes a cash flow provision for one year when preparing the annual budget as well as a monthly rolling provision for three months to ensure that it has adequate cash to cover its operating needs, including fulfillment of its financial obligations. This policy does not take into account the impact of extreme conditions which cannot be foreseen.

## Notes to the Financial Statements

**2016**

| EUR | Value in Statement of Financial Position | Up to 1 yr | 1 to 2 yrs | Total |
|---|---|---|---|---|
| **Liabilities** | | | | |
| Bank loans | 3,732,977 | 3,732,977 | - | **3,732,977** |
| Bond issues | 11,692,346 | 1,870,452 | 10,880,429 | **12,750,881** |
| Derivatives | 556 | 556 | - | **556** |
| Suppliers and other liabilities | 6,661,648 | 6,661,648 | - | **6,661,648** |
| | **22,087,527** | **12,265,633** | **10,880,429** | **23,146,062** |

**2015**

| EUR | Value in Statement of Financial Position | Up to 1 yr | 1 to 2 yrs | Total |
|---|---|---|---|---|
| Bank loans | 3,071,119 | 3,097,654 | - | **3,097,654** |
| Bond issues | 12,997,867 | 1,951,473 | 12,733,597 | **14,685,070** |
| Derivatives | 260,673 | 260,673 | - | **260,673** |
| Suppliers and other liabilities | 3,782,410 | 3,782,410 | - | **3,782,410** |
| | **20,112,069** | **9,092,210** | **12,733,597** | **21,825,807** |

### (c) Exchange rate risk

The Company is exposed to foreign exchange risk in relation to the sales and purchases carried out and the loans issued in a currency other than the functional currency of Company, which is mainly the Euro. The currencies in which these transactions are held are mainly the Euro, the USD and the GBP.

Over time, the Company hedges the greatest part of its estimated exposure to foreign currencies in relation to the anticipated sales and purchases as well as receivables and liabilities in foreign currency. The Company enters mainly into currency forward contracts with external counterparties so as to deal with the risk of the exchange rates varying, which mainly expire within less than a year from the balance sheet date. When deemed necessary, these contracts are renewed upon expiry. As the case may be, the foreign exchange risk may be hedged by taking out loans in the respective currencies.

Loan interest is denominated in the same currency with that of cash flows, which arises from the Company’s operating activities and is mostly Euro.

## Notes to the Financial Statements

| EUR | 2016 EURO | USD | GBP | Other | ΣΥΝΟΛΟ |
|---|---|---|---|---|---|
| Trade and other receivables | 4,447,062 | - | 430,913 | - | **4,877,975** |
| Loans and Borrowings | (15,425,324) | - | - | - | **(15,425,324)** |
| Trade and other payables | (6,640,490) | (6,912) | (12,987) | (1,259) | **(6,661,648)** |
| Cash & cash equivalents | 321,781 | 41 | - | - | **321,822** |
| | (17,296,971) | (6,871) | 417,926 | (1,259) | **(16,887,175)** |
| **Total risk** | **(17,296,971)** | **(6,871)** | **417,926** | **(1,259)** | **(16,887,175)** |

| EUR | 2015 EURO | USD | GBP | Other | ΣΥΝΟΛΟ |
|---|---|---|---|---|---|
| Trade and other receivables | 4,568,234 | 100,581 | 335,075 | - | **5,003,890** |
| Loans and Borrowings | (16,068,986) | | | - | **(16,068,986)** |
| Trade and other payables | (3,612,462) | (156,566) | (12,414) | (968) | **(3,782,410)** |
| Cash & cash equivalents | 666,391 | 7,714 | | - | **674,105** |
| | (14,446,823) | (48,271) | 322,661 | (968) | **(14,173,401)** |
| **Total risk** | **(14,446,823)** | **(48,271)** | **322,661** | **(968)** | **(14,173,401)** |

Sensitivity analysis

| | Profit or loss | | Equity, net of tax | |
|---|---|---|---|---|
| *EUR* | **Strengthening** | **Weakening** | **Strengthening** | **Weakening** |
| **2016** | | | | |
| USD (10% movement in relation to EUR) | 687 | (687) | 488 | (488) |
| GBP (10% movement in relation to EUR) | (41,793) | 41,793 | (29,673) | 29,673 |
| **2015** | | | | |
| USD (10% movement in relation to EUR) | 4,827 | (4,827) | 3,427 | (3,427) |
| GBP (10% movement in relation to EUR) | (32,266) | 32,266 | (22,909) | 22,909 |

The interest rates applied are as follows:

| | Average exchange rate | | Year end spot rate | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| USD | 1.1069 | 1.1095 | 1.0541 | 1.0887 |
| GBP | 0.8195 | 0.7258 | 0.8562 | 0.7340 |
| BGN | 1.9558 | 1.9558 | 1.9558 | 1.9558 |
| RON | 4.4904 | 4.4454 | 4.5390 | 4.5240 |

## Notes to the Financial Statements

### (d) Interest rate risk

The Company finances its investments and its needs for working capital from bank and bond loans with the result that interest charges reduce its results. Rising interest rates have a negative impact on results since borrowing costs for the Company rise.

The risk from the fluctuation in interest rates is:

| *EUR* | **2016** | **2015** |
|---|---|---|
| **Variable-rate instruments** | | |
| Financial liabilities | (15,425,324) | (16,068,986) |
| | **(15,425,324)** | **(16,068,986)** |

If the interest rates rose by 0.25% the effect on the Income Statement would be:

| | **Profit or loss** | |
|---|---|---|
| *EUR* | **0.25% increase** | **0.25% decrease** |
| **2016** | | |
| Financial liabilities | (27,380) | 27,380 |
| **Cash flow sensitivity (net)** | (27,380) | 27,380 |
| **2015** | | |
| Financial liabilities | (54,074) | 54,074 |
| **Cash flow sensitivity (net)** | (54,074) | 54,074 |

The goals, policies and procedures for managing risks and the valuation methods of risks have not changed versus the previous year.

### (d) Capital management

The policy of the Board of Directors consists of maintaining a strong capital base, to ensure investor, creditor and market trust in the Company and to allow the Company's activities to expand in the future. The Board of Directors monitors the return on capital, which is defined by the Company as net results divided by total equity.

The Board of Directors tries to maintain equilibrium between higher returns that would be feasible through higher borrowing levels and the advantages and security offered by a strong and robust capital structure.

There were no changes in the approach adopted by the Company in how capital was managed during the financial year.

## Notes to the Financial Statements

**(f) Risk from Macroeconomic and Business environment in Greece**

In the context of the aforementioned analysis, the Company has evaluated the impact in the management of the financial risks due to the macroeconomic environment in the markets in which it operates.

In Greece since the beginning of 2017 the negotiation with institutions is on-going with the aim the closing of the evaluation of the current program. The return to the financial stability depends at a high degree from the actions and the decisions of the institutions in the country and abroad. Considering however the nature of the activities of Fitco, as exporting for the greater part, indicatively the 79% of the turnover in 2016 was directed to exports versus the 86% in 2016, any negative developments in the Greek economy are not expected to affect significantly the normal operations. In regards to the units' production capacity problems are not expected to occur since the exporting activity create adequate cash-flows to cover the imports of materials which are necessary to the production activity. The availability and the prices of the basis raw materials follow and are determined by the international market and consequently they are not affected by the domestic situation in Greece.

Nevertheless, the Management constantly estimates the situation and the potential repercussions, in order to secure that all the necessary actions and possible measures are being taken for the minimization of potential effects to the Company's operations.

## 23. Fair Value of financial assets

The different levels have been defined as follows:

- Level 1: consists of exchange traded derivatives which are based on market prices.
- Level 2: consists of OTC derivatives that are based on prices from brokers.
- Level 3: Includes unlisted shares. They come from estimates of the Company as there are no observable market data.

| | Nominal Value | Level One | Level Two | Level Three | Total |
|---|---|---|---|---|---|
| **2016** | | | | | |
| *EUR* | | | | | |
| Derivative financial assets | 100,080 | 100,080 | - | - | **100,080** |
| | **100,080** | **100,080** | **-** | **-** | **100,080** |
| Derivative financial liabilities | (556) | - | (556) | - | **(556)** |
| | **99,525** | **100,080** | **(556)** | **-** | **99,525** |

| **2015** | Nominal Value | Level One | Level Two | Level Three | Total |
|---|---|---|---|---|---|
| *EUR* | | | | | |
| Derivative financial assets | - | - | - | - | - |
| | - | - | - | - | - |
| | | | | | - |
| Derivative financial liabilities | (260,673) | (257,743) | (2,930) | | **(260,673)** |
| | **(260,673)** | **(257,743)** | **(2,930)** | **-** | **(260,673)** |

## Notes to the Financial Statements

For the bond loans the Company tests for fair value according to market interest rates. The loans have floating rates that follow the market trends. For the year 2015 there was no material variation between the fair value and to the book value. The Company's carrying value of loans is denominated in Euro.

### 24. Commitments

The Company leases passenger vehicles. During the year that ended on 31 December 2016 expenses were posted in the Income Statement of Euro 32,401 (2015: Euro 37,841).

| *EUR* | **2016** | **2015** |
|---|---|---|
| Less than one year | 32,006 | 28,806 |
| Between one and five years | 85,521 | 73,970 |
| | **117,527** | **102,776** |

### 25. Contingent Liabilities / Assets

The Contingent Liabilities and Assets of the Company that occur in the context of the usual activity of operations are as follows:

*EUR*

| **Liabilities** | **2016** | **2015** |
|---|---|---|
| Guarantees to secure liabilities to suppliers | 684,116 | 693,648 |
| Mortgages and statutory notices of mortgage issued against lots & buildings | 15,642,000 | 15,642,000 |
| **Total** | **16,326,116** | **16,335,648** |

| **Receivables** | **2016** | **2015** |
|---|---|---|
| Other receivables (analysis as follows) | 1,475,000 | 1,475,000 |
| **Total** | **1,475,000** | **1,475,000** |

The tax liability for the Company for 2016 have not been review by the tax authorities, therefore have not been finalized for this fiscal year.

## Notes to the Financial Statements

## 26. Related parties

Affiliated parties shall mean all companies and natural persons with whom direct (subsidiaries, associated companies, joint ventures, collaborating companies, shareholders or management with executive tasks) or indirect relation (entities controlled by shareholders, employees performing administrative tasks or close relatives of the latter) is established.

| *EUR* | **2016** | **2015** |
|---|---|---|
| **Sale of goods** | | |
| Parent | 582,748 | 548,099 |
| Other | 5,056,550 | 6,369,305 |
| | **5,639,298** | **6,917,404** |
| **Sale of services** | | |
| Parent | 1,873 | 12,929 |
| Other | 47,983 | 65,562 |
| | **49,856** | **78,491** |
| **Purchase of goods** | | |
| Parent | 15,506,254 | 14,218,419 |
| Other | 8,196,268 | 11,729,974 |
| | **23,702,522** | **25,948,393** |
| **Purchase of services** | | |
| Parent | 1,847,433 | 3,082,190 |
| Other | 311,152 | 214,250 |
| | **2,158,585** | **3,296,440** |
| **Purchase of fixed assets** | | |
| Parent | - | 4,358 |
| Other | 140,372 | 46,873 |
| | **140,372** | **51,231** |

| *EUR* | **2016** | **2015** |
|---|---|---|
| Fees - benefits to the members of the Board of Directors and executives | 446,438 | 379,399 |
| | **446,438** | **379,399** |

End-of-year balances from sale / purchase of goods, services, fixed assets, etc

## Notes to the Financial Statements

| *EUR* | **2016** | **2015** |
|---|---|---|
| **Receivables from related parties:** | | |
| Parent | 767,702 | - |
| Other | 612,552 | 733,600 |
| | **1,380,255** | **733,600** |

| *EUR* | | |
|---|---|---|
| **Liabilities to related parties:** | | |
| Parent | 3,105,655 | 1,988,449 |
| Other | 1,021,443 | 522,555 |
| | **4,127,099** | **2,511,004** |

Services towards and from affiliated parties, as well as sales and purchases of goods, are realized in accordance with the fee schedules, which apply for non-affiliates.

## 27. Subsequent events

There are no subsequent events after the 31st of December 2016 for which special reference should be made.

# Fact and Information for the fiscal from 1 January through 31 December 2016

**FITCO**

METAL WORKS S.A.

*G.C.Reg. : 6489301000*

***Address: Athens Tower, Building B, 2-4, Messoghion Avenue, 11527, Athens***

***FINANCIAL DATA AND INFORMATION for the fiscal year from 1st of January, 2016 to 31st of December, 2016***

***(According to article 135 of Law 2190/20 for companies publishing annual financial statements, individual and consolidated, in accordance with IAS/IFRS)***

*The figures illustrated below aim to give general information about the financial position and results of FITCO, S.A. The reader, wishing to be familiar with the company's financial position and results, should have access to the Company's Financial Statements, as provided by the International Financial Reporting Standards, as well as to the audit report of the auditor-accountant whenever it is required. Indicatively, he can visit the company's web site, where the information and data in question are presented.*

Supervising Authority: Ministry of Development and Competitiveness, Department of limited companies
Board of Directors: N.Koudounis(Chairman), P. Sapountzis, S. Kokkolis, A. Gontzes, B. Gontzes, A. Karadeloglou members.
Date of approval of the financial statements: 14 July 2017
Certified Auditor : Alexandros-Petros Veldekis (Reg.No. SOEL 26141)
Audit firm : KPMG Certified Auditors, S.A.
Review type: Unqualified opinion

**DATA FROM STATEMENT OF FINANCIAL POSITION (amounts in €)**

| | 31-Dec-16 | 31-Dec-15 |
|---|---|---|
| **ASSETS** | | |
| Property, plant and equipment | 25,455,424 | 26,320,306 |
| Investment property | 1,746,304 | 1,811,837 |
| Intangible Assets | 95,225 | 92,454 |
| Other non current assets | 40,927 | 40,346 |
| Inventories | 11,853,565 | 10,879,810 |
| Trade receivables | 4,079,376 | 3,974,291 |
| Other current assets | 898,679 | 989,253 |
| Cash and cash equivalents | 321,822 | 674,105 |
| **TOTAL ASSETS** | 44,491,322 | 44,782,401 |
| **EQUITY AND LIABILITIES** | | |
| Share capital (3.461.590 of € 3,00) | 10,384,770 | 10,384,770 |
| Other shareholders equity | 5,626,241 | 7,273,677 |
| Total shareholders equity (a) | 16,011,011 | 17,658,447 |
| Long term borrowings liabilities | 10,380,766 | 11,667,832 |
| Provisions / Other long term liabilities | 6,288,190 | 6,884,690 |
| Short term borrowings | 5,044,557 | 4,401,154 |
| Other short term liabilities | 6,766,798 | 4,170,279 |
| Total liabilities (b) | 28,480,312 | 27,123,955 |
| **TOTAL EQUITY AND LIABILITIES (a) + (b)** | 44,491,322 | 44,782,401 |

**DATA FROM STATEMENT OF CHANGES IN EQUITY (Amounts in €)**

| | 31-Dec-16 | 31-Dec-15 |
|---|---|---|
| Net equity at the beginning of the Period (1/1/2016 and 1/1/2015 respectively) | 17,658,447 | 21,747,974 |
| Total comprehensive income after taxes (continued operations) | (1,647,435) | (4,089,527) |
| Net equity at the end of the period (31/12/2016 and 31/12/2015 respectively) | 16,011,011 | 17,658,447 |

**DATA FROM CASH FLOW STATEMENT (Amounts in €)**

| | 1.01 - 31.12.2016 | 1.01 - 31.12.2015 |
|---|---|---|
| **Operating activities** | | |
| Profits / (Losses) before taxes | (1,893,046) | (3,461,060) |
| Plus /minus adjustments for: | - | - |
| Tax | (666,570) | 363,739 |
| Depreciation of tangible assets | 1,219,251 | 1,222,141 |
| Amortization of intangible assets | (48,385) | (48,385) |
| Amortization of government grants | (1,641) | 948,221 |
| Results (income, expenses, profits, losses) from investing activities | (252) | (1,944) |
| (Profit)/loss from Revaluation of Fixed Assets to Fair Value | - | - |
| Interest payable and related expenses | 1,002,714 | 1,186,846 |
| (Profit)/loss from the sale of fixed assets | - | 1,920 |
| (Profit)/loss from the fair value of derivatives | - | - |
| Impairment of fixed assets | - | - |
| **Plus / Minus adjustments for changes in working capital accounts related to operating activities:** | | |
| Decrease / (increase) of inventories | (973,755) | 5,084,314 |
| Decrease / (increase) of receivables | 85,616 | 2,554,478 |
| (Decrease) / Increase of obligations (except banks) | 2,914,108 | (4,612,405) |
| **Less:** | | |
| Interest and related expenses paid | (989,774) | (1,163,583) |
| **Total cash (used in) generated from operating activities (a)** | **648,267** | **2,074,283** |
| **Investing activities** | | |
| Acquisition-sale of subsidiaries, affiliated com., and other investments | - | - |
| Purchase of tangible and intangible fixed assets | (357,140) | (675,690) |
| Proceeds from sale of tangible and intangible fixed assets | - | 3,000 |
| Invesment property | - | (131,837) |
| Interest received | 252 | 1,944 |
| **Total cash (used in) generated from investing activities (b)** | **(356,888)** | **(802,583)** |
| **Financing activities** | | |
| Receipts from issued / assumed borrowings | - | - |
| Loans paid up | (643,662) | (1,162,100) |
| Total cash (used in) generated from financing activities (c ) | **(643,662)** | **(1,162,100)** |
| **Net increase / (decrease) in cash and cash equivalents for the year (a)+(b)+( c)** | **(352,283)** | **109,600** |
| Cash and cash equivalents at the beginning of the year | 674,105 | 564,504 |
| **Cash and cash equivalents at year end** | **321,822** | **674,105** |

**DATA FROM STATEMENT OF COMPREHENSIVE INCOME (Amounts in €)**

| | 1 Jan - 31 Dec 2016 | 1 Jan - 31 Dec 2015 |
|---|---|---|
| **Total turnover** | **43,732,599** | **63,402,176** |
| **Gross Profit / (loss)** | **(85,480)** | **201,113** |
| **Profit / (loss) before taxes, financing and investing results (before revaluation)** | **(1,557,154)** | **(1,912,419)** |
| | - | - |
| **Profit / (loss) before taxes** | **(2,559,616)** | **(3,097,320)** |
| Less: Taxes | 666,570 | (363,739) |
| **Profit / (loss) after taxes (A)** | **(1,893,046)** | **(3,461,060)** |
| Distributed to : | | |
| Company's shareholders | (1,893,046) | (3,461,060) |
| **Other comprehensive income / (expenses) after taxes (B)** | **245,631** | **(628,467)** |
| **Total comprehensive income / (expenses) after taxes (A) + (B)** | **(1,647,415)** | **(4,089,527)** |
| Distributed to : | | |
| Company's shareholders | (1,647,415) | (4,089,527) |
| **Losses after tax per share - basic (in €)** | **(0.5469)** | **(0.9998)** |
| **Profit / (loss) before taxes, financing and investing results & depreciation** | **(386,311)** | **(744,681)** |

**Additional data and information :**

1. The Company has been audited by the tax authorities until 2015. For the year 2016, the Company is controlled by the auditing firm KPMG as part of the issuance of the tax certificate, in accordance with the provisions of Article 82, paragraph 5 of Law 2238/1994 as amended by No.1159/22- 7-2111 of the Minister of Finance.
   (See Note 12 of Financial Statements).

2. The financial statements of the Company are included in the consolidated financial statements prepared by the following company:

| Company | Consolidation Method |
|---|---|
| HALCOR S.A. | Full consolidation |

3. There are no pending court decisions or claims under arbitration, which may have a significant effect on the financial position of the Company.
4. The number of the personnel at the end of the current year 2016 was 95 (2015 : 88).
5. On the property of the Company, there are mortgages totaling Euro15.6 million to secure long-term loans .
6. The cumulative amounts of sales and purchases at the beginninmg of the financial year and the balances of receivables and obligations of the company at the end of the current year, resulting from its transactions with related parties following the IAS 24 are as follows:

| | |
|---|---|
| i) Sales | 5,689,154 |
| ii) Purchases | 26,001,479 |
| iii) Receivables | 1,380,255 |
| iv) Obligations | 4,127,099 |
| v) Transactions & fees of executives and managers | 446,438 |
| vi) Receivables from executives and managers | - |
| vii) Liabilities to executives and managers | - |

7. The "Other Comprehensive Expenses" that was accounted directly at the Shareholders Equity without affecting the result of the period, concerns derivatives valuation from cash flow hedging: 2016 : € 256 thous. (2015: € -658 thous.) and remeasurements of defined benefit liability 2016: € -10 thous. (2015: € 30 thous.)
(See Statement of Other Comprehensive income of the Financial Statements)

8. The income tax in the income statement is analysed as follows (amounts in €):

| | 1 Jan - 31 Dec 2016 | 1 Jan - 31 Dec 2015 |
|---|---|---|
| Deferred tax for the period | 666,570 | (363,739) |

9. At the end of the current year, there are no own shares held by the Company .

**Athens, 14 July 2017**

| CHAIRMAN OF THE BoD | C.E.O. & MEMBER OF THE BoD | GENERAL MANAGER & MEMBER OF THE BoD | CHIEF FINANCIAL OFFICER & MEMBER OF THE BoD |
|---|---|---|---|
| NIKOLAOS KOUDOUNIS | ANDREW GONTZES | VASILIOS GONTZES | SPYRIDON KOKKOLIS |
| Id.C.No. AE 012572 | Id.C.No. X 170406 | Id.C.No. X 561428 | Id.C.No. X 701209 |