

**Annual Financial Report
For the year ended 31 December 2010**



These financial statements have been translated from the original statutory financial statements that have been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language financial statements, the Greek language financial statements will prevail over this document.

**M.J.MAILLIS S.A.
INDUSTRIAL PACKAGING
SYSTEMS & TECHNOLOGIES
P.C.S.A.2716/06/B/86/43
XENIAS 5 & CHARILAOU TRIKOUPH
145 62 KIFISSIA, ATHENS**

M.J.MAILLIS GROUP
Annual Financial Report
For the period from 1 January to 31 December 2010

It is confirmed that the present Annual Financial Report is compiled according to the article 5 of the Law 3556/2007 and the decision 7/448/29.10.2007 of the Hellenic Capital Market Commission and is the one approved by the Board of Directors of “M.J. MAILLIS S.A” on the 21th of March 2011. The present Annual Financial Report is available on the company’s website www.maillis.com where it will remain at the disposal of the investing public for at least 5 years from the date of its publication.

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**Board of Directors Statement
Regarding the Annual Financial Statements of 2010
According to the article 4 of the Law 3556/2007**

The members of the Board of Directors of M.J. MAILLIS S.A. Packing Systems & Technologies:

1. Michael J. Maillis, President of the Board of Directors
2. Markus Köllmann, Vice-President of the Board of Directors and Chief Executive Officer
3. Ioannis Kourouglos, Member of the Board of Directors

in our above mentioned capacity we state and assert that to the best of our knowledge:

1. The Annual Financial Statements of the Company and the Group of "M.J. MAILLIS S.A." for the period 01.01.2010 – 31.12.2010, which were compiled according to the standing accounting standards, describe in a truthful way the assets and the liabilities, the equity and the results of the Group and the Company, as well as the businesses included in Group Consolidation taken as a whole.
2. The report of the Board of Directors reflects in a true manner the development, performance and financial position of M.J. MAILLIS S.A. Packing Systems, and of the businesses included in Group Consolidation, taken as a whole, including the description of the principal risks and uncertainties.

Kifissia, 21th March 2011

**CHAIRMAN OF THE BOARD
OF DIRECTORS**

**VICE-CHAIRMAN OF THE
BOARD OF DIRECTORS
AND C.E.O.**

**MEMBER OF THE BOARD
OF DIRECTORS**

MICHAEL J. MAILLIS

MARKUS KOLLMAN

**IOANNIS M.
KOUROUGLOS**

Id. No Φ 020206

**PASS. No.
NR5R5B18 MK**

PASS. No. AE 1202747

Annual Board of Directors Report of the M.J. MAILLIS S.A on the consolidated and company Financial Statements for the period from 1st January to 31st December 2010

Dear Shareholders,

According to Law 3556/2007 and the decision 7/448/11.10.2007 of the Hellenic Capital Market Commission we submit the Annual Board of Directors Report of M.J. MAILLIS S.A on the Consolidated and Company Financial Statements for the period ending 31st of December 2010.

The present report contains information on the financial position and performance of the Group and the Company for the year ending 31.12.2010, a description of significant events that took place during the previous year, their impact on the annual financial statements, a description of the most significant transactions between the Company, the Group and related parties, a description of the most important risks and uncertainties for the current year as well as qualitative information and estimates on the evolution of the Group's and the Company's activities in the current year.

1. Significant events that took place during 2010, and their impact on the Annual Financial Statements

The financial year of 2010 was a period of restructuring for the Group, both in debt, organizational and operational level. The Group's aim was, through this restructuring to address the problems arising from the financial crisis of the years 2007-2009, and to adapt to the market changes that it operates. More specifically:

- The Group faced in addition to regular operating outflows, cash outflows related to debt restructuring which resulted in additional cash burden. Such charges are expected in 2011, when the debt restructuring of the Group will be completed.
- The Group negotiated with its creditors the debt restructuring, resulting in the signing of an initial agreement including all major principles. Result of this agreement will be the substantial reduction of the Group's debt, lengthening the repayment of the remaining loans and non realizing significant interest charges for the next 2 years.
- The Group completed its functional restructuring of the sales network in Europe with emphasis on vertical sales organization and not by geographic area, in order to increase efficiency.

The Group has benefited because of its international presence, from the gradual recovery in global economic activity and the restructuring of its base cost. Negative effect had the restrictions on working capital due to the failure to reach inside this year in a final debt restructuring agreement, resulting in lack of raw materials availability burdening the cost of sales and gross margin.

However, the Group managed to maintain the necessary liquidity levels and serve its needs, as a result of the ongoing effort to effectively control costs, recovery of overdue amounts and efficient management of working capital.

Furthermore, despite the aforementioned concerns, the Group managed to improve its profit margin and operating earnings before interest, tax and depreciation (Operating EBITDA).

Therefore, the Group's annual results for 2010 reflect the above-mentioned conditions, while it has recorded all the necessary provisions to ensure a successful progress in 2011.

The Group's strategy for 2011 remains to focus on complete end-of-line packaging solutions, which forms part of the overall restructuring program currently in progress across the Group. This strategy was reconfirmed not only by the addition and renewal of several contracts with leading multinationals and other companies, but also by the expansion of the existing business to new sites of the existing clientele and by establishing new business contracts.

In the high-margin machines' business, this improvement is reflected in the Group's increased order books in Europe and North America, as a result from the fact that our customers across all sectors are proceeding again with their capital investments.

In the consumables the Group is also exhibiting constant increase of revenue, benefiting from increased "real" demand, the restocking effect of the customers and the increased prices in raw materials. As mentioned above, impact on cost of sales had limitations on working capital.

As it is already announced, the Group signed the initial agreements with its creditors that include all terms for the restructuring of the entire debt of the Group. The completion of the agreement is expected in the first half of 2011.

Within this frame, in 2010 the following took place:

1. The Board of Directors discussed and accepted at its meeting on 16.4.2010 a proposal of the Group's creditors for the restructuring of debt totaling approximately Euro 230million. The Group is under constructive negotiations with its lenders, in order to achieve a final agreement for its viability in a long term basis which will regulate all aspects of restructuring and will be accepted by the company and all its lenders

The basic points of the proposal are the following:

- Capitalization of outstanding loans: For an amount of Euro 70 million with issuance of new shares of the listed parent company to the Group's creditors.
- A syndicated loan of Euro 110 million
- A bond loan, of Euro 50 million, with capitalized interest rate (PIK), convertible to new shares of the listed parent company.
- New working capital facility: For an amount of Euro 16 million for the financing of the Group's growth.

2. The environmental investment which qualifies the Inofyta Plant as a model "green" industrial unit is fullyoperating. The investment of € 4 million was completed in order to optimize the efficiency of the production process and minimize the wastes in lower levels from the required legislation levels.

3. The Annual General Shareholders' Assembly on 29/6/2010:

- Ratified the election by the Board of Directors held on 19.08.2009, of Mr. Stylianos Stavridis as new independent, non executive member and of Mr. Ioannis Lentzos as an executive member, whose services are to expire along with the term of the current Board of Directors and defined the capacity of Mr. Stavridis as independent member of the Board of Directors.
- Elected as independent members of the Board of Directors Mrs. Lito Ioannidou, Mr. Stylianos Stavridis and Mr. Sotiris Orestidis
- Decided unanimously the modification of article 1 of the Articles of Association of the Company, regarding the partial change of its name

- Decided the modification of article 9 par.1 of the Articles of Association of the Company in order to increase the maximum number of the members of the Board of Directors to nine (9).
4. As it had been announced by the Group on 20 August 2010 with regards to the course of juridical actions of the Company, for the suspension and the cancellation of the decision of Viotia's prefecture, for the stoppage of production's operation of steel strap in Inofita, the Company received and communicated to the Prefecture, the decision of the Council of State (ΣΤΕ), which accepts the Company's application of suspension and suspends the implementation of the offended action in question, up to the 30-11-2010.
 5. The Board of Directors of MJ MAILLIS, at the meeting of 06.10.2010, discussed and approved in principle, an agreement which will regulate all aspects of Maillis Group's debt restructuring obligations, totaling approximately € 239.2 million, from all the existing debt of the Group (approximately EUR 250 million), providing the necessary authorizations for the finalization and signing.
 6. During the Board meeting on the 9.11.2010, it was approved an additional term of the forthcoming restructuring agreement, under which the banks involved in the € 242 million debt restructuring of the Group, will cover more new shares than their accounted for, in the proposed conversion / contribution to the capital of the parent company of the Group MAILLIS (from all participating creditors) of 74.9 million euro loan. Subsequently, the bond holders of the Group, will remain outside the capitalization, a higher part of the borrowing than they had to bear, by 1.9 million euros. Additional liabilities amounting to 0.5 million Euros will be recognized by the Company. The acceptance of this condition was necessary to accelerate the signing of the restructuring agreement.
 7. During the Board of Director's meeting, held on November 17th, the agreement with the Group's creditors was approved and authorized and the Company was funded with 8 million immediately, as part of the new 16 million working capital facility which was directed at strengthening the working capital and especially in raw materials' supply.

Agreement Highlights

I. New working capital infusion:

- New line of Working Capital: Reducing Revolving Bond Loan Facility amount of Euro 16 million for financing of the Group's growth. This facility will be paid off during the second year from its date of issue.

II. Debt reduction:

- Capitalization of Euro 74.9 million by issuing new stock shares of the listed mother Company, in favour of the Groups' lenders, resulting in a 77.34% Lenders ownership.

III. Refinancing balance of current debt:

- Bond Syndicated Loan of Euro 116.8 million according to legal provisions of Law 3156/2003 and Codified Law 2190/1920. This Loan will be repaid during year three to five from its date of issue.
- Bond Loan of Euro 50 million, according to legal provisions of Law 3156/2003 and Codified Law 2190/1920, with capitalized interest, convertible to new shares, after two years from the date of issue, of the listed mother Company according to legal provisions of Law 3156/2003 and Codified Law 2190/1920.

IV. Corporate Governance

- A new nine member Board of Directors consisting of:
 - 5 - independent, non executive members
 - 2 - non executive members, appointed by Mr. Maillis
 - 2 - executive members, Group CEO and CFO

The Group's main shareholder, Mr. Michael Maillis, will retain a participation of 10.2% in the parent company, as well as the position of Non-Executive President of the company's Board of Directors. Two years after the completion of the debt to equity conversion, Mr. Maillis will have the ability to exercise a call option in order to acquire a significant part of the new shares.

8. The Board of Directors at its meeting of 24 November 2010, following the resignation of the member Mr. Sotirios N. Orestidis, elected Mr. Michael A. Kokkinos, as non-executive - Independent member.
9. M.J.Maillis SA delivered, on 30.11.2010 to the prefecture of Viotia, on procedural grounds, the previously missing, hazardous waste management license for the steel strap line in Inofyta Voiotias.
10. The Company's shareholders attended in the meeting on Friday, December 17th, 2010, Friday at 10:00 a.m. The total number of shares present or represented at the Extraordinary General Meeting was 33,792,562 shares out of 73,176,746 shares, representing 46.2% of the total shares, with 4 shareholders present.

The following decisions were taken:

- i. Approved the restructuring agreement, as this is reflected in the basic restructuring agreement (Agreement in Principle) and content conditions on this loan, in which the majority of the outstanding debt of the company and its subsidiaries will be refinanced.
- ii. The issue of reduction of share capital was not discussed at that Extraordinary General Assembly and referred for another one due to lack of the minimum necessary shares representation.
- iii. The subject of increasing the share capital was not discussed at that EGM and referred for another one due to lack of the minimum necessary shares representation.
- iv. Approved the issue of common bond loan of EUR 116.97 million, according to the provisions of L. 3156/2003 and Law 2190/1920, at 7% over 5 years, with repayments gradually from the third to fifth year and authorized the Board of Directors to negotiate its specific terms.
- v. The subject of issuing a bond loan of EUR 50 million was not discussed at that Extraordinary General Assembly and referred for another one due to lack of the minimum necessary shares representation.
- vi. Authorized the issuance of syndicated loan amounting to 16 million Euros, in line with L.3156 / 2003 and the Codified Law 2190/1920, to fund working capital requirements of the Company. The rate of the loan will be 8% and will be repaid at the end of the second year. The Board of Directors was authorized to negotiate the specific terms.
- vii. The subject of changing the scope of the Company was not discussed at that Extraordinary General Meeting and referred for a another one due to lack of the minimum necessary shares representation
- viii. Decided that the matter to amend Article 9 of the Statute be postponed until the election of a new Board of Directors.

- ix. Decided that the matter of the election of a new Board of Directors to be postponed because it was not possible to elect a new nine-member Board of Directors due to inability to finalize the list of candidates for the new Board.
- x. Approved the election of independent non-executive director, Mr. Stylianos Stavridis ,as a member of the Audit Committee under article 37 of Law 3693/2008, in replacement of, the independent member, Mr. Sotirios Orestidis.
- xi. Approved the employment contract of the President of Board of Directors, Mr. Michael MJ Maillis.
- xii. The Board announced that in accordance with Article 18 para.7 of Codified Law 2190/1920 that during this meeting on November 24, 2010, elected Mr. Michael Kokkinos as a temporary independent non-executive member thereof, in replacement of resigned independent non-executive member, Mr. Sotirios Orestidis.
- xiii. Approved the replacement of the the resigned non-executive - independent member Mr. Sotirios Orestidis by the independent non-executive member, Mr. Michael Kokkinos

Other significant events

The Shareholders' Annual General Assembly held on June 28, 2010, among other issues, decided to change the name of the company in English from "MJ MAILLIS SA-PACKING SYSTEMS" to "M.J. MAILLIS S.A. - INDUSTRIAL PACKAGING SYSTEMS & TECHNOLOGIES". In addition the distinctive title of the company remains «M.I. ΜΑΪΛΛΗΣ ΑΕΒΕ" in Greek and "M.J.MAILLIS SA" in English.

Key points of the Debt Restructuring

The Lenders, the Company and the Major Shareholders agreed through a Basic Agreement (or Agreement in Principle) on 23.11.2010, which regulates the relations between the parties M.J. MAILLIS and its subsidiaries during the restructuring process.

In that agreement it is provided, inter alia:

- i. Reduction of debt by capitalizing debt obligations of € 74,92 million, through the issue of new shares, in favor of the Group's Lenders Group. After capitalization the Lenders will own 77.34% of the share capital.
- ii. Refinancing part of the remaining balance by issuing Senior Bond Loan of € 116, 97 million, at a rate of 7% over 5 years in accordance with the provisions of Law 3156/2003 and Codified Law 2190/1920, with reimbursement from the third to fifth year after its issue.
- iii. Further refinancing through the issuance of a Bond Loan of € 50 million, according to Law 3156/2003 and Codified Law 2190/1920, with capitalized interest (PIK) 10%, convertible after 24 months from its issue into new shares of the Company in accordance with the provisions of Law 3156/2003 and Codified Law 2190/1920
- iv. New working capital through the issuance of a new Bond Loan of € 16 million, at a rate of 8% in order to finance the Group's operations. It will be repaid at the end of the second year after its issue.
- v. The election of a new nine-member board consisting of:

- 5 independent non-executive members,
- 2 non-executive members, with the right of Mr. M.J. Maillis to appoint them
- 2 executive members – Chief Executive Officer and Chief Financial Officer

In addition, the banks “NATIONAL BANK OF GREECE S.A. “,”ALPHA BANK S.A.”, “COMMERCIAL BANK S.A.” and “BNP Paribas S.A.” provided to the major shareholders the right to purchase from them all the new shares issued in their name, representing 98,334,874 new shares of the Company issued through the current share capital increase. Also, the bank EFG EUROBANK Ergasias S.A., provided to the major shareholders the right to purchase 50% of the new shares currently owned by the bank, representing 16,991,778 new shares issued through the current share capital increase. Consequently, the aforementioned banks provide the main shareholders with the right to purchase 115,326,652 newly acquired shares through the current share capital increase. The above banks offer this call option to the major shareholders for a period of 3 years from the aforementioned date.

- vi. Under the Restructuring Agreement, the Company has received a Bridge Facility amounting to € 8 million for the settlement of its short term operating obligations ,which will be repaid from this new bond loan of 16 million. The company for the Bridge Loan has provided the following securities:

To secure the above mentioned bond loans the Company and its subsidiary EUROPACK SA will:

1. Grant standard statements and assurances that they have been legally established, operate in accordance with current legislation (especially customs, fiscal, environmental and labor) and are consistent with their obligations.
2. Oblige to cover the below described Financial covenants
 - i. The interest coverage ratio (Interest cover) starting from the first quarter of the year 2013
 - ii. The debt coverage ratio (Debt cover) starting in first quarter of the year 2013.
 - iii. The leverage ratio, starting from the first quarter of the year 2013.
 - iv. Keep a minimum liquidity level at any time.
 - v. To meet the minimum consolidated earnings before interest, taxes and depreciation and amortization excluding restructuring costs (EBITDA), starting from the year 2012.
3. Assume negative covenants, such as:
 - i. Not to sell or burden the assets of the Company, to refrain from spin-offs, mergers, acquisitions, investments, or granting or acquiring loans and guarantees, profit sharing (excluding the minimum dividend set by Greek law) share capital increase.
 - ii. Ensure that the Company and its subsidiaries will comply with those obligations.
 - iii. The Company and the Group to operate and comply with the existing legislation and more specifically to customs, fiscal, environmental, insurance and labor legislation and be consistent with their obligations.
4. Grant collateral to lenders as follows:
 - i. Pledging the shares, of its subsidiaries EUROPACK SA, COLUMBIA srl, Marflex MJ Maillis Poland, SIAT Spa, Wulftec International Inc., Maillis Strapping Systems USA Inc and possibly other subsidiaries.

- ii. Writing up mortgages at specific properties of the Group, starting with the properties of M.J. MAILLIS at Inofyta Voiotias of value EUR 10.4 million and € Marflex MJ Maillis Poland of value EUR 16 million € or any other subsidiaries' real estate.
- iii. Corporate guarantee granted by EUROPACK SA., and possibly any other affiliates.
- iv. Pledge to the receivables of Europack SA as lender to Siat Spa arising from intercompany loan agreements of total amount of 9.8 million €.
- v. Proper insurance on merchandise of the Company located at its plants at Inofyta and Alexandroupolis.
- vi. First pledge class on the Company's receivables against its customers.
- vii. First pledge class on the Company's receivables either already acquired or will be acquired in the future through the factoring contract with EFG Factors dated April 23, 2008.
- viii. First pledge class on bank account held in Alpha Bank SA regarding the amounts derived from the requirements under the above pledged collaterals.

For the implementation of the bank debt restructuring the following steps were held:

- A. At the Extraordinary General Shareholders' Meeting held on December 17, 2010, the following issues were approved inter alia:
 - The approval of the Restructuring Agreement as it is reflected in the Agreement in Principle and loan terms included, which will refinance the majority of the outstanding debt of the Company and its subsidiaries.
 - Issuance of common bond loan amounting to € 116,97 million, according to Law 3156/2003 and Codified Law 2190/1920 in order to restructure the Company's debt. Authorized the Board of Directors to negotiate the specific terms of the bond loan and proceed to conclusion.
 - Issuance of syndicated bond loan of € 16 million, according to the provisions of L. 3156/2003 and Codified Law 2190/1920, for the funding of working capital requirements of the Company. Authorized the Board of Directors to negotiate the specific conditions of the bond and proceed to conclusion.
- B. During the Second Extraordinary General Shareholders Meeting held on January 10, 2011, decided inter alia the following issues:
 - Reduction of Company's share capital by € 33.661.303,16, so as to form an equivalent special reserve in accordance with the provisions of paragraph 4a of Article 4 of Codified Law 2190/20, and modification of Article 5 of the Articles of Association providing for the share capital. The reduction will be achieved by reducing the current par value of € 0,76 to € 0,30 per share.
 - Share capital increase by the amount of € 74.924.562,60 by issuing 249,748,542 new ordinary registered voting shares with a nominal value and issue price of € 0,30 per share, which will be held with cash injection capitalization of debt owned by the Company's lenders, participating in the rescheduling agreement of 23.11.2010 and subject to terms and conditions thereof and by removing the preferential right of existing shareholders. The consequent amendment of Article 5 of the Statute was approved..
 - Bond issue, worth 50 million Euros, convertible into new shares to be borne exclusively by the Lenders of the Company in accordance with the provisions of L. 3156/2003 and Codified Law 2190/1920, to restructure the debt of the Company. The Board of Directors was authorized to negotiate the specific terms of the bond and proceed to conclusion.
 - Amendment of Article 4 of the Company in order to complete the purpose of this order to get sharper, the Group's operation in space technology in terms of packaging systems.
 - Amendment of Articles 9 and 10 of the Articles of Association of the Company on the composition of the Board of Directors , so as the majority of its members to consist of independent non-executive members and the ability the meetings the new Board of Directors to be held via teleconference.
 - Election of a new nine-member Board of Directors.

- **Group Financial Review**

Sales revenue

Group consolidated sales revenue for the year 2010 amounted to 262.2 m€, increasing by 23% compared to 2009.

Annual change by geographic region is as follows:

Sales in East and West Europe, including Greece, increased by 18.8% (122.8 m in 2010 vs. 103.4 m in 2009), and in Central Europe increased by 34.14% (49.56 m in 2010 vs. 36.9 m in 2009).

In North America sales increased by 18.39% (33.3 m in 2010 vs. 28.1 m in 2009).

In Italy, sales increased by 28.69% (54.3 m in 2010 vs. 42.2 m in 2009).

Cost of Sales

Consolidated cost of sales of the Group in 2010 was 218.5 m€, or 20% higher compared to 2009.

Gross profit margin increased by 2.5 percentage points compared to 2009. The increase was mainly the result of better control of production cost & increased sales volume, even if Group faced working capital shortages.

Provisions

Adequate provisions were formed for inventory write-offs amounting to € 3.1 m while other provisions amounted € to 1.1 m.

Finally, other provisions were increased by € 1.4 m in 2010 concerning restructuring costs. Further details can be found in note 23 of the financial statements.

EBITDA

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) of 2010 amounted to -11.2 m€.

Excluding one-off income and non recurring expenses mainly due to exchange differences, inventory and receivables provisions, and restructuring costs, operating EBITDA for 2010 amounted to 4 m€ (vs. operating EBITDA for 2009 of -5.7 m€), whereas reported EBITDA of 2010 was -11.2 m€ (vs. -16.5 m€ in 2009). The EBITDA adjustments are set out in the following table:

	2010	2009
Reported EBITDA	-11.2	-16.5
Restructuring charges	1.2	4.7
Provisions for inventory & receivables	0.8	3.5
Various provisions	2.3	1.9
Impairments	10.0	0.1
Other extraordinary expenses/(income)	-0.4	0.5
Exchange losses	1.2	0.1
<i>Total EBITDA adjustments</i>	15.2	10.8
Adjusted EBITDA	4.0	-5.7

Change in EBITDA per geographic region is as follows:

- East and West Europe, including Greece: -17.96 m€ in 2010 vs. -19.3 m€ in 2009
- Central Europe: 1.96 m€ in 2010 vs. 1.5 m€ in 2009
- North America: 4.76 m€ in 2010 vs. 3.2 m€ in 2009
- Italy: 4.51 m€ in 2010 vs. -1.9 m€ in 2009

Net Financial Expenses

Net financial expenses of 2010 were 23.2 m€ compared to 12.8 m€ in 2009. The increase is due to higher FX differences amounting to 4.5 m € & to higher group restructuring provisions amounting to 4.7 m€

Deferred Tax

Following a prudent approach, the Group does not create further deferred tax assets in subsidiaries which continue to report losses in 2010.

Losses after Tax

Net losses after tax were 63.5 m€ vs. 57.5 m€ in 2009.

The losses remain at the same level as last year, mainly due to the increased financial cost (10.4 m€), the impairment of goodwill (11.7 m€), of fixed assets (4.4 m€) & of know-how licenses (4.6 m€).

Working Capital

Inventories and trade receivables were increased by 2.2% and 14.6% respectively due to the higher sales activity, the increase of raw material and sale prices but also due to the continuous effort of the Group to effectively manage the working capital.

As a result, the Group's working capital decreased in absolute amount by 9 m€ vs. YE 2009 while it decreased by 10.4pp. over sales.

<i>m €</i>	Variance		
	2010	2009	(%)
Inventories	56.3	55.1	2.2%
Trade and other receivables	65.2	56.9	14.6%
Short term liabilities	53.5	34.5	54.8%
Reported Working Capital	68.0	77.4	-12.1%
<i>Sales(annual basis)</i>	262.2	212.8	23.2%
<i>% on Sales</i>	25.9%	36.4%	-10.4pp

- **Important transactions with related parties**

The most important transactions of the Group with its related parties according to IAS 24 are presented in the tables below (related parties with the Group according to article 42e of the C.L. 2190/1920):

2010

	Sales of Goods and Services	Purchases of Goods and Services	Receivables balance	Payables balance
<i>Amounts in '000</i>				
Combi	2,265	79	566	19
Total	2,265	79	566	19

2009

	Sales of Goods and Services	Purchases of Goods and Services	Receivables balance	Payables balance
<i>Amounts in '000</i>				
Combi	1,203	33	505	5
Total	1,203	33	505	5

The important transactions of the Parent Company with related parties are presented in the tables below:

2010

	Sales of Goods and Services	Purchases of Goods and Services	Receivables balance	Payables balance
<i>Amounts in '000</i>				
M.J. MAILLIS UK	8,286	20	14,269	20
SANDER GMBH & Co KG	7,059	44	10,221	148
STRAPTECH	4,960	1,293	4,277	2,896
M.J. MAILLIS SPAIN	5,847	23	3,821	77
M.J. MAILLIS ROMANIA	5,286	-	5,767	-
M.J, MAILLIS OSTERREICH GMBH	-	-	5,349	-
M.J. MAILLIS POLAND	3,838	95	4,432	68
MAILLIS STRAPPING SYSTEMS	195	6	17,780	53
M.J. MAILLIS BENELUX	2,440	177	2,019	24
M.J. MAILLIS FRANCE	3,128	-	1,477	230
Other	8,622	623	7,799	777
Total	49,662	2,280	77,212	4,291

2009

	Sales of Goods and Services	Purchases of Goods and Services	Receivables balance	Payables balance
<i>Amounts in '000</i>				
M.J. MAILLIS UK	6,140	-	14,450	-
SANDER GMBH & Co KG	5,334	124	9,111	104
STRAPTECH	4,499	1,010	3,647	1,652
M.J. MAILLIS SPAIN	4,852	50	3,224	54
M.J. MAILLIS ROMANIA	3,598	896	4,690	-
M.J. MAILLIS OSTERREICH GMBH	-	-	5,349	-
M.J. MAILLIS POLAND	3,634	67	5,164	77
MAILLIS STRAPPING SYSTEMS	196	-	17,962	47
M.J. MAILLIS BENELUX	2,772	4	1,929	24
M.J. MAILLIS FRANCE	2,689	1	782	230
Other	6,648	88	3,691	70
Total	40,363	2,239	69,998	2,257

The parent company has given guarantees for a total of 69.6 m€ towards obligations of the Group's subsidiary companies.

- **Major risks and uncertainties for the current financial year**

The Group operates in 19 countries, without including Greece, through subsidiaries and in other markets through exports or distributors. In 2010, approximately 90% of Group sales came from sales outside Greece. Since the Group's strategy is to maintain and possibly strengthen its multinational activity, these sales represent a very significant proportion of total income.

The risks of the international activity include indicatively:

- fluctuations in currency exchange rates
- restrictions on ownership and on repatriation of profits
- delays and interruptions in transportation
- political, social and economic instability
- governmental embargoes or foreign trade restrictions
- imposition of import duties and other trade restrictions
- audits on exports and imports
- strikes, work stoppages, trade union restrictions
- changes in legislation regarding the environment, licensing and employment law
- possible nationalization of business
- difficulties in staffing and managing of multinational companies
- restrictions on the ability of the Group to exercise its legitimate rights and
- possible adverse tax changes.

If the Group is unable to successfully manage the risks associated with the operation and expansion of its international activities, these risks may materially affect the results and financial position of the Group.

a) Market risk

The Group is not materially affected by a potential decrease of demand in any individual market or segment, as it is not significantly exposed to any one specifically. Historically, we have not seen major movements in the relative positions between competitors in the markets we serve. There are no innovative technologies or applications which the Group does not already possess and which could risk our market shares. Our presence across different geographical regions limits the possible impact from a reduction in demand in any one individual market.

The market risks that the Group faces relate mainly to the overall changes in the levels of global demand and activity, primarily in the industrial goods and secondarily in the consumer goods sectors.

(b) Risk of raw material prices

The possible negative impact from fluctuations in raw and auxiliary material prices on the financial performance of the Group is considered to be limited. Movements in raw material prices are passed on to the final selling prices relatively quickly in almost all markets in which we operate.

The risk is relatively high for our steel products due to the fact that the production of both raw materials and final products has a relatively long lead time. As a result, the period between the placement of an order for raw materials and the sale of the final product is approximately four months. Any substantial movement in the prices of raw materials or final products during that period would have a significant impact on the final profitability.

Although the ability to predict remains limited, we believe that these erratic changes in raw material prices could be repeated as a possible result of price fluctuation of oil and its products.

(c) Credit risk

The Group has no significant concentration of credit risk. Sales are diversified in terms of geography and industry sector and there are policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Group does not have customers that represent more than 5% of its total sales.

The credit risk related to our customers will remain significant as there is limited liquidity available in the global markets as a result of the financial crisis. Although there were no remarkable cases of payment default by customers, the Group has enhanced both the efforts for timely collection of its receivables and its credit control procedures. These efforts had a positive outcome so far.

However, any possible failure of the most important customers of the Group to meet their obligations, are leading to provisions which negatively affect the financial results and the cash flows of the Group. This contributes to increased financial costs and thereby materially adversely affects the financial position and results of the Group.

(d) Cash flow risk

Prudent cash flow (i.e. liquidity) risk management requires maintaining sufficient cash, the availability of which depends also on adequate amount of committed credit facilities. Management monitors monthly the level of the Group's available liquidity (comprising undrawn facilities and cash and cash equivalents) based on forecasted cash flows.

Managing the liquidity risk remains important due to the ongoing negotiations with our key lenders concerning the Group's debt restructuring, which delays the second phase of financing, amounted 8 m €.

(e) Foreign exchange risk

The Group operates internationally and as a result is exposed to foreign exchange risk related mostly to the US Dollar, the UK Pound, the Polish Zloty, the Romanian Lei and the Canadian Dollar. Foreign exchange

risk arises mainly from future commercial transactions, assets and liabilities denominated in foreign currencies and net investments in foreign companies.

The Group has certain investments in subsidiaries and joint ventures whose net assets are denominated in foreign currencies and are exposed to foreign currency translation risk. The functional currencies of those investments: US Dollar, Canadian Dollar, Polish Zloty, Romania Lei, UK Pound, Indian Rupee, Czech Krone, Hungarian Forint.

Due to the debt restructuring, the Group cannot offset fully the currency risk with currency exchange futures. Part of this risk, especially due to U.S. Dollar is covered with natural hedge (natural hedging) or through the raw materials, where exports to the currency offset by imports of raw materials in the same currency, either by converting its existing loans from euro to the currency needed for hedging.

(f) Fair value interest rate risk

The operating profits and cash flows of the Group are substantially independent from interest rate fluctuations. The Group does not have material interest bearing assets on its balance sheet.

Due to debt restructuring which is in progress since 2008, the Group is exposed to interest rates and charges (spreads).

The fluctuations in money market in Greece and in the international market over the past two years have caused significant fluctuations in interest rates and fees (spreads). This contributes to the increase of financial costs and the overall financial position and results of the Group.

• **Business activity evolution in the current financial year**

In 2011, the Group is expected to benefit further because of its international presence, the gradual recovery in global financial activity, further restructuring of the cost and financial recovery as a result of the upcoming restructuring of its loans.

The group is in its final phase of its loan restructuring following the agreement of 23.11.2010.

During the 2nd Adjourned Extraordinary General Shareholders Meeting held on January 10. 2011, the following issues of the agenda were discussed and approved unanimously or by majority of the assisting shareholders:

- i. Decrease of the Share Capital by an amount of € 33.661.303.16 in order to form a special reserve; said decrease will take place by decreasing the nominal value of each share from € 0.76 to € 0.30.
- ii. Increase of the Share Capital by € 74.9 million by issuing 249.748.542 new registered shares of the listed mother company, through capitalization of outstanding debt and revocation of the pre-emption rights of the existing shareholders.
- iii. Bond loan of € 50 million, convertible to new shares after five years from the date of issue, with capitalized interest (PIK) for the restructuring of the remaining debt. Said bond loan is supplementary to the syndicated bond loan of € 116.97 million to be issued. Both loans will contribute to the refinancing of the current debt of MAILLIS Group.

It is noted that a syndicated bond loan of € 16 million has been approved during the Extraordinary General Shareholders meeting of December 17, 2010 to support the immediate cash flow of MAILLIS GROUP.

- iv. Modification of article 4 of the Articles of Association of the Company in order to supplement the objectives of the company emphasizing in "technology"

- v. Modification of articles 9 & 10 of the Articles of Association of the Company in respect of the Board of Directors consisting of a majority of Independent Non-Executive members and the possibility to participate to a Board of Directors meeting by teleconference.
- vi. Election of a new board of Directors constituted of the following nine members:
 - 1. Michael Maillis. Holds the office of Non –Executive Chairman
 - 2. John Kourouglos. Vice President and CEO. Executive member
 - 3 Dr Ioannis Lentzos. Executive Member
 - 4. Lito Ioannidou. Independent –Non Executive member
 - 5 Michael Kokkinos. Independent –Non Executive member
 - 6. Stilianos Stavridis Independent –Non Executive member
 - 7. Menelaos Tassopoulos Independent –Non Executive member
 - 8 Petros Tzannetakis Independent –Non Executive member
 - 9 Theoharis Philippopoulos –Non Executive member

Among the major responsibilities of the new Board of Directors is to appoint new Management team, namely, the Chief Executive Officer (CEO), as well as the Chief Financial Officer (CFO), as per the agreement with the Group's creditors requires.

The present Annual Report of the Board of Directors for the period from 1 January to 31 December 2010 has been posted on the Internet, on the website of the Company www.maillis.com.

- **Corporate Governance Statement**

I. Introduction

M.J. MAILLIS SA SYSTEMS & TECHNOLOGY INDUSTRIAL PACKAGING (The "Company" or "M.J.MAILLIS S.A.") is committed to sustain the laws related to corporate governance, and the principles and guidelines of voluntary application that are set by the Code of Corporate Governance (the "**Code**") adopted by the Hellenic Federation of Enterprises (SEV).

The company has adopted the Code with certain deviations.

The Company, wherever it does not comply with the Code, explains the reasons of non compliance or deviation from its implementation. For the cases that it is clearly expressed that it should not provide explanations as a "small listed company", it does not provide any explanations on the deviations.

This statement presents how the Company applies corporate governance and identifies and explains any cases of non compliance with the provisions of the "**Code**" during the year 2010.

II. Complying with the Code

The Company complies with the General Principles of the Code.

The Company complies with the Specific Principles of the Code as described below.

Specifically, complying with the Corporate Governance rules is achieved as following:

a. Shareholders' General Assembly

The Shareholders' General Assembly is the highest decision making body of the Company and may decide on all important matters of the Company in accordance with the law (changes to the Articles of Association, election of Board members, etc.) The Annual Shareholders' General Assembly, inter alia, may approve the annual financial statements, decide on the distribution of any profits and discharge of the Board members and auditors of the Company from any liability.

The invitation to the Annual General Assembly of 2010 had been posted 20 days before the Meeting on the Company's website (www.maillis.com) to ensure participation of all shareholders either they attend in person at the meeting or vote through an authorized representative. The decisions are made by vote. The decisions were reported in the Athens Stock Exchange and published in the Company's website in the next working day.

The Chairman of the Board, the CEO, the chairmen of committees of the Board as well as the internal and external auditors were available to answer questions from shareholders.

The rights of the shareholders of the Company set out in the Articles of Association and the Codified Law 2190/1920 (public limited companies Act).

b. The Board of Directors

The Company is managed by the Board of Directors, consisting of seven (7) to nine (9) members elected by the General Assembly for four years running from the date of election until the date of the Annual General Meeting of the year which their term expires. The outgoing members can be always re-elected.

The Board of Directors consists of executive and non executive members, among the non-executive members there must be independent - non executive members. The majority of the Board of Directors comprises from independent - non executive members.

The Board of Directors elects the CEO, who may carry also the position of the President or Vice-President and the other directors of the Company and sets out the respective powers and responsibilities.

The Board of Directors meets at the headquarters of the company, regularly at least once each calendar month and extraordinarily whenever there is a need or is required by two Board members at their request to

the President. The Board of Directors may meet by teleconference. In this case, the invitation to members of the Board should include information necessary for participation in these meetings.

Concerning the discussions and decisions of the Board of Directors, minutes are kept chronologically and in soft copy also.

The Board of Directors exercises the management of corporate affairs and has the unlimited power and authority for managing the overall assets of the company. Decides and acts on any matter related and consistent with the purposes of the Company, except only those matters for which by law or by statute require a decision of the Shareholders' General Assembly. The Board of Directors decides to purchase property for company use, gets into any form of legal cooperation with other natural or legal persons domestic or abroad pursuing the same or similar purpose, provides loans or guarantees to third parties in order to achieve company's goals, excluding, however, by the company undertaking provision of guaranties to third parties for purposes unrelated to the business, raises loans or credits from the banks, provides pledges or mortgages on the assets of the company, concludes and signs all contracts and all types of content associated with the purposes, functions and interests of the Company, appoints a proxy counsel and attorneys of the Company, assigns receivables, appeals to any kind of legal proceedings, sales or transfers or leases or other partial or total assignment of movable assets, securities and intangible rights (brands, intellectual property). Generally the Board of Directors decides and acts unlimited on any issue related to the purposes and business of the company even if not specifically mentioned in this article. All of the above are subject to the provisions of Articles 10 and 23a of Codified Law 2190/20 as appropriate.

The Board of Directors is also responsible for issuing bonds other than those for which in accordance with Article 14 sentence (e) of the Articles of Association is solely responsible the Shareholders' General Assembly. As part of its responsibility the Board may determine the terms of the bond and authorize certain members or member to determine the specific terms other than the amount and kind.

The Board of Directors may decide by an absolute majority, to delegate for any time and with any conditions it deems appropriate at the time, the right to exercise wholly or partly or to represent the company in general or in specific transactions, other than those requiring collective action, one or more persons, members or managers or other employees of the company, or third, or committees, each time defining their jurisdiction and signatures that represent the company.

The Chairman of the Board of Directors, President and Director or any employee of the company designated by the Board of Directors for that purpose, represents the company before the Greek and foreign courts in each grade, they give their oaths imposed to the Company, submit complaints and lawsuits and act in any judicial action that requires personal appearance.

The work of customs clearance for company's goods runs either by the current Head of Customs Clearance Office of the company or deputy or other officer of any part thereof, or agent appointed in accordance with Article 3 of the N. 718/1977, acting as a representative. The determination in the face of those representatives and the certificate on the property as legally authorized representatives of the company for execution of Custom clearing work done by decision of the Board with respect of the relevant legislation required conditions and procedures for their appointment and proof appointment to the competent authorities.

Executive members

The executive members are involved in the daily management of the company and cooperate closely with its directors.

Non-executive and independent members

Non-executive and independent members are involved in the promotion of general corporate issues, devise guidelines for all corporate issues and recommend these guidelines to the Council. Among the non-executive members must be at least two independent directors within the meaning of Article 4 of Law 3016/2002. The independent Board members may submit, individually or everyone together, essays and special reports other than those of the Board of Directors to the ordinary or extraordinary Shareholders' General Assembly, if they deem it necessary. Furthermore, the Company has established and maintains an Audit Committee, consisting of two independent non-executive members and one non-executive Board member. All members

of the Audit Committee are appointed by the General Assembly. The independent non-executive member, who chairs the Audit Committee, has demonstrated proficiency in accounting and auditing. The obligations and responsibilities of the Audit Committee include, indicatively, monitoring the financial reporting process, the internal control & risk management system. Audit Committee monitors also the proper functioning of the internal auditors of the Company, the statutory audit of individual and consolidated financial statements of the Company, the existence and maintenance of the objectivity and independence of the statutory auditors or of the audit firm, particularly when they provide other services to the Company.

The number of non-executive Board members shall not be less than 1 / 3 of the total number of the Board of Directors members. If a fraction, it is rounded to the nearest whole number. The provisions of Articles 3 and 4 of Law 3016/2002, concerning the appointment, election and powers of non-executive and independent board members apply.

The following table shows the members of the Board, and the start and end dates of their duty for everyone.

ACTIVE UP TO 31.12.2010					
Title	Name	Executive / Non-Executive Member	Independent Member	Start of Duty	End of Duty
President	Michael Maillis	Non-Executive		28/6/2010	Extraordinary General Meeting 10.01.2011
Member	Lito Ioannidou	Non-Executive	Independent	28/6/2010	Extraordinary General Meeting 10.01.2011
Member	Stylianos Stavridis	Non-Executive	Independent	28/6/2010	Extraordinary General Meeting 10.01.2011
Member	John Kourouglos	Executive		28/6/2010	Extraordinary General Meeting 10.01.2011
Member	Michael Kokkinos	Non-Executive	Independent	25/11/2010	Extraordinary General Meeting 10.01.2011
Member	Theoharis Filippopoulos	Non-Executive		28/6/2010	Extraordinary General Meeting 10.01.2011
Member	Sotirios Orestidis	Non-Executive	Independent	28/6/2010	25/11/2011
Member	John Lentzos	Executive		28/6/2010	Extraordinary General Meeting 10.01.2011

c.1. Meetings and participation by members in 2010

The following table shows the number of Board of Directors meetings as well as the various committees held by the management in 2010, and the frequency of participation of each member.

	Board of Directors	Audit Committee
Total Board meetings on 2010	13	3
Michael Maillis	13/13	
Markus Kollmann <i>He was first elected at 10.1.2011</i>	0/0	
Lito Ioannidou	13/13	3/3
Stylios Stavridis <i>Represented by an authorized person in 1/13</i>	12/13	
John Kourouglos	13/13	
Menelaos Tasopoulos <i>He was first elected at 10.1.2011</i>	0/0	
Petros Tzanetakis <i>He was first elected at 10.1.2011</i>	0/0	
Michael Kokkinos	1/1	
Theoharis Filippopoulos <i>Represented by an authorized person in 2/13</i>	11/13	1/3
Sotirios Orestidis	12/12	3/3
John Lentzos	11/13	

c.2 Curriculum Vitae of the Board of Directors

Michael J. Maillis, Chairman

An Iron Metallurgy Engineer with past experience in German Steelworks having specialized in the development of new steel types.

Markus Kollmann, Vice President & CEO

Holds a Masters degree in Industrial Engineering from Twente University for Technology and Social Sciences in The Netherlands and has 20 years of experience in Industrial Packaging. He has worked for Amcor PET Packaging for 16 years in several countries and in a variety of positions including production, product development, sales and marketing, new business development and BU General management. Prior to joining the Group he served as General Manager of Signode Europe, a subsidiary of ITW.

John M. Kourouglos, Board of Directors Member

A graduate of the New Jersey Institute of Technology with M.S in Management and B.S. in Chemical Engineering. Previously General Manager of Tredegar Film Products in the US and Executive VP in Cookson Plc Group.

Stelios K. Stavridis, Board of Directors Member

Holds a Masters degree in Mechanical Engineering (ETH Zurich, Switzerland) and did postgraduate studies in BA and Economics. He has worked in Greece and abroad in different public and private sector industrial and commercial companies, holding in most cases the position of the C.E.O. He is the major shareholder and C.E.O of Piscines Ideales S.A. , General Secretary of the Hellenic Entrepreneurship Association, Vice Chairman of the Greek Franchise Association and member of the Board in various entrepreneurship organisations (Athens Chamber of Commerce and Industry, American Hellenic Chamber of Commerce, Greek Management Association). He is also the Chairman of Eurocommerce's social dialogue committee (Eurocommerce - Brussels represents 6 million retail and wholesale companies) and the chairman of the CSR Committee of the American Hellenic Chamber of Commerce.

Lito A. Ioannidou, Board of Directors Member

Holds a Bachelor of Commerce (1975) and Master of Business Administration (1978) degree from McGill University in Canada. She worked for Citibank Greece for 22 years (1978-2000) at Senior Executive positions, alternatively as Deputy Market Manager, Country Risk Manager, Local Corporate/Corporate Finance Head and as President and Managing Director of Citi-Financial Leasing (1998-2000). She has also served as Executive Vice President and General Manager of the Athens (Stock) Exchange (2001-2005) as well as President of the Audit Committee and Member of the Working Committee (responsible for setting up common strategies and policies for its member Exchanges) of the European Exchange Federation (FESE). In 2006, she founded "Lito Ioannidou & Associates Ltd, Business Consultants" which specializes in consulting services for raising capital, M&A, organization and debt restructuring.

Theocharis Filippopoulos, Board of Directors Member

Publisher, President & Chief Executive Officer of Attica Publications Group.

Menelaos Tassopoulos, Board of Directors Member

Mr. M. Tassopoulos holds degrees PhD and MPhil in Engineering & Applied Science from Yale University, a Master in Industrial Engineering & Management Science from Columbia University and a Master in Chemical Engineering from Worcester Polytechnic Institute. He also holds a degree in Chemical Engineering from the National Technical University. He has extensive experience in the industry, as General Manager and Chief Executive Officer and Director of Private Equity in a commercial bank.

Peter Tzanettakis, Board of Directors Member

Born in 1955. He studied economics at the University of Surrey and carried out postgraduate studies on the Economics of the European Union at the University of Sussex. He joined the Motor Oil in 1986 and also performs debt financial advisor / coordinator for the group Vardinoyannis.

Michael Kokkinos, Board of Directors Member

Michael Kokkinos holds a degree in Business Administration from Athens University of Economics and Business and has also attended a plethora of professional seminars in Greece and abroad. He has worked for National Bank of Greece for 40 years (1962 - 2002) in a variety of positions, both in major branches as well as the Head office of the bank holding senior managerial positions. Among those, the General Manager position in Stadiou and the Central Aiolou Branches and was also responsible for the Project Finance department. From 2002 to 2007 worked in ASPIS BANK as Director of Corporate Organisation and Project Manager to the new central Computer System and finally from 2007 to 2010 served as a Managing Director of the NATIONAL BANK of GREECE subsidiary in Cyprus.

Dr. John A. Lentzos, Board of Directors Member

Director of Group's Operations. He holds a Ph.D. from the Department of Mechanical Engineering at the University of Patras. He has experience in NEOSET SA where he was responsible for Engineering Design and Total Production Maintenance. He has co-authored several technical reports that have been published.

Sotirios Orestides

A graduate from the Higher School of Commerce with several years of managerial experience in the Finance Departments of big companies such as Johnson & Son Ltd and Hellenic Steel.

c.3 Board Committees

The Board is assisted by the following committees:

- **Audit Committee**
- **Remuneration Committee**

The Audit Committee has been established and operates in accordance with the provisions of Article 37 of Law 3693/2008. It has been nominated by the Shareholders' General Assembly, to assist in the performance of his duties in the function of the company's internal control system and ensure transparency in corporate activities. In particular, the Audit Committee has an obligation to review and monitor the process of financial reporting and the effective operation of internal control and risk management system, the proper functioning of the internal audit unit of the company, the course of statutory audit of individual and consolidated financial statements, issues related to the existence and maintenance of objectivity and independence of the auditor or the audit firm, particularly as regards the provision of other services to the company by the statutory auditor or audit firm. The Audit Committee comprises 3 non-executive members of the Board of Directors who have the necessary knowledge and experience in the field.

The Audit Committee has a four-year term.

The Committee met 3 times during the year 2010. The president of the Committee, the internal auditor and the audit firm PricewaterhouseCoopers («PwC») meet to discuss issues of their responsibility.

External Audit

Independence

The Audit Committee is responsible for developing, implementing and monitoring processes regarding the Company's external audit. These procedures have been designed to ensure the independence and objectivity of external auditors and setting an appropriate framework for moving staff from the external audit firm to management positions in the Company. Also, it determines the actions required when using non-audit services by external auditors.

In principle the external auditors are excluded from consultancy services and cannot be employed by the Company in a non related audit subject. Any proposal to external auditors for non-audit work must be approved by the Audit Committee prior to engagement.

Effectiveness and reappointment

The Audit Committee has undertaken the annual review of external auditors and the effectiveness of audit procedures applied

Internal Audit

In 2010, the Audit Committee:

- Reviewed the results of audits conducted by the internal audit and examined the responses of management on the issues highlighted, including the implementation of the recommendations.
- Reviewed and approved the internal audit plan for 2011.

Internal audit is an independent function that ensures that all work performed by the Company is in accordance with corporate goals, policies and procedures. In particular, internal control is designed to ensure reliability and stability of systems of internal financial control across the range of the activities of the Company.

Audit Committee Members

The members of the Audit Committee have been appointed by the General Assembly pursuant to Law 3693/2008 are as follows:

President: Lito Ioannidou
Member: Theoharis Philippopoulos
Member: Stelios Stavridis from 23.11.2010
Member: Sotirios Orestidis until 23.11.2010

The following members have significant experience as executives in financial and other related business activities.

Remuneration Committee

The Remuneration Committee recommends to the Board of Directors the remuneration policy, benefits and financial incentives for senior executives of the Company, in accordance with market conditions in order to attract, retain and mobilize the appropriate executive staff. The Remuneration Committee comprises four members, all non-executive.

Remuneration Committee Members

The Remuneration Committee members, who are appointed by the Board of Directors, are the following 4 non-executive Directors:

President: Michael Maillis
Member: Lito Ioannidou
Member: Stelios Stavridis
Member: Theoharis Philippopoulos

The Remuneration Committee had no meetings during the year 2010 due to lack of operational need.

d. System of Internal Control and Risk Management

The Board of Directors (**the "Board"**) is responsible for the identification, evaluation and monitoring of risks that Company faces and how those risks are managed.

The Board of Directors attaches great importance to internal control and risk management systems.

The monitoring of risks is done, inter alia, by receiving regular reports on their management. The policy of the Board aims to install and maintain systems that optimize the ability to manage any identified risk.

The Board is informed by the executive members on the issues that may have significant financial and business impact.

The business units submit monthly reports on financial and operational status following specific guidelines and rules.

d.1 The review process

The Board enhances the internal control and risk management of the Company through:

- Setting the business strategy on Company and divisions level in terms of approving an annual budget with medium-term estimates.
- Inspecting on a regular basis the operational and financial performance as well as the latest estimates for the current period. Comparing the budget with previous years' results and adopting action plans in order to optimize operational and financial performance.
- Keeping the primary responsibility for acquisitions and sales of major assets and providing approvals for major capital expenditure, major contracts and financing agreements. In addition to the Board, there are clearly defined administrative powers for approving capital expenditure, major contracts, acquisitions, investments and divestitures.
- Reviewing the annual program of management evolution and goals' achievement.
- The Board, through the Audit Committee, is informed about the performance of internal control systems.

The Company also has systems and procedures for the control and risk management on the financial reporting and the preparation of individual and consolidated financial statements.

These include:

- Creating, developing and applying uniform accounting practices and procedures.
- Reviewing periodically the accounting policies applied and ensure that they are updated and communicated to appropriate personnel.
- Procedures to ensure that transactions are recognized in accordance with International Financial Reporting Standards.
- The existence of policies, both for the Company and its departments, to govern the maintenance of accounts, presentation of transactions and the principal financial control procedures.

- Monitoring monthly internal financial reporting issues and financial control procedures.
- Ongoing training and staff development.
- Procedures for closing, which include deadlines, responsibilities, classification of accounts and information on required disclosures.
- The implementation of a single form of corporate reporting for both financial reporting purposes and for purposes of administrative information.
- Making write offs and formation of reserves / provisions clearly and consistently.
- The performance on a monthly basis, an analysis and comparison of discrepancies between the actual results vs. budgeted, detecting unusual transactions and ensuring the accuracy and completeness of results.
- The existence of policies and procedures for each major area such as major agreements, stock inventory procedures, payment procedures, etc.
- The establishment by the Company on an annual basis, on a consolidated and individual level, of every business / subsidiary of the Company's budgets for the next financial year, approved by the Board.
- Drawing up monthly detailed information for each activity / affiliate, both on individual and consolidated basis for the management.
- The implementation and monitoring of consolidation and eliminations entries by different individuals in terms of the segregation of duties principle.

d.2 Information Systems

The computer systems that have been developed are designed to support long-term objectives of the company and are managed by a professional team of Management Information Systems which is part of the Financial Division of the Company.

Appropriate policies and procedures are implemented covering all major areas of business. Some of the most important processes applied across the Company are as follows:

d.3 Security Procedures

- i. Backup (Daily-Monthly-Yearly)
- ii. Procedure for Restore
- iii. Incident Log

Protection Procedures:

- i. Anti-virus software (Antivirus Security)
- ii. Protection of electronic mail (E-mail Security)
- iii. Firewall

d.4 Code of Conduct

This is a Code of Conduct applicable to all personnel of the Company and has been approved by the Board. It provides a clear statement in the interests of stakeholders involved in or affected by the activities of M.J. MAILLIS SA.

Top executive management has been entrusted by the Board with the responsibility of compliance to this Code of every, without exception, business activities of the Company. The code of conduct is communicated during the hiring procedure of new employees.

Finally, M.J. MAILLIS SA has established operating procedures that determine the regulatory function of its operational units. The manuals include operating procedures and policies regarding the Company as a whole. The development and management of the official procedures of the Company, and the control of the publication, revision and amendment, is the responsibility of each Division Director, in cooperation with the Internal Audit Department. The Internal Audit Department is responsible for monitoring the implementation of procedures.

e. Communication with Shareholders

The M.J. MAILLIS S.A. recognizes the importance of effective and timely communication with shareholders and the general investing public. Following the announcement of the interim and annual financial results, consolidated financial reports, more information and other announcements are available on the Company's website www.maillis.com. The Company reserves the Investor Relations Department, which display information on the website of the company, the shareholders and potential investors, can find a description of the terms and principles of corporate governance of the Company, and the structure of the administration data for shareholders, the financial results and press releases. M.J. MAILLIS S.A. also communicates with the investment community through participation in a series of conferences and meetings in Greece and abroad as well as the schedule of teleconferences.

III. Compliance with the Code

During the year 2010:

1. The Company according to the Annex I of the Code, it is exempted from the BoD President evaluation. For the purpose of equal treatment among the BoD members, it has not adopted any evaluation procedure of the rest of the members of the BoD. However it is in the process of evaluating the need for a relevant practice during the next year.
2. The Board of Directors didn't elect independent Vice President (where according to the Code (ΣΕΒ), there is "executive", Chairman of the Board), because in the process of restructuring following by the Company is considered more effective the assignment of this qualification to the Chief Executive Officer
3. The Company due to the reorganization process has not adopted the existence of Nomination Committee candidates members of the Board but is in the process of evaluating the necessity of such a committee
4. The Board, by the processes of reorganization, it has adopted 12-month action plan, but considering the adoption of relevant practice, although the statute provides for the Company convened on a monthly basis at least
5. The Company, because it applies in total the requirements of L.3340/2005 for "market abuse" and the relevant decisions of the Securities Exchange Commission, has not adopted the practice where the staff could in confidence, to express its concerns about potential illegalities and irregularities in financial reporting or other matters relating to the operation, but is considering the adoption of a relevant practice.
6. The Company, due to the restructuring process, has not posted on the website of the Regulation of the Audit Committee but looks to implement it.
7. According to the Code, the publication of BoD members' remuneration is being postponed for this year.
8. The Articles of Association does not allow to the shareholders through electronic voting or voting by mail because technical details are not yet specialized, but it is considered to be incorporated in the forthcoming update of the Articles of Association .

**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS
Of the Company M.J. MAILLIS S.A. – PACKING MATERIALS
Pursuant to L. 3556/2007. Art. 4 para. 7 and 8**

The present explanatory report of the Board of Directors to the Ordinary General Assembly of its Shareholders includes information pursuant to the provisions of L.3556/2007. Art. 4. para. 7 and 8.

1. Share Capital Structure – Share categories - Rights - Obligations

The share capital of the Company amounts to euros 55.614.326.96 and is divided into 73.176.746 common shares, of nominal value 0.76 euros each.

All shares are common, nominal and are listed for negotiation on the Athens Stock Exchange (Under Supervision). Each share is entitled to 1 vote. Each share includes all the rights and obligations which are specified by the law and the Articles of Association of the Company. The liability of the shareholders is limited to the amount of the nominal value of the shares which they possess.

2. Limitations to the transfer of the shares of the Company

The transfer of the Company's shares takes place pursuant to law and there are no other limitations to the transfer arising out of its Articles of Association.

3. Important direct and indirect participations in the sense of the provisions of articles 9 to 11 of L.3556/2007

As at 31.12.2010 the following shareholders had a shareholding participation above 5% of the voting rights of the Company: Mr M.J. Maillis holds 25.70% and the Holding Company HORQUETA HOLDINGS LTD holds 19.35%.

4. Holders of any kind of shares which provide special rights of control

The Company does not have shares that provide to its holders special rights of control.

5. Limitations to the right to vote

The Articles of Association of the Company do not impose any limitations to the right to vote.

Articles 17 and 18 of the Articles of Association of the Company provide that the holder of 1 vote is entitled the right to participate and vote in the General Assembly of Shareholders and the votes are increased by one for each additional share. The shareholders that wish to participate in the General Assembly must commit the total or part of their shares through their user in the Dematerialized Securities Systems (D.S.S.) and to deposit the relevant certificate to the Company at least 5 days before the date of the meeting. Shareholders who do not meet this obligation may participate in the meeting of the General Assembly only following its formation and only after approval by it.

6. Agreements between the shareholders of the Company

To the knowledge of the Company there aren't any agreements among its shareholders which impose limitations to the transfer of its shares or on the exercise of the right to vote deriving from its shares.

7. Regulations regarding the appointment and the replacement of members of the Board of Directors and the amendment of the Articles of Association that may differ from the provisions of L.2190/1920.

The regulations provided by the Articles of Association of the Company in relation to the appointment and the replacement of members of the Board of Directors as well as in relation to the amendment of provisions of the Articles of Association do not differ from the provisions of codified law 2190/1920.

8. Competence of the Board of Directors or of some of its members for the issuance of new shares or the purchase of its own shares according to article 16 of the Codified Law 2190/20

(a) Stock option plan to managers of the Company and of subsidiaries of the Group

According to the provisions of article 13 para. 9 of Cofidied L.2190/1920. a stock option plan may be established for the distribution of shares to members of the Board of Directors and staff of the Company and its subsidiaries, in accordance with the specific terms of a decision of the General Assembly taken with increased majority according to the provisions of articles 29 para. 3 and 4 and 31 para. 2 of C.L. 2190/1920. a summary of which is subject to the disclosure requirements of article 7b of C.L. 2190/1920.

The General Assembly decides the maximum number of shares that may be issued which cannot be above 1/10 of the existing shares, the price and the terms of distributing these shares to the beneficiaries.

The Board of Directors can decide all other relevant details that are not arranged for by the General Assembly of shareholders, issues the stock option certificates and during the month of December each year, issues the shares to the beneficiaries who chose to exercise their right, respectively increasing the Company's Share Capital. Furthermore, it certifies the share capital increase according to article 11 of C.L. 2190/1920.

9. Important agreements that have been concluded by the Company and which are in force, can be modified or cease to exist in the event of change in the control of the Company, following a public offer

With respect to the € 110.6 million Note Purchase Agreement (Bond loan) that was signed in December 2005, there is a clause which states that in circumstances of change in control, the Company is required to inform the bondholders and offer prepayment which the bondholders may or may not accept according to their discretion. A similar clause is included in the € 45.3 million Syndicated loan that has been signed by the Group's subsidiary Europack SA in May 2006. Furthermore similar clauses are included in loan agreements with banks and ISDA agreements.

10. Important agreements that the Company has concluded with the members of the Board of Directors or with its personnel

There are agreements with its members of the Board of Directors and its personnel which provide the payment of compensation especially in the event of resignation or dismissal without a grounded reason. The total amount of these compensations is approximately € 513 th (2009: 860 th €).

Kifissia, 21 March 2011

BOARD OF DIRECTORS

CHAIRMAN OF THE BOARD OF DIRECTORS

[Translation from the original text in Greek]

Independent Auditor's Report

To the Shareholders of M. J. MAILLIS S.A.

Report on the Company and Consolidated Financial Statements

We have audited the accompanying company and consolidated financial statements of M. J. Maillis S.A. and its subsidiaries which comprise the company and consolidated balance sheet as of 31 December 2010 and the company and consolidated income statement and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Company and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these company and consolidated 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 company and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the company and consolidated 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 company and consolidated 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 entity'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 company and consolidated 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 enclosed company and consolidated financial statements present fairly, in all material respects, the financial position of M. J. Maillis S.A. and its subsidiaries as at 31 December 2010, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements that explains the terms of the debt restructuring agreement that the Group has signed with its lenders and the current status of the debt restructuring process, which will result in a recapitalisation of the Group's balance sheet. Should the restructuring process not be completed as described in Note 2, the Group will continue to face a material uncertainty which may cast significant doubt about the Company's and the Group's ability to continue as a going concern.

Report on Other Legal and Regulatory Requirements

- a) Included in the Board of Directors' Report is the corporate governance statement that contains the information that is required by paragraph 3d of article 43a of Codified Law 2190/1920.
- b) We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying company and consolidated financial statements in accordance with the requirements of articles 43a, 108 and 37 of Codified Law 2190/1920.



PricewaterhouseCoopers S.A.
Certified Auditors & Accountants
268 Kifissias Avenue, 152 32 Athens
SOEL Reg. No. 113

Athens, 21 March 2011
THE CERTIFIED AUDITOR

Constantinos Michalatos
SOEL Reg. No. 17701

BALANCE SHEET

Amounts in Euro '000

	Note	GROUP		COMPANY	
		31/12/2010	31/12/2009	31/12/2010	31/12/2009
ASSETS					
Non Current Assets					
Tangible assets	8	104,773	117,766	61,745	71,603
Intangible assets	9	78,685	95,689	276	207
Investments in subsidiaries and joint ventures	11			132,252	171,531
Deferred tax assets	10	14,981	14,916	12,356	7,539
Other receivables	15	4,222	4,097	186	186
		202,661	232,468	206,815	251,067
Current Assets					
Inventories	14	56,304	55,069	16,566	14,768
Trade and other receivables	15	65,242	56,913	80,721	76,533
Deferred tax assets	10	1,184	1,296		
Cash and cash equivalents	16	12,002	10,214	3,792	1,533
		134,730	123,492	101,078	92,834
		337,392	355,960	307,893	343,901
Total Assets					
EQUITY					
Equity Attributable to Company's Shareholders					
Share capital	17	55,614	55,614	55,614	55,614
Share premium	17	139,203	139,203	139,203	139,203
Reserves	18	19,594	19,855	18,558	18,558
Retained losses / earnings		-234,639	-171,904	-126,537	-58,168
Translation differences reserve		-4,436	-6,209		
		-24,664	36,559	86,838	155,207
Non Controlling interest		-24	492		0
		-24,687	37,051	86,838	155,207
Total Equity					
LIABILITIES					
Non Current Liabilities					
Loans	19	10,162	3,679	8,000	748
Deferred tax liabilities	10	7,826	6,725	6,104	4,603
Retirement and termination benefit obligations	20	7,405	6,152	1,899	1,364
Government grants	21	4,398	4,980	2,681	3,046
Other non current liabilities		2,051	859		90
		31,843	22,395	18,684	9,851
Current Liabilities					
Trade and other payables	22	49,920	33,015	20,626	10,794
Deferred tax liabilities	10	3,868	3,841		
Current tax liabilities	22	3,586	1,534	981	483
Loans	19	265,712	252,121	180,195	166,883
Provisions	23	7,150	6,004	569	682
		330,236	296,515	202,372	178,843
		362,079	318,910	221,056	188,693
Total Liabilities					
Total Equity and Liabilities					
		337,392	355,960	307,893	343,901

The notes on pages 36 to 94 are an integral part of these annual financial statements

INCOME STATEMENT

	Note	GROUP		COMPANY	
		01/01/2010- 31/12/2010	01/01/2009- 31/12/2009	01/01/2010- 31/12/2010	01/01/2009- 31/12/2009
<i>Amounts in Euro '000</i>					
Sales		262.206	212.844	81.735	62.200
Cost of sales	27	-218.471	-181.700	-73.566	-59.280
Gross profit		43.735	31.144	8.169	2.920
Other operating income	29	10.118	5.261	4.314	3.051
Administrative expenses	27	-25.531	-26.272	-8.450	-9.819
Distribution costs	27	-31.417	-27.370	-5.481	-4.308
Other operating expenses	27	-20.397	-14.492	-13.539	-3.961
Earnings before tax and financial and investment results		-23.491	-31.729	-14.987	-12.117
Loss on impairment of goodwill and investments		-11.764	-11.547	-39.278	-14.188
Gains/(Losses) on termination of interest rate swaps transferred from hedging reserve	28		-2.752		-2.752
Financial income	28	6.395	10.505	3.771	8.494
Financial expenses	28	-29.602	-20.565	-21.031	-14.421
Earnings before tax		-58.462	-56.088	-71.525	-34.984
Current tax and other tax	25	-3.337	-1.401	-160	979
Earnings after current tax for the period		-61.799	-57.488	-71.685	-34.006
Deferred tax	25	-1.697	-32	3.315	-224
Earnings after current tax and deferred tax for the period		-63.497	-57.520	-68.370	-34.230
<u>Earnings after Tax distributed as follows:</u>					
Company shareholders		-62.952	-56.840	-68.370	-34.230
Non-Controlling interest		-545	-680		
Basic and Diluted Earnings after tax per share (expressed in €)	30	-0,8603	-0,7767	-0,9343	-0,4678
<u>Other information</u>					
Depreciation		12.248	15.228	6.022	7.340
Earnings before tax, financial expenses, amortisation and depreciation (EBITDA)		-11.243	-16.501	-8.965	-4.777

The notes on pages 36 to 94 are an integral part of these annual financial statements

STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP		COMPANY	
		01/01/2010- 31/12/2010	01/01/2009- 31/12/2009	01/01/2010- 31/12/2010	01/01/2009- 31/12/2009
<i>Amounts in Euro '000</i>					
Earnings/(loss) after current tax and deferred tax for the period		-63.497	-57.520	-68.370	-34.230
Net loss directly attributable to net equity					
Exchange differences		1.803	887		
Fair Value Reserves			9		9
Other comprehensive income/(loss) after tax		1.803	896	0	9
Total comprehensive income/(loss) after tax		-61.694	-56.624	-68.370	-34.221
Allocated to:					
Company shareholders		-61.178	-55.951	-68.370	-34.221
Non- Controlling interest		-516	-673		

The notes on pages 36 to 94 are an integral part of these annual financial statements

CASH FLOW STATEMENT

<i>Amounts in Euro '000</i>	Note	GROUP		COMPANY	
		31/12/2010	31/12/2009	31/12/2010	31/12/2009
<u>Cash Flows from Operating Activities</u>					
Earnings before tax		-58,462	-56,088	-71,525	-34,984
Adjustments for:					
Depreciation and amortisation	8,9	12,830	15,842	6,387	7,737
Impairment of tangible and intangible assets		21,450	12,274	43,375	14,248
Provisions		3,721	1,852	5,445	-3,107
Exchange differences		-6,351	-9,667	-1,051	-7,720
(Gain) / Loss from investing activities		-6,751	-1,691	-4,136	-1,758
Interest payable and related expenses		29,602	23,317	21,031	17,173
Working capital changes					
Decrease / (Increase) in inventories		-3,255	18,403	-1,798	7,213
Decrease / (Increase) in receivables		-837	12,664	-4,582	-4,680
Increase / (Decrease) in payables (excluding banks)		13,712	-8,048	5,479	-3,118
Less:					
Interest paid and other related expenses		-5,881	-7,973	-3,056	-3,699
Tax paid		-1,807	-2,032	-160	-224
Total Cash Inflows / (Outflows) from Operating Activities (a)		-2,028	-1,147	-4,589	-12,918
<u>Cash Flows from Investing Activities</u>					
Acquisition of subsidiary, related companies, joint ventures and other investments					
Purchase of intangible assets, property, plant and equipment	8,9	-1,874	-5,163	-695	-3,991
Proceeds of sale of tangible and intangible assets		490	2,424		1,281
Interest received		675	611	194	322
Dividends received					
Total Cash Inflows / (Outflows) from Investing Activities (b)		-709	-2,128	-501	-2,388
<u>Cash Flows from Financing Activities</u>					
Proceeds of issuance of share capital	17		0		0
Proceeds of loans issued		7,441	3,689	7,350	13,412
Repayments of borrowings					
Payments of finance lease liabilities		-378	-610		
Dividends paid		0	-6	0	0
Total Cash Inflows / (Outflows) from Financing Activities (c)		7,063	3,074	7,350	13,412
Net increase/(decrease) in Cash and Cash Equivalents (a) + (b) + (c)		4,325	-202	2,259	-1,895
Cash and Cash Equivalents in Beginning of Period		10,214	9,328	1,533	3,427
Exchange differences adjustment		-2,537	1,087		
Cash and Cash Equivalents at End of Period	16	12,002	10,214	3,792	1,533

The notes on pages 36 to 94 are an integral part of these annual financial statements

Notes to the Consolidated Financial Statements

1. General Information

These financial statements include the financial statements of the parent company M.J.Maillis SA (the "Company") and the consolidated annual financial statements of the Company and its subsidiaries (the "Group"). The names of the subsidiaries are presented in Note 11 of the financial statements.

The Group is involved in the manufacture and distribution of end-of-line industrial solutions. Maillis Group serves customers in more than 52 countries worldwide, through a network of 27 owned Affiliate companies and more than 350 independent distributors.

The company is domiciled in Greece. The address of its registered office is Xenias 5 & Charilaou Trikoupi Kifissia 145 62 and its internet site is www.maillis.com.

The Company's shares are listed on the Athens Stock Exchange.

2. Basis of preparation

The Company and the Group Financial Statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union.

The accounting principles that have been used in the preparation of the Annual Financial Statements are in accordance with those used for the preparation of the Company and Group Financial Information as at 31 December 2009. This information was published in the internet site of the company.

The financial statements have been prepared under the historical cost convention, with exceptions of derivative financial instruments that are presented in Fair Value.

The preparation of the Financial Statements in accordance with IFRS requires the use of estimates and assumptions which affect the balances of the assets and liabilities disclosed in the financial statements as well as the amounts of contingencies and the amounts of the income and expenses relating to the period from 1st January 2010 to 31 December 2010. These estimates are based to the best knowledge of the Company's and Group's management in relation to the current situation (See note 6).

Certain reclassifications have been made in the prior year's figures in order to make them comparable to the current year's figures. Any differences between amounts in the primary financial statements and similar amounts detailed in the explanatory notes are due to rounding of figures.

Going concern

These financial statements have been prepared on the basis that the Company and the Group will continue to operate as a going concern and assumes that both the Company and the Group will have sufficient financial resources to meet the Company's and Group's financial and operating requirements for the foreseeable future.

As presented in the financial statements of previous periods, the Group has been undertaking significant and detailed negotiations with its lenders (refer to Note 19) in order to secure the continued future operations of the Company and its subsidiaries. On 23 November 2010 the Company announced that the Board of Director's meeting of 17 November 2010 approved the agreement that the Company reached with its lenders regarding the Group's debt restructuring. The agreement and the actions that have to be undertaken by the Company in terms of the agreement were subsequently

also approved by an Extra-ordinary General Meeting of the Company that was held on 10 January 2011.

The key agreement highlights are as follows:

New working capital infusion:

- A new line of Working Capital that takes the form of a Reducing Revolving Bond Loan Facility of € 16 million to be used for financing the Group's growth. This facility will be paid off from the second year following the date of its issue.

Debt reduction:

- The capitalization of € 74.9 million of existing debt through the issue of new Ordinary Shares in the Company, in favour of the Groups' lenders. This new share issue will result in the lenders taking an ownership interest in the Company that amounts to approximately 77.34%.

Refinancing the balance of current debt:

- A Bond Syndicated Loan of € 116.8 million that will be issued in terms of the provisions of CL 3156/2003 and CL 2190/1920. This Loan will be repayable in the period from year's three to five from the date of its issue.
- A Bond Loan of € 50 million that will be issued in terms of the provisions of CL 3156/2003 and CL 2190/1920. Interest on this loan will be capitalised. The loan will be converted to new ordinary shares of the Company, after 24 months from the date of issue in terms of the provisions of CL 3156/2003 and CL 2190/1920.

Corporate Governance

- The formation of a new nine member Board of Directors of the Company. The new Board of Directors will comprise:
 - 5 independent, non executive members
 - 2 non executive members
 - 2 executive members, namely the Group CEO and Group CFO

For the agreement to be completed a number of actions are required (e.g. transfer of debt from subsidiaries to the Company) that the Company and its Management are currently undertaking. The agreement also includes a number of conditions that relate to obtaining the necessary approvals from the Shareholders General Assembly of the Company, the necessary approvals from the Prefecture and the approval from the Hellenic Capital Markets Committee for the issue of debt and equity instruments referred to above. The Company and its Management are in the process of undertaking the necessary actions and estimates that the entire process will be finalised in Q2 of 2011.

The Company and its Management believes that the signing of the agreement effectively puts an end to the uncertainty surrounding the Company and the Group. Specifically, in Q4 of 2010, the Company received the first tranche of € 8 million of the new Working Capital infusion.

At the date of approval of these financial statements management has received no indication that the restructuring process will not be completed. However, in the event that the process is not completed as described above, the Company and the Group may not be able to continue as a going concern in the foreseeable future. Therefore there continues to be an uncertainty which may cast doubt on the Group's ability to continue as a going concern until such time as the debt restructuring process is completed.

3. Summary of significant accounting policies

3.1 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company accounts for investments in subsidiaries in its separate financial statements at historic cost less impairment losses. Impairment losses are recognised in the income statement.

(b) Transactions and non-controlling interests

For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence in an entity, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

The Company accounts for investments in associates in its separate financial statements at historic cost less impairment losses. Impairment losses are recognised in the income statement.

(d) Joint ventures

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation.

The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's Financial Statements.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. A loss on the transaction is recognised immediately if it provides evidence of a reduction in the net realisable value of current assets, or an impairment loss. Joint ventures' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company accounts for investments in joint ventures in its separate financial statements at historic cost less impairment losses. Impairment losses are recognised in the income statement.

3.2 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is the location of an entity's production or services facilities and other assets that is subject to risks and returns that are different from those of segments operating in other economic environments.

3.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated Financial Statements are presented in euros, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except where hedge accounting is applied.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of their fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(c) Group companies

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity (cumulative translation adjustment) and are charged to income statement upon disposal of these entities.

Exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity on consolidation. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

3.4 Property, plant and equipment

All property, plant and equipment (PPE) is shown at cost less subsequent depreciation and impairment, except for land, which is shown at cost less impairment.

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

Interest costs on borrowings specifically used to finance the construction of property, plant and equipment are capitalised, during the period of time required to prepare and complete the asset for its intended use. Other borrowing costs are recorded in the income statement as expenses.

Land is not depreciated. Depreciation on other items is calculated using the straight-line method to reduce the cost of each asset to its residual value over its estimated useful life as follows:

– buildings	30-80 years
– plant and machinery	6-15 years
– motor vehicles	4-6 years
– other equipment	5-7 years

The cost of subsequent expenditures is depreciated during the estimated useful life of the asset and costs for major periodic renovations are depreciated to the date of the next scheduled renovation.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

In the case where an asset's carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference (impairment loss) is recorded as expense in the income statement.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

3.5 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in cost of investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Loss from impairment is recognised if the carrying amount exceeds the recoverable amount.

Impairment losses are recognized in the profit and loss account and are not reversed in subsequent years.

The Group allocates goodwill to cash-generating units based on the geographical region of operation of each Group entity from which the goodwill was derived.

(b) Trademarks and licences

Trademarks and licences are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives (10-20 years).

(c) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are between three and five years.

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives which are between three and five years.

(d) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have a finite useful life and that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding ten years.

3.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually and whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately, for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

3.7 Financial assets

3.7.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit and loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit and loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Derivatives are also categorised as held for trading unless they are designated as hedges.

The Group and the Company did not own any such financial assets, including derivatives held for trading during the periods presented in these financial statements.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise 'trade and other receivables' in the balance sheet (Note 3.9) and cash and cash equivalents (Note 3.10).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available-for-sale financial assets are carried at fair value with any change in the fair value recognised in equity.

The Group did not own any financial assets that can be characterised as available-for-sale financial assets during the periods presented in these financial statements.

3.7.2 Recognition and Measurement

Purchases and sales of investments are recognized on the transaction date which is the date on which the Group commits to purchase or sell the investment. Investments are initially recognized at fair value plus transaction costs, except for financial assets at fair value through profit or loss. Investments are derecognised when the rights to cash flows from the investments have expired or been transferred and the Group has transferred substantially all risks and rewards of ownership.

The realized and unrealized gains or losses arising from changes in fair value of the 'financial assets at fair value through profit or loss' , are recognized in the period incurred.

The "loans and receivables" are shown at amortized cost using the effective interest method.

The "available for sale financial assets" are recognized at fair value and the related gains or losses in the comprehensive income until sold or impaired. At sale or impairment, gains or losses are transferred to the results. Impairment losses recognized in profit or loss are not reversed.

3.7.3 Impairment of financial assets

The Group and Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities

classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in Note 3.9.

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Provisions are established for obsolete, destroyed and slow moving inventories. The decrease in the net realisable value of inventories and all other losses related to inventories are included in the income statement in the year they occur.

3.9 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'other expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other expenses / income' in the income statement.

3.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

3.11 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, are included in equity attributable to the Company's equity holders.

3.12 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.14 Current and Deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated Financial Statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

3.15 Employee benefits

(a) Current obligations

The current obligations of the Group towards its personnel, in monetary terms, are recognised directly as an expense as soon as they accrue.

(b) Retirement Benefits

Group entities operate various pension and retirement schemes in accordance with the local conditions and practices in the countries they operate. These schemes include both defined benefit and defined contribution plans.

A defined benefit plan is a pension or voluntary redundancy plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are spread to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity that is either publicly or privately administered. Once the contributions have been paid, the Group has no further legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The regular contributions are recorded as net periodic expenses for the year in which they are due, and as such are included in staff costs.

(c) Share Options Plan to employees

The company has granted rights for the acquisition of shares (Share Option Plans) to certain executives which vest gradually from 2002 to 2011. The company did not account for these Share Options in accordance with provisions of IFRS 2 "Share Based Payments", since they were granted before 7 November 2002, the effective date which IFRS 2 is applicable.

3.16 Government Grants

Government grants are recognized at their fair value when it is certain that the grant will be received and that the Group has covered all relevant prerequisites.

Government grants that relate to expenses are recognized as income in the income statement in order to match the relevant expense.

Government grants relating to property, plant and equipment are recognized as long term liabilities and are transferred to the income statement under the straight method based on the respective asset's useful life.

3.17 Provisions

Provisions for warranties, holiday bonus, restructuring costs, environmental restoration and legal claims are recognized when:

- The Group has a present legal or constructive obligation as a result of past events
- it is more likely than not that an outflow of resources will be required to settle the obligation
- and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures that, according to the management's best estimations, are expected in order to settle the current obligation at the balance sheet date. The discount rate used for the calculation of the present value reflects current market assessments of the time value of money and the risks specific to the obligation.

(a) Warranties

The Group provides for the liability occurring for the service of replacement of machines that have a guarantee at the balance sheet date. This provision is based on similar historical estimates.

(b) Holiday Bonus

The Group provides for employees annual and long service bonus entitlement as it arises.

(c) Restructuring Costs

The provisions for restructuring costs include mainly fines related to the premature ending of lease agreements and personnel redundancies. These costs are recognised when the Group has a present legal or constructive obligation. Personnel redundancies are expensed only when an agreement with the personnel representatives is in place or when employees have been informed in advance for their redundancy.

3.18 Revenue recognition

Revenue comprises the fair value of the sale of goods and services, net of value-added tax, rebates and discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Specific categories of revenue is recognised as follows:

(a) Sales of goods

Sales of goods are recognised when a Group entity has delivered products to the customer; the customer has accepted the products; and collectibility of the related receivables is reasonably assured.

(b) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(c) Interest Income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues accreting the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost–recovery basis as conditions warrant.

(d) Royalty Income

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

(e) Dividend Income

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

3.19 Leases

The Group is the lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the asset's useful life.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

3.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's Financial Statements in the period in which the dividends are approved by the Company's shareholders

4. New Standards & Interpretations

New standards, amendments to standards and interpretations: Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current financial year and subsequent years. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

Standards and Interpretations effective for the current financial year

IFRS 3 (Revised) “Business Combinations” and IAS 27 (Amended) “Consolidated and Separate Financial Statements”

The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss. The revised IAS 27 requires that a change in ownership interest of a subsidiary to be accounted for as an equity transaction. The amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Furthermore the acquirer in a business combination has the option of measuring the non-controlling interest, at the acquisition date, either at fair value or at the amount of the percentage of the non-controlling interest over the net assets acquired. The Group has applied the revised standards from 1 January 2010.

IFRS 2 (Amendment) “Share-based Payment”

The purpose of the amendment is to clarify the scope of IFRS 2 and the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services, when that entity has no obligation to settle the share-based payment transaction. This amendment does not have an impact on the Group's financial statements.

IAS 39 (Amendment) “Financial Instruments: Recognition and Measurement”

This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. This amendment is not applicable to the Group as it does not apply hedge accounting in terms of IAS 39.

IFRIC 12 – Service Concession Arrangements (EU endorsed for annual periods beginning on or after 30 March 2009)

This interpretation applies to companies that participate in service concession arrangements. This interpretation is not relevant to the Group's operations.

IFRIC 15 - Agreements for the construction of real estate (EU endorsed for annual periods beginning on or after 1 January 2010)

This interpretation addresses the diversity in accounting for real estate sales. Some entities recognise revenue in accordance with IAS 18 (i.e. when the risks and rewards in the real estate are transferred) and others recognise revenue as the real estate is developed in accordance with IAS 11. The interpretation clarifies which standard should be applied to particular. This interpretation is not relevant to the Group's operations.

IFRIC 16 - Hedges of a net investment in a foreign operation (EU endorsed for annual periods beginning on or after 1 July 2009)

This interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and qualifies for hedge accounting in accordance with IAS 39. The interpretation provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. This interpretation is not relevant to the Group, as the Group does not apply hedge accounting for any investment in a foreign operation.

IFRIC 17 “Distributions of non-cash assets to owners” (EU endorsed for annual periods beginning on or after 1 July 2009)

This interpretation provides guidance on accounting for the following types of non-reciprocal distributions of assets by an entity to its owners acting in their capacity as owners: (a) distributions of non-cash assets and (b) distributions that give owners a choice of receiving either non-cash assets or a cash alternative. This interpretation does not have an impact on the Group’s financial statements.

IFRIC 18 “Transfers of assets from customers” (EU endorsed for annual periods beginning on or after 1 November 2009)

This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use to provide the customer with an ongoing supply of goods or services. In some cases, the entity receives cash from a customer which must be used only to acquire or construct the item of property, plant and equipment. This interpretation is not relevant to the Group.

Amendments to standards that form part of the IASB’s 2009 annual improvements project

The amendments set out below describe the key changes to IFRSs following the publication in April 2009 of the results of the IASB’s annual improvements project. The following amendments are effective for the current financial year. In addition, unless otherwise stated, the following amendments do not have a material impact on the Group’s financial statements.

IFRS 2 “Share-Based payment”

The amendment confirms that contributions of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2.

IFRS 5 “ Non-current Assets Held for Sale and Discontinued Operations”

The amendment clarifies disclosures required in respect of non-current assets classified as held for sale or discontinued operations.

IFRS 8 “Operating Segments”

The amendment provides clarifications on the disclosure of information about segment assets.

IAS 1 “Presentation of Financial Statements”

The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

IAS 7 “Statement of Cash Flows”

The amendment requires that only expenditures that result in a recognized asset in the statement of financial position can be classified as investing activities.

IAS 17 “Leases”

The amendment provides clarification as to the classification of leases of land and buildings as either finance or operating.

IAS 18 “Revenue”

The amendment provides additional guidance regarding the determination as to whether an entity is acting as a principal or an agent.

IAS 36 “Impairment of Assets”

The amendment clarifies that the largest cash-generating unit to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of IFRS 8 (that is before the aggregation of segments).

IAS 38 “Intangible Assets”

The amendments clarify (a) the requirements under IFRS 3 (revised) regarding accounting for intangible assets acquired in a business combination and (b) the description of valuation

techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets.

IAS 39 “Financial Instruments: Recognition and Measurement”

The amendments relate to (a) clarification on treating loan pre-payment penalties as closely related derivatives, (b) the scope exemption for business combination contracts and (c) clarification that gains or losses on cash flow hedge of a forecast transaction should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss.

IFRIC 9 “Reassessment of Embedded Derivatives”

The amendment clarifies that IFRIC 9 does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a business combination between entities under common control.

IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”

The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity within the group, including the foreign operation itself, as long as certain requirements are satisfied.

Standards and Interpretations effective from periods beginning on or after 1 January 2011

IFRS 9 “Financial Instruments” (effective for annual periods beginning on or after 1 January 2013)

IFRS 9 is the first part of Phase 1 of the Board’s project to replace IAS 39. The IASB intends to expand IFRS 9 during 2010 to add new requirements for classifying and measuring financial liabilities, derecognition of financial instruments, impairment, and hedge accounting. IFRS 9 states that financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs. Subsequently financial assets are measured at amortised cost or fair value and depend on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. IFRS 9 prohibits reclassifications except in rare circumstances when the entity’s business model changes; in this case, the entity is required to reclassify affected financial assets prospectively. IFRS 9 classification principles indicate that all equity investments should be measured at fair value. However, management has an option to present in other comprehensive income unrealised and realised fair value gains and losses on equity investments that are not held for trading. Such designation is available on initial recognition on an instrument-by-instrument basis and is irrevocable. There is no subsequent recycling of fair value gains and losses to profit or loss; however, dividends from such investments will continue to be recognised in profit or loss. IFRS 9 removes the cost exemption for unquoted equities and derivatives on unquoted equities but provides guidance on when cost may be an appropriate estimate of fair value. The Group is currently investigating the impact of IFRS 9 on its financial statements. The Group cannot currently early adopt IFRS 9 as it has not been endorsed by the EU. Only once approved will the Group decide if IFRS 9 will be adopted prior to 1 January 2013.

IAS 12 (Amendment) “Income Taxes” (effective for annual periods beginning on or after 1 January 2012)

The amendment to IAS 12 provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 “Investment Property”. Under IAS 12, the measurement of deferred tax depends on whether an entity expects to recover an asset through use or through sale. However, it is often difficult and subjective to determine the expected manner of recovery with respect to investment property measured at fair value in terms of IAS 40. To provide a practical approach in such cases, the amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The presumption cannot be rebutted for freehold land that is an investment property, because land can only be recovered through sale. This amendment has not yet been endorsed by the EU.

IAS 24 (Revised) “Related Party Disclosures” (effective for annual periods beginning on or after 1 January 2011)

This amendment attempts to reduce disclosures of transactions between government-related entities and clarify related-party definition. More specifically, it removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities, clarifies and simplifies the definition of a related party and requires the disclosure not only of the relationships, transactions and outstanding balances between related parties, but of commitments as well in both the consolidated and the individual financial statements. The Group will apply these changes from their effective date.

IAS 32 (Amendment) “Financial Instruments: Presentation” (effective for annual periods beginning on or after 1 February 2010)

This amendment clarifies how certain rights issues should be classified. In particular, based on this amendment, rights, options or warrants to acquire a fixed number of the entity’s own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This amendment is not expected to impact the Group’s financial statements.

IFRS 7 (Amendment) “Financial Instruments: Disclosures” – transfers of financial assets (effective for annual periods beginning on or after 1 July 2011)

This amendment sets out disclosure requirements for transferred financial assets not derecognised in their entirety as well as on transferred financial assets derecognised in their entirety but in which the reporting entity has continuing involvement. It also provides guidance on applying the disclosure requirements. This amendment has not yet been endorsed by the EU.

IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” (effective for annual periods beginning on or after 1 July 2010)

This interpretation addresses the accounting by the entity that issues equity instruments to a creditor in order to settle, in full or in part, a financial liability. This interpretation is not relevant to the Group.

IFRIC 14 (Amendment) “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” (effective for annual periods beginning on or after 1 January 2011)

The amendments apply in limited circumstances: when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendments permit such an entity to treat the benefit of such an early payment as an asset. This interpretation is not relevant to the Group.

Amendments to standards that form part of the IASB’s 2010 annual improvements project

The amendments set out below describe the key changes to IFRSs following the publication in May 2010 of the results of the IASB’s annual improvements project. Unless otherwise stated the following amendments are effective for annual periods beginning on or after 1 January 2011. In addition, unless otherwise stated, the following amendments will not have a material impact on the Group’s financial statements. The amendments have not yet been endorsed by the EU.

IFRS 3 “Business Combinations”

The amendments provide additional guidance with respect to: (i) contingent consideration arrangements arising from business combinations with acquisition dates preceding the application of IFRS 3 (2008); (ii) measuring non-controlling interests; and (iii) accounting for share-based payment transactions that are part of a business combination, including un-replaced and voluntarily replaced share-based payment awards.

IFRS 7 “Financial Instruments: Disclosures”

The amendments include multiple clarifications related to the disclosure of financial instruments.

IAS 1 “Presentation of Financial Statements”

The amendment clarifies that entities may present an analysis of the components of other comprehensive income either in the statement of changes in equity or within the notes.

IAS 27 “Consolidated and Separate Financial Statements”

The amendment clarifies that the consequential amendments to IAS 21, IAS 28 and IAS 31 resulting from the 2008 revisions to IAS 27 are to be applied prospectively.

IAS 34 “Interim Financial Reporting”

The amendment places greater emphasis on the disclosure principles that should be applied with respect to significant events and transactions, including changes to fair value measurements, and the need to update relevant information from the most recent annual report.

IFRIC 13 “Customer Loyalty Programmes”

The amendment clarifies the meaning of the term ‘fair value’ in the context of measuring award credits under customer loyalty programmes.

5. Financial risk management

5.1 Financial risk factors

As a result of its international activities, the Group is exposed to certain financial risks, i.e.: market risk (including foreign exchange risk and price risk), credit risk, cash flow risk and fair value interest-rate risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments, such as futures, forwards, interest rate swaps and cross-currency swaps to hedge certain risk exposures.

Risk management is carried out by Group Treasury Department, which identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of Directors provides principles and guidance for overall risk management, such as foreign exchange risk, interest-rate risk and credit risk and use of derivative financial instruments.

(a) Market risk - Foreign exchange risk

The Group overall has no significant exposure to a specific industry, thus it is not significantly affected by any reduction in levels of demand in individual sectors and markets. The transformations among competitors in markets where it has presence were not historically significant. There were no significant innovative technologies or applications which does not have the Group and which threaten its market share. Its presence in different geographic areas reduces the impact of any reduction in demand in individual markets.

The market risks faced by the Group are mainly related to changes in global demand and activity, mainly in industrial products and second to consumers. Given the Group's international presence, his performance was directly affected by the financial crisis and simultaneously, it is expected to be affected by the upcoming financial recovery.

(b) Foreign exchange risk

The Group operates internationally and as a result is exposed to foreign exchange risk related mostly to the US Dollar, the UK Pound, the Polish Zloty, the Romanian Lei and the Canadian Dollar. Foreign exchange risk arises mainly from future commercial transactions, assets and liabilities denominated in foreign currencies and net investments in foreign companies.

To manage currency risk in countries such as Canada, the Group enters into forward contract with outside counterparties (banks).

Due to the debt restructuring, the Group cannot offset fully the currency risk with currency futures exchange. Part of this risk, especially the U.S. Dollar is covered with a natural hedge (natural hedging) or through the raw materials, where exports to the currency offset by imports of raw materials in the same currency, either by converting its existing loans from euro to the currency needed for hedging.

At 31 December 2010, if the foreign currencies had weakened/strengthened by 5% against the Euro with all other variables held constant, post-tax losses/profits for the year would have been € 3,829k lower/higher (2009: €2,932 k higher/lower), mainly as a result of foreign exchange gains/losses on translation of foreign currency denominated trade receivables, inventories, cash balances and borrowings. In respect of the same items, Equity would have been €249 thousand (2009: €213 thousand) lower/higher.

Future fluctuations in exchange rates, which the Group fails to manage effectively may materially adversely affect its financial position and results.

The Group is not exposed to commodity price risk in that its raw materials are primarily Euro denominated.

(c) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a high rating are accepted. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

The Group has no significant concentrations of credit risk. Sales have a high degree of diversification with respect to geography and industry sector and there are policies in place to ensure that sales of products are made to customers with an appropriate credit history.

However, any possible failure of the most important customers of the Group to meet their obligations, are leading to provisions which negatively affect the financial results and the cash flows of the Group. This contributes to increased financial costs and thereby materially adversely affect the financial position and results of the Group.

The table below shows the balance of the major counterparties at the balance sheet date.

Counterparty	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
US Private Placement	112,218	104,162	112,218	104,162
Syndication loan with Alpha, BNG, EFG, BNP	49,073	45,241		
Loan with EFG	16,794	16,505	13,371	13,052
Loan with Alpha	8,681	7,461	4,958	4,061
Loan with BNP	32,063	32,348	18,690	17,913
Loan with NBG	11,693	11,628	9,593	9,528
	230,520	217,345	158,830	148,716

(d) Cash flow risk

Prudent cash flow (i.e. liquidity) risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Management monitors rolling forecasts of the group's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow.

The table below analyses the group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 December 2010	Less than 1 year	Between 1 and 5 years	Over 5 Years
Borrowings	265,301	28,052	
Derivative financial instruments	4,884		
Trade and other payables	49,920		

At 31 December 2009	Less than 1 year	Between 1 and 5 years	Over 5 Years
Borrowings	244,606	17,752	
Derivative financial instruments	11,033		
Trade and other payables	33,015		

It is noted that in the tables above the borrowings and derivative financial instruments have been classified in terms of the requirements of IAS 1 that requires the long term obligations to be classified as current obligations as discussed in note 19. However as further explained in notes 2 and 19, on 23 November 2010 the Company announced that it has agreed with its lenders the actions necessary to finalise the Group's debt restructuring. The completion of this agreement will result in (a) a new working capital infusion, (b) a debt reduction through the conversion to equity and (c) a refinancing of current debt. This agreement when finalised will effectively put an end to the cash flow uncertainty surrounding the Company and the Group.

The table below analyses the group's forward exchange contracts into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. These contracts relate to trade receivables and payables and have been included in the relevant caption on the Balance sheet.

31 December 2010	Less than 1 year	1-2 years	2+ years
Outflows	2,436		
Inflows			

31 December 2009	Less than 1 year	1-2 years	2+ years
Outflows	2,733		
Inflows			

(e) Fair value interest rate risk

The operating profits and cash flows of the Group are substantially independent from interest rate fluctuations. The Group does not have material interest bearing assets on its balance sheet.

Due to debt restructuring since 2008, the Group is exposed to interest rates and charges (spreads).

The fluctuations in money market in Greece and in the international market over the past two years have caused significant fluctuations in interest rates and fees (spreads). This contributes to the increase of financial costs and the overall financial position of the Group.

5.2 Capital risk management

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During 2010, the Group maintained a gearing ratio of 110% compared to a gearing ratio of 87% during 2009.

However, any adverse international conditions and / or the stability of loss making may have a negative impact on the leverage ratio, resulting, in the medium term, an increase in capital risk.

If the Group is unable to successfully manage its capital in the future ,may its financial position be materially adversely affected.

5.3 Accounting for derivative Financial Instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); hedges of highly probable forecast transactions (cash flow hedge); or hedges of net investments in foreign operations

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

a) Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

b) Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for example, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

c) Net Investment Hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

d) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Such derivatives are classified as at fair value through profit or loss, and changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

5.4 Fair Value Estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

- In terms of an amendment to IFRS 7, for the financial year ended 31 December 2010, the Company and the Group must disclose the basis of determining the fair value of financial instruments that are presented in the Balance Sheet. The only financial instruments at fair value presented in the balance sheet are the derivative financial instruments that are detailed in note 19 in the financial statements. These derivative financial instruments are measured in terms of the "Level 2" fair value hierarchy, that is described in IFRS 7. The "Level 2" fair value hierarchy refers to fair value measurements that are based on inputs that are directly or indirectly observed in an active market.

6. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

6.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made (Note 25).

(b) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. in accordance with the accounting policy stated in Note 3.5(a). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. In light of the information set out in Note 2 on the going concern assumption used in preparing these financial statements, goodwill impairment testing has been performed on the basis that the cash generating units to which goodwill has been allocated will continue to operate as going concerns and will be funded by an optimal debt equity structure. Additional information and the results of impairment testing are set out in Note 9.

(c) Provision for doubtful debts

The provision for doubtful debts has been based on the outstanding balances of specific debtors after taking into account their ageing and the agreed credit terms. This process has excluded receivables from subsidiaries as management is of the view that these receivables are not likely to

require an impairment provision. The analysis of the provision and the ageing of receivables are presented in Note 15.

(d) Retirement benefits

The present value of the retirement benefit obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the relevant obligation comprises the discount rate, the expected return on plan assets, the rate of compensation increase, the rate of inflation and future estimated pension increases. Any changes in these assumptions will impact the carrying amount of the retirement benefit obligations. The Group determines the amount of the retirement benefit obligations using suitably qualified independent actuaries at each year end balance sheet date. The detailed information related to retirement benefit obligations is set out in Note 20.

6.2 Critical judgments in applying the entity's accounting policies

There are no areas that Management is required to make critical judgments in applying accounting policies.

7. Segment Information

Primary Segment Information – Business Segments

Management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions. The executive directors consider the business principally from a geographical perspective based on the geographical region in which the subsidiaries operate.

The Group is divided in the following geographical regions for the purposes of the executive directors' evaluation:

- Germany & West Europe
- Central Europe
- Greece & East Europe
- North America
- Italy (includes also Combi Packaging Systems)
- Other (includes also Europack SA)

The executive directors assess the performance of the operating segments based on a measure of EBITDA.

EBITDA is calculated as follows:

- Profit/Loss before Tax
- Add back: Financial and Investment results
- Add back: Depreciation and Amortisation

Other information provided to the strategic steering committee is measured in a manner consistent with that in the financial statements.

Total assets are allocated to the operating segments based on the operations of the segment and the physical location of the asset.

The segment results for the 12 months ended at 31st December 2010 and 31st December 2009 are as follows:

12 months to 31st December 2010

	Germany & West Europe	Central Europe	Greece & East Europe	North America	Italy	Other	Total
<i>Amounts in Euro '000</i>							
Total Sales	72,925	49,561	49,972	33,300	54,307	2,141	262,206
Operating Income	-7,756	355	-17,561	3,830	2,855	-5,214	-23,491
Financial Cost - Net	1,575	66	19,300	8	1,038	1,219	23,206
Impairment of goodwill	6,270	155	0	724	4,515	100	11,764
Earnings before Tax	-15,601	133	-36,861	3,098	-2,698	-6,533	-58,462
Income tax and Deferred tax	4,763	-40	-2,007	1,245	922	152	5,035
Net Profit	-20,364	174	-34,854	1,853	-3,620	-6,685	-63,497
EBITDA	-6,630	1,957	-11,332	4,762	4,512	-4,511	-11,243

12 months to 31st December 2009

	Germany & West Europe	Central Europe	Greece & East Europe	North America	Italy	Other	Total
<i>Amounts in Euro '000</i>							
Total Sales	63,206	36,946	40,238	28,126	42,199	2,128	212,844
Operating Income	-7,872	-119	-20,801	1,965	-4,284	-618	-31,729
Financial Cost - Net	1,656	-1,038	9,768	-213	1,269	1,369	12,812
Impairment of goodwill						11,547	11,547
Earnings before Tax	-9,529	919	-30,569	2,178	-5,553	-13,534	-56,088
Income tax and Deferred tax	85	-16	-793	836	1,353	-34	1,432
Net Profit	-9,614	935	-29,776	1,342	-6,906	-13,500	-57,520
EBITDA	-6,717	1,486	-12,623	3,205	-1,935	84	-16,501

Other segment items included in the Income Statement are as follows:

12 months to 31st December 2010

	Germany & West Europe	Central Europe	Greece & East Europe	North America	Italy	Other	Total
<i>Amounts in Euro '000</i>							
Depreciation and amortisation	1,126	1,602	6,229	931	1,657	703	12,248
Provisions for bad debt and obsolete stock	275	97	-419	-37	-21	35	-71

12 months to 31st December 2009

	Germany & West Europe	Central Europe	Greece & East Europe	North America	Italy	Other	Total
<i>Amounts in Euro '000</i>							
Depreciation and amortisation	1,155	1,604	8,178	1,239	2,349	702	15,228
Provisions for bad debt and obsolete stock	1,094	-148	-3,653	704	675		-1,328

Included in the Group Income Statement for the 12 months to 31 December 2010 is depreciation expense € 11,301 th. charged to Cost of Sales (€12,810 th. at 31/12/2009), € 463 th. charged to distribution expenses (€498 th. at 31/12/2009) and € 1.066 th. charged to administrative expenses (€2,533 th. at 31/12/2009).

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

The Assets and Liabilities of the Segments for the 12 months ended at 31 December 2010 and 31 December 2009 respectively are as follows:

31st December 2010

	Germany & West Europe	Central Europe	Greece & East Europe	North America	Italy	Other	Total
<i>Amounts in Euro '000</i>							
Assets	51,351	37,190	122,655	35,971	86,409	3,815	337,392
Capital expenditure	214	118	806	83	822	3	2,047
Liabilities	12,690	25,522	236,509	3,976	31,740	51,642	362,079

31st December 2009

	Germany & West Europe	Central Europe	Greece & East Europe	North America	Italy	Other	Total
<i>Amounts in Euro '000</i>							
Assets	61,312	34,715	126,699	34,718	90,518	7,998	355,960
Capital expenditure	36	219	3,935	104	858	11	5,163
Liabilities	10,155	22,476	204,214	3,095	29,569	49,400	318,910

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash.

Segment liabilities comprise operating liabilities.

8. Property Plant and Equipment

GROUP

	Land	Buildings	Machinery	Vehicles	Furniture and Fittings	Fixed Assets Under Construction	Total
<i>Amounts in Euro '000</i>							
Cost or Fair Value							
Balance at 1 January 2009	7.159	52.511	167.538	3.720	14.361	3.689	248.978
Exchange Differences	-44	430	431	-13	77	62	943
Additions	164	1.386	355	59	110	4.770	6.844
Disposals / Write offs		-36	-12.503	-750	-715	-75	-14.078
Revaluation			-115			0	-115
Impairment Charges						-60	-60
Subsidiary Purchased							0
Reclassifications of Assets		9	2.138			-2.148	0
Subsidiary Disposed							0
Balance at 31 December 2009	7.279	54.300	157.844	3.016	13.834	6.238	242.512
Accumulated Depreciation							
Balance at 1 January 2009	0	-18.468	-87.017	-2.672	-12.591	0	120.748
Exchange Differences		-251	-423	8	-69		-734
Depreciation Charge for the period		-1.091	-10.407	-448	-558	-241	-12.744
Disposals / Write offs		10	8.531	639	685		9.865
Revaluation			-384		0		-384
Subsidiary Purchased							0
Reclassifications of Assets			0				0
Subsidiary Disposed							0
Balance at 31 December 2009	0	-19.799	-89.699	-2.473	-12.533	-241	124.746
Net Book Value at 31 December 2009	7.279	34.501	68.145	543	1.301	5.997	117.766
Cost or Fair Value							
Balance at 1 January 2010	7.279	54.300	157.844	3.016	13.834	6.238	242.512
Exchange Differences	18	884	1.515	35	181	11	2.644
Additions			496	148	328	501	1.473
Disposals / Write offs		-8	-2.847	-428	-337	-91	-3.712
Revaluation							0
Impairment Charges		-1.800	-8.752	-32	-152		-10.736
Subsidiary Purchased							0
Reclassifications of Assets		-182	566	1	8	-551	-158
Subsidiary Disposed							0
Balance at 31 December 2010	7.298	53.193	148.822	2.738	13.863	6.108	232.022
Accumulated Depreciation							
Balance at 1 January 2010	0	-19.799	-89.699	-2.473	-12.533	-241	124.746
Exchange Differences		-355	-572	-29	-144		-1.101
Depreciation Charge for the period		-968	-9.340	-219	-604		-11.131
Disposals / Write offs		8	2.879	347	298		3.532
Revaluation							0
Impairment Charges		944	5.211	27	127		6.309
Subsidiary Purchased							0
Reclassifications of Assets			-360		4	241	-115
Subsidiary Disposed							0
Balance at 31 December 2010	0	-20.170	-91.881	-2.346	-12.852	0	127.249
Net Book Value at 31 December 2010	7.298	33.023	56.941	392	1.011	6.108	104.773

COMPANY

Amounts in Euro '000

	Land	Buildings	Machinery	Vehicles	Furniture and Fittings	Fixed Assets Under Construction	Total
Cost or Fair Value							
Balance at 1 January 2009	4.936	29.847	98.701	899	5.430	3.409	143.222
Additions		44	84		18	3.843	3.989
Disposals / Write offs		-6	-4.990	-215	-179	-45	-5.435
Revaluation							0
Impairment Charges						-60	-60
Reclassifications of Assets		10	976			-986	0
Balance at 31 December 2009	4.936	29.895	94.771	684	5.269	6.161	141.716
Accumulated Depreciation							
Balance at 1 January 2009	0	-13.437	-48.280	-672	-5.010	0	-67.399
Depreciation Charge for the period		-308	-6.266	-38	-146	-240	-6.998
Disposals / Write offs		6	3.918	181	179		4.284
Revaluation							0
Reclassifications of Assets							0
Balance at 31 December 2009	0	-13.739	-50.628	-529	-4.977	-240	-70.113
Net Book Value at 31 December 2009	4.936	16.156	44.143	155	292	5.921	71.603

Cost or Fair Value							
Balance at 1 January 2010	4.936	29.895	94.771	684	5.269	6.161	141.716
Additions			21		25	212	257
Disposals / Write offs						0	0
Revaluation							0
Impairment Charges		-2.117	-8.266	-14	-152		-10.548
Reclassifications of Assets		22	380		17	-420	0
Balance at 31 December 2010	4.936	27.801	86.906	670	5.159	5.952	131.424
Accumulated Depreciation							
Balance at 1 January 2010	0	-13.739	-50.628	-529	-4.977	-240	-70.113
Depreciation Charge for the period		-312	-5.792	-24	-130		-6.257
Disposals / Write offs							0
Revaluation							0
Impairment Charges		949	5.339	13	150	240	6.691
Reclassifications of Assets							0
Balance at 31 December 2010	0	-13.101	-51.081	-539	-4.957	0	-69.679
Net Book Value at 31 December 2010	4.936	14.699	35.825	131	202	5.952	61.745

Included in Company's Income Statement for the 12 months to 31 December 2010 is depreciation expense € 6,159 th. charged to Cost of Sales (€ 6,893 th. at 31/12/2009). € 35 th. charged to distribution expenses (€ 35 th. at 31/12/2009) and € 64 th. charged to administrative expenses (€ 70 th. at 31/12/2009).

The Company has registered a first mortgage over its factory building situated at Inofita as security for the issuance of letters of credit up to the amount of € 9.000 th.

In the table above in the categories buildings and machinery are included leased assets as follows:

<i>Amounts in Euro '000</i>	GROUP	
	2010	2009
Cost 1/1	18,960	18,547
Additions	1,990	778
Disposals	-1,805	-364
Cost 31/12	19,145	18,960
Accumulated depreciation 1/1	9,182	7,619
Additions	1,063	1,927
Disposals	-93	-364
Accumulated depreciation 31/12	10,152	9,182
Net book value 31/12	8,993	9,778

The present value of finance lease liabilities is analysed as follows:

<i>Amounts in Euro '000</i>	GROUP	
	2010	2009
Up to 1 year	541	750
1-5 years	1,261	1,803
Above 5 years	768	787
	2,570	3,340

The gross payments for finance leases are as follows:

<i>Amounts in Euro '000</i>	GROUP	
	2010	2009
Up to 1 year	586	796
1-5 years	1,264	1,844
Above 5 years	768	787
	2,618	3,426
Future finance charges on finance leases	48	86
Present value of finance lease liabilities	2,570	3,340

9. Intangible Assets

GROUP

<i>Amounts in Euro '000</i>	Goodwill	Development Costs	Other Intangible Assets	Total
Cost or Fair Value				
Balance at 1 January 2009	97,946	7,194	24,363	129,503
Exchange Differences	91	141	308	539
Additions		186	950	1,136
Disposals / Write offs		-579	-644	-1,222
Impairment Charges	-11,547			-11,547
Subsidiary Purchased				0
Reclassifications of Assets		842	-842	0
Subsidiary Disposed				0
Balance at 31 December 2009	86,490	7,784	24,135	118,409
Accumulated Amortisation				
Balance at 1 January 2009	0	-5,029	-15,369	-20,398
Exchange Differences		-118	-239	-357
Amortisation Charge for the period		-1,105	-1,993	-3,098
Disposals / Write offs		548	587	1,134
Subsidiary Purchased				0
Reclassifications of Assets		1	-1	-1
Subsidiary Disposed				0
Balance at 31 December 2009	0	-5,704	-17,016	-22,719
Net Book Value at 31 December 2009	86,490	2,080	7,119	95,689

<i>Amounts in Euro '000</i>	Goodwill	Development Costs	Other Intangible Assets	Total
Cost or Fair Value				
Balance at 1 January 2010	86,490	7,784	24,135	118,409
Exchange Differences	593	84	269	946
Additions		29	546	574
Disposals / Write offs		-435	-416	-851
Impairment Charges	-11,764	-10	-5,652	-17,426
Subsidiary Purchased				0
Reclassifications of Assets		602	-615	-13
Subsidiary Disposed				0
Balance at 31 December 2010	75,319	8,054	18,267	101,640
Accumulated Amortisation				
Balance at 1 January 2010	0	-5,704	-17,016	-22,719
Exchange Differences		-71	-243	-313
Amortisation Charge for the period		-1,118	-726	-1,844
Disposals / Write offs		549	277	826
Impairment Charges		-222	1,305	1,082
Subsidiary Purchased				0
Reclassifications of Assets			13	13
Subsidiary Disposed				0
Balance at 31 December 2010	0	-6,566	-16,390	-22,956
Net Book Value at 31 December 2010	75,319	1,488	1,877	78,684

COMPANY

Amounts in Euro '000

	Goodwill	Development Costs	Other Intangible Assets	Total
Cost or Fair Value				
Balance at 1 January 2009	0	127	4.946	5.073
Additions				0
Disposals / Write offs				0
Impairment Charges				0
Reclassifications of Assets				0
Balance at 31 December 2009	0	127	4.946	5.073
Accumulated Amortisation				
Balance at 1 January 2009	0	-125	-4.002	-4.127
Amortisation Charge for the period		-1	-738	-739
Disposals / Write offs				0
Reclassifications of Assets				0
Balance at 31 December 2009	0	-126	-4.740	-4.866
Net Book Value at 31 December 2009	0	1	206	207

Cost or Fair Value	Goodwill	Development Costs	Other Intangible Assets	Total
Balance at 1 January 2010	0	127	4.946	5.073
Additions		199		199
Disposals / Write offs				0
Impairment Charges				0
Reclassifications of Assets				0
Balance at 31 December 2010	0	326	4.946	5.272
Accumulated Amortisation				
Balance at 1 January 2010	0	-126	-4.740	-4.866
Amortisation Charge for the period			-130	-130
Disposals / Write offs				0
Reclassifications of Assets				0
Balance at 31 December 2010	0	-126	-4.870	-4.996
Net Book Value at 31 December 2010	0	200	76	276

The amortization charge for the Company € 130 th. is included in administrative expenses (€ 739 th. at 31/12/2009).

Goodwill Impairment Test

Following the change of the Group's operating structure with effect from 2008 to operate on a regional basis goodwill is allocated to cash-generating units (CGUs) based on the region from which the goodwill is derived. This change in allocation is based on the existing operating structure whereby manufacturing effort, customer sales and collections, and general day to day management is now conducted regionally.

The allocation of goodwill is as follows:

Goodwill				
31/12/2010				
	Gross	Impairment	Other movements	Net
<i>Amounts in Euro '000</i>				
Italy	43,552	-4,515	-194	38,843
West Europe	21,874	-6,270	500	16,104
Central Europe	7,042	-155	228	7,115
North America	13,922	-724	60	13,257
Other	100	-100		0
Total	86,490	-11,764	593	75,319

Goodwill				
31/12/2009				
	Gross	Impairment	Other movements	Net
<i>Amounts in Euro '000</i>				
Italy	43,523		29	43,552
West Europe	33,421	-11,547	0	21,874
Central Europe	6,951		91	7,042
North America	13,945		-23	13,922
Other	106		-6	100
Total	97,946	-11,547	91	86,490

Impairment testing

The value in-use calculations have been based on forecasts for the future periods 2011 to 2015. The 2011 forecast has been based on the business plans for the year ending 31 December 2011 that has been prepared by the relevant regional managers and has been approved by the Board of Directors of the Group & have been utilized for the negotiations and agreements with the lenders, as it is mentioned also in note 2. These business plans have been prepared based on the 2010 performance of each relevant CGU. The forecasts have also taken into account the anticipated benefits of the various restructuring initiatives that started in 2010 and that are continuing in 2011.

The impairment testing process was performed using the following overall key assumptions:

- a) The going concern assumption used as the basis of preparation of these financial statements is appropriate and relevant (Refer note 2) and that each CGU will operate as a going concern on a stand alone basis.
- b) Each CGU will operate independently of each other CGU.
- c) Any transactions entered into between CGUs will be on an arms length basis (i.e. at prices and terms of payment that are applicable to third-parties).
- d) The CGU will be funded by a combination of debt and equity that is considered optimal relative to the anticipated future operations of the applicable CGU. The optimal debt equity structure that has been assumed is a debt equity ratio of 30:70.

Management's assumptions relating to going concern have been explained in Note 2

The operating assumptions used in the 2010 business plans (compared to the actual for 2010) are as follows:

	Italy	West Europe	Central Europe	North America	Other
Revenue growth rate	7%	25%	29%	9%	6%
Gross margin	25%	18%	16%	29%	8%
<i>Gross margin 2010</i>	18%	15%	10%	15%	5%
Operating margin	7%	0%	5%	11%	-3%
<i>Operating margin 2010</i>	2%	-12%	0%	-12%	-19%

For the forecast period 2011 to 2015 the key operating assumptions used are as follows:

	Italy	West Europe	Central Europe	North America	Other
Revenue growth rate	2-3%	3- 5%	2-4%	2-4%	3-4%
Gross margin	25-26%	18-19%	14-16%	21-29%	8-10%
Operating margin	8-9%	0-2%	2-5%	3%	0%
Growth in perpetuity	2%	2%	2%	2%	2%
Discount rate	10%	9%	11%	9%	12%

The other assumptions applied are as follows:

Growth in perpetuity	2%
Discount rate	9.1 – 12.2%

Following the completion of the impairment tests, management proceeded to impairment to the CGU's.

On the basis that the going concern assumption used by management in the preparation of these financial statements (as further explained in Note 2) is applicable the following should be noted:

- If the estimated revenue growth rates, assumed at 31 December 2010, were 5% lower than management's estimates, the Group would need to reduce the carrying value of goodwill by approximately € 19 million.
- If the estimated gross margins, assumed at 31 December 2010, were 5% lower than management's estimates, the Group would need to reduce the carrying value of goodwill by approximately € 19 million.
- If the estimated discount rate, assumed at 31 December 2010 and applied to the cash flows were 5% higher than management's estimates, the Group would need to reduce the carrying value of goodwill by approximately € 16 million.

In case the financial statements of the Group are drawn on a break-up basis instead of on a going-concern basis, the whole of the goodwill amounting to €75.3 million at 31 December 2010 would most probably have to be written off.

10. Deferred Tax

The deferred tax Assets and Liabilities for the period are as follows:

GROUP

Deferred Tax Liabilities

Amounts in Euro '000

	Accelerated tax depreciation	Fair Value of Earnings	Other	Total
Balance at 1 January 2009	8,594	0	3,074	11,668
Reclassifications	-2,849	152	2,696	-1
Charged / (Credited) to Income Statement	-116	-5	-996	-1,117
Charged to Equity				0
Exchange Differences	14		2	16
Balance at 31 December 2009	5,643	147	4,776	10,566

Deferred Tax Liabilities to be recovered after more than 12 months

6,725

Deferred Tax Liabilities to be recovered within 12 months

3,841

Balance at 1 January 2010	5,643	147	4,776	10,566
Reclassifications	-424		424	0
Charged / (Credited) to Income Statement	-1	108	971	1,078
Charged to Equity				0
Exchange Differences	38		14	52
Balance at 31 December 2010	5,256	255	6,185	11,696
Deferred Tax Liabilities to be recovered after more than 12 months	7,826			
Deferred Tax Liabilities to be recovered within 12 months	3,868			

Deferred Tax Assets

Amounts in Euro '000

	Provisions	Impairment and Tax Losses	Other	Total
Balance at 1 January 2009	3,215	11,215	1,481	15,911
Reclassifications				0
Charged / (Credited) to Income Statement	-915	-1,502	2,504	88
Charged / (Credited) to Equity				0
Exchange Differences	44	142	28	214
Balance at 31 December 2009	2,344	9,855	4,014	16,212

Deferred Tax Assets to be recovered after more than 12 months	14,916
Deferred Tax Assets to be recovered within 12 months	1,296

Balance at 1 January 2010	2,344	9,855	4,014	16,212
Reclassifications				0
Charged / (Credited) to Income Statement	2,301	-27	-2,469	-195
Charged / (Credited) to Equity				0
Exchange Differences	40	61	48	148
Balance at 31 December 2010	4,685	9,888	1,592	16,165
Deferred Tax Assets to be recovered after more than 12 months	14,981			
Deferred Tax Assets to be recovered within 12 months	1,184			

COMPANY

Deferred Tax Liabilities

Amounts in Euro '000

	Accelerated tax depreciation	Fair Value of Earnings	Other	Total
Balance at 1 January 2009	5,794	0	0	5,794
Charged / (Credited) to Income Statement	-2,412		2,412	0
Charged to Equity	-78		-1,113	-1,191
Exchange Differences				0
Balance at 31 December 2009	3,304	0	1,299	4,603

Deferred Tax Liabilities to be recovered after more than 12 months	4,603
Deferred Tax Liabilities to be recovered within 12 months	0

Balance at 1 January 2010	3,304	0	1,299	4,603
Reclassifications				0
Charged / (Credited) to Income Statement	30		1,471	1,501
Charged to Equity				0
Exchange Differences				0
Balance at 31 December 2010	3,334	0	2,770	6,104
Deferred Tax Liabilities to be recovered after more than 12 months	6,104			
Deferred Tax Liabilities to be recovered within 12 months				

Deferred Tax Assets

Amounts in Euro '000

	Provisions	Impairment and Tax Losses	Other	Total
Balance at 1 January 2009	1,593	4,804	0	6,397
Charged / (Credited) to Income Statement	-540	-597	2,279	1,142
Reclassifications				0
Exchange Differences				0
Balance at 31 December 2009	1,053	4,207	2,279	7,539

Deferred Tax Assets to be recovered after more than 12 months 7,539

Deferred Tax Assets to be recovered within 12 months

Balance at 1 January 2010	1,053	4,207	2,279	7,539
Reclassifications				
Charged / (Credited) to Income Statement	2,062	5,034	-2,279	4,817
Exchange Differences				
Balance at 31 December 2010	3,115	9,241	0	12,356
Deferred Tax Assets to be recovered after more than 12 months	12,356			
Deferred Tax Assets to be recovered within 12 months				

The Company has not accounted for deferred tax assets of an amount of € 3,852 thousand relating to accumulated tax losses incurred by the Company.

The Group has not accounted for deferred tax assets of an amount of € 8,915 thousand relating to accumulated tax losses incurred by the Group.

11. Investments in Subsidiaries and Joint ventures

Full Consolidation method	% of Investment		
	Direct	Indirect	
M.J.MAILLIS SA. Kifissia. Athens. Greece		Parent	
STRAPTECH SA. Kifissia. Athens. Greece	100.00%		
M.J.MAILLIS BULGARIA EOOD. Sofia. Bulgaria	100.00%		
M.J.MAILLIS ROMANIA S.A.. Bucurest. Romania	81.66%		
M.J.MAILLIS FRANCE SAS. Saint Ouen L'Amone. France	99.99%	0.01%	(through STRAPTECH A.E)
MARFLEX M.J.MAILLIS POLAND SP ZOO. Karzcew. Poland	100.00%		
M.J.MAILLIS ESPANA SL. Barcelona. Spain	100.00%		
M.J.MAILLIS CZECH SRO. Prague. Czech	100.00%		
EUROPACK SA. Luxembourg	100.00%		
COLUMBIA SRL. Milan. Italy	100.00%		
M.J.MAILLIS HUNGARY PACKING SYSTEMS LTD. Budapest. Hungary	100.00%		
M.J.MAILLIS OSTERREICH GMBH. Vienna. Austria	100.00%		
M.J.MAILLIS FINLAND OY. Vantaa. Finland	100.00%		(under liquidation)

MAILLIS HOLDING GMBH. Wuppertal. Germany	100.00%		
MAILLIS STRONG STRAP PRIVATE Ltd. Mumbai. India	13.07%	36.93%	(through EUROPACK SA)
M.J.MAILLIS UK LTD. Nottingham. UK		100.00%	(through EUROPACK SA)
WULFTEC INTERNATIONAL INC. Ayer's Cliff. Canada		100.00%	(through EUROPACK SA)
MAILLIS STRAPPING SYSTEMS USA Inc. Fountain Inn. USA		100.00%	(through EUROPACK SA)
MJ MAILLIS SYSTEMS SRL. Varese. Italy		100.00%	(through EUROPACK SA)
3L Srl. Modena. Italy		100.00%	(through EUROPACK SA & COLUMBIA)
SIAT SPA. Como. Italy		100.00%	(through SIAT SPA)
SICME SRL. Varese. Italy		100.00%	(through SIAT SPA)
SIAT BENELUX. Wvaalwijk. Holland		51.00%	(through SIAT SPA)
TAM SRL. Milan. Italy		71.00%	(through SIAT SPA)
SIAT USA. Delaware. USA		100.00%	(through SIAT SPA)
IMMOBILIARE LEO SRL. Milan. Italy		100.00%	(through COLUMBIA SRL)
MAILLIS SANDER GMBH. Wuppertal. Germany		100.00%	(through EUROPACK SA)
SANDER GMBH & CO KG. Wuppertal. Germany		100.00%	(through MAILLIS HOLDING GMBH & MAILLIS SANDER GMBH)
M.J. MAILLIS BENELUX NV. Dendermonde. Belgium		100.00%	(through MAILLIS SANDER GMBH)
Proportionate consolidation method			
COMBI PACKAGING SYSTEMS. Canton. USA		50.00%	(through SIAT SPA)

All Investments are consolidated fully with the exception of the Joint Venture which is consolidated proportionately.

The terms of the joint venture agreement state that the Group has management control of MAILLIS STRONG STRAP PRIVATE Ltd and therefore in terms of IFRS it has been consolidated using the full consolidation method.

The values of the Investments of the parent company in the aforementioned table as at 31 December 2010 are as follows:

<i>Amounts in Euro '000</i>	Country	31/12/2010	31/12/2009	Investment %
		Book value	Book value	
Straptech SA	Greece	4,975	4,975	100%
Europack SA	Luxembourg	78,810	78,810	100%
M.J Maillis Osterreich Gmbh	Austria	448	3,448	100%
Columbia SRL	Italy	10,038	10,038	100%
M.J.Maillis Finland OY	Finland		0	100%
M.J.Maillis Bulgaria EOOD	Bulgaria		325	100%
M.J.Maillis Romania SA	Romania	1,292	1,292	81.7%
Marflex MJ Maillis Poland SP ZOO	Poland	22,047	22,047	100%
MJ Maillis Czech SRO	Czech	402	4,084	100%
MJ Maillis France SAS	France		6,020	99.9%
M.J. Maillis Hungary KFT	Hungary	2,130	2,130	100%
Maillis Holding GMBH	Germany	10,886	29,112	100%
Maillis Strong Strap Private Ltd	India		172	13.1%
M.J. Maillis Espana SL	Spain	1,225	9,078	100%
		132,253	171,531	

During the year the values of the Investments of the Parent company were impaired as follows: a) MJ Maillis France SAS by an amount of €6.2mln. b) M.J.Maillis Espana SL by an amount of €7.9mln, c) M.J.Maillis Czech SRO by an amount of €3.7mln, d) M.J Maillis Osterreich GmbH by an amount of €3mln, e) M.J Maillis Holding GMBH by an amount of €18.2mln,f) M.J.Maillis Bulgaria EOOD by an amount of €0.3mln and Maillis Strong Strap Private Ltd € 0,2 mln.

As part of the impairment testing process related to goodwill (refer to Note 9). as of 31 December 2010 the Company also performed impairment test on all its material subsidiaries. The assumptions used in the impairment testing process are similar to those set out in note 9 and specifically the following:

- a) Each investment has been tested assuming that each will operate as a going concern on a stand alone basis.
- b) The budgeted cash flows are according to the business plan which are approved by the Board of Directors.
- c) Any transactions entered into between investment will be on an arms length basis (i.e. at prices and terms of payment that are applicable to third-parties).
- d) The investment will be funded by a combination of debt and equity that is considered optimal relative to the anticipated future operations of the applicable investment. The optimal debt equity structure that has been assumed is a debt equity ratio of 30:70.

Management's assumptions relating to going concern have been explained in Note 2.

12. Joint Ventures

The Group has one investment in joint ventures, namely:

- A 50% interest in Combi Packaging Systems Ltd. through a subsidiary of the Group, Siat Spa. The remaining 50% belongs to 3M. The Company is located in USA and produces packaging machines.

The following amounts represent the Group's share of assets and liabilities, and income, expenses and results of the joint venture Combi Packaging Systems Ltd, which is included in the balance sheet and income statement:

Joint Ventures	GROUP	
	31/12/2010	31/12/2009
<i>Amounts in Euro '000</i>		
Receivables		
Non Current Assets	461	510
Current Assets	3,878	3,375
	4,339	3,884
Liabilities		
Non Current Liabilities		
Current Liabilities	1,602	1,186
	1,602	1,186
Net Equity	2,737	2,698
Income	7,016	6,530
Expenses	-6,886	-6,299
Profit / (Losses) after tax	131	231

There are no contingent liabilities relating to the Group's interest in the joint ventures, and no contingent liabilities relating to the ventures themselves. The joint ventures do not have significant pending capital expenditure contracts at 31/12/2010.

13. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

GROUP

	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Available-for-sale	Total
31 December 2010					
Assets as per balance sheet					
Trade and other receivables	69,464				69,464
Cash and cash equivalents	12,002				12,002
Total	81,465	0	0	0	81,465

	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per balance sheet				
Borrowings			268,420	268,420
Finance lease			2,570	2,570
Derivative financial instruments			4,884	4,884
Trade and other payables			51,971	51,971
Total	0	0	327,846	327,846

	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Available-for-sale	Total
31 December 2009					
Assets as per balance sheet					
Trade and other receivables	61,010				61,010
Cash and cash equivalents	10,214				10,214
Total	71,224	0	0	0	71,224

	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per balance sheet				
Borrowings			241,427	241,427
Finance leases			3,340	3,340
Derivative financial instruments			11,033	11,033
Trade and other payables			33,874	33,874
Total	0	0	289,674	289,674

COMPANY

	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Available- for-sale	Total
31 December 2010					
Assets as per balance sheet					
Trade and other receivables	80,906				80,906
Cash and cash equivalents	3,792				3,792
Total	84,698	0	0	0	84,698

	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per balance sheet				
Borrowings			183,311	183,311
Derivative financial instruments			4,884	4,884
Trade and other payables			20,626	20,626
Total	0	0	208,821	208,821

	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Available- for-sale	Total
31 December 2009					
Assets as per balance sheet					
Trade and other receivables	76,720				76,720
Cash and cash equivalents	1,533				1,533
Total	78,252	0	0	0	78,252

	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per balance sheet				
Borrowings			156,599	156,599
Derivative financial instruments			11,033	11,033
Trade and other payables			10,884	10,884
Total	0	0	178,516	178,516

14. Inventories

	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
<i>Amounts in Euro '000</i>				
Merchandise	4,440	13,323	689	507
Finished and Semi - Finished products. By products	32,356	22,621	4,583	4,741
Raw and Auxiliary Materials - Spare Parts and Packaging Materials	23,527	22,612	7,148	6,371
Advances for Inventories Purchases	4,793	3,792	4,758	3,763
Total	65,116	62,348	17,179	15,382
Less: Provisions for Impairment of Inventories	-8,813	-7,279	-613	-613
Net Value of Inventories	56,304	55,069	16,566	14,768

The movement in the Inventory provision for the year was as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
Inventory provision 1/1	7,279	8,360	613	3,762
Exchange rate adjustment	186	85		
Additional provision for the year	3,098	3,768		550
Unused amount reversed	-214	-473		-250
Utilised during the year	-1,535	-4,461		-3,449
Inventory provision 31/12	8,813	7,279	613	613

15. Trade and Other Receivables

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Trade Receivables	59,272	54,383	66,691	59,650
Notes Receivable	1,630	234	1,059	11
Less: Provisions for Impairment of Receivables	-4,700	-6,057	-7,009	-1,986
Trade Receivables- Net	56,202	48,560	60,741	57,676
Advances	643	646	94	107
Receivables from Loans from Related Parties			16,781	15,867
Other Receivables from Related Parties			100	100
Receivables from the Greek State	1,265	1,317	1,265	1,317
Other Receivables	2,904	2,639	1,573	1,365
Other Receivables and Prepayments	8,450	7,848	352	287
Total	69,464	61,010	80,906	76,720
Non Current Assets	4,222	4,097	186	186
Current Assets	65,241	56,913	80,721	76,533
Total	69,464	61,010	80,906	76,720

There is no concentration of credit risk with respect to trade receivables. as the Group has a large number of internationally dispersed customers.

The fair value of current trade and other receivables closely approximates their book value.

Movements on the provision for impairment of trade receivables are as follows:

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	2010	2009	2010	2009
Bad debt provision 1/1	6,057	6,304	1,986	2,679
Exchange rate adjustment	63	-53		
Additional provision for the year	1,262	2,301	5,873	363
Unused amount reversed	-990	-765	-849	0
Utilised during the year	-1,692	-1,729		-1,056
Bad debt provision 31/12	4,700	6,057	7,009	1,986

Management, following its regular reviews, has concluded that, other than as provided for above trade receivables will be collected within the normal course of operations and within the negotiated credit terms. The Group does not hold any collateral as security for any trade receivables.

The carrying amounts of the Group's and Company's (excluding subsidiaries) trade receivables are denominated in the following currencies:

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	2010	2009	2010	2009
Euro	38,335	32,681	6,383	4,233
USD	8,183	8,533	748	1,064
CAD	685	334		
GBP	6,208	5,325		335
PLN	3,921	4,415		
RON	1,477	1,484		
Other	2,094	1,845	187	
	60,902	54,617	7,318	5,632

The carrying amounts of the trade receivables are analysed according to their ageing analysis as follows:

GROUP	2010			2009		
	Gross amount	Provision for bad debts	Net amount	Gross amount	Provision for bad debts	Net amount
Due	47,383		47,383	38,657	51	38,606
Overdue 0-90 days	8,525	573	7,952	7,629	569	7,060
Overdue 91-180 days	1,953	1,152	802	1,496	338	1,158
Overdue 181+ days	3,040	2,974	66	6,835	5,099	1,736
Total	60,902	4,700	56,203	54,617	6,057	48,560

COMPANY	2010			2009		
	Gross amount	Provision for bad debts	Net amount	Gross amount	Provision for bad debts	Net amount
Receivables from affiliates	60,432	5,844	54,588	54,030		54,030
Due	5,864		5,864	3,637		3,637
Overdue 0-90 days	570	367	203	388	379	9
Overdue 91-180 days	43	43		67	67	
Overdue 181+ days	841	841		1,540	1,540	
Total	67,750	7,095	60,655	59,662	1,986	57,676

16. Cash and Cash Equivalents

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Cash at bank and in hand	54	70	11	18
Short term bank deposits	11,948	10,143	3,781	1,515
Total	12,002	10,214	3,792	1,533

The effective interest rate on short term bank deposits was on average 0.40% (2009: 0.80%) for the Group and the Company.

17. Share Capital

<i>Amounts in Euro '000</i>	Number of Shares	Common Shares	Share Premium	Treasury Shares	Total
Balance 1 January 2009	73,176,746	55,614	139,203	0	194,817
Selling of Treasury Shares					0
Cancellation of Treasury Shares					0
Issuance of new shares					0
Issuance costs					0
Balance 31 December 2009	73,176,746	55,614	139,203	0	194,817

<i>Amounts in Euro '000</i>	Number of Shares	Common Shares	Share Premium	Treasury Shares	Total
Balance 1 January 2010	73,176,746	55,614	139,203	0	194,817
Selling of Treasury Shares					0
Cancellation of Treasury Shares					0
Issuance of new shares					0
Issuance costs					0
Balance 31 December 2010	73,176,746	55,614	139,203	0	194,817

The common shares comprise shares with a par value of € 0.76 per share. All issued shares are fully paid.

Share option plan

The Company's annual general meeting of 06.06.2002 approved a share option plan for members of the Board and other senior executives of the Company as well as for senior executives of the Company's subsidiaries.

The Board of Directors beginning from November 2002 grants options for the acquisition of shares in the Company. These options cannot be exercised if the beneficiary resigns from or is terminated by the Company and the Group.

The number of share options granted to each beneficiary is determined following a Board of Directors decision. and is based on the position of the beneficiary. his personal performance as well as on Group profitability. During 2010 no new share options were granted.

The options may be exercised during November, following a written notification by the beneficiary to the Company, and payment of the exercise price. Total consideration is paid in full at the exercise of the options.

As part of the program, the rightst that have been exercised for the years 2006-2009, amounted 309,295 from the total of 2,000,000, with an exercise price of € 1,00 per warrant. Therefore, 1,690,705 rights were pending for exercise and could be given until 31.12.2010, according to the above mentioned General Meeting.

The Board of Directors of the Company's decision taken on 12.11.2010, decided not to grant additional options for 2010. Note that this program ended on 31.12.2010.

18. Reserves

GROUP

	Statutory reserve	Special reserves	Revaluation reserves	Hedging reserve	Tax free reserves	Total
Balance 01/01/2009	2,380	744	193	-9	16,696	20,004
Net loss directly attributable to net equity						0
Fair value reserves				9		9
Reserves movement	-10	-14			-134	-158
Balance 31/12/2009	2,370	730	193	0	16,562	19,855

Balance 01/01/2010	2,370	730	193	0	16,562	19,855
Net loss directly attributable to net equity						0
Fair value reserves						0
Reserves movement					-260	-260
Balance 31/12/2010	2,370	730	193	0	16,302	19,595

COMPANY

	Statutory reserve	Special reserves	Revaluation reserves	Hedging reserve	Tax free reserves	Total
Balance 01/01/2009	696	813	193	-9	16,856	18,549
Reserves movement				9		9
Balance 31/12/2009	696	813	193	0	16,856	18,558
Balance 01/01/2010	696	813	193	0	16,856	18,558
Reserves movement						0
Balance 31/12/2010	696	813	193	0	16,856	18,558

(a) Legal reserve

A legal reserve is created under the provisions of Greek law (Law 2190/20. articles 44 and 45) according to which, an amount of at least 5% of the profit (after tax) for the year must be transferred to the reserve until it reaches one third of the share capital. The legal reserve can only be used, after approval of the Annual General meeting of the shareholders, to offset retained losses and therefore can not be used for any other purpose. For the other companies of the Group, the respective provisions apply according to the legislation of the country of origin.

(b) Special reserve

The special reserve comprises a reserve that was created following a decision of the Annual General meeting in prior periods. This reserve was not created for any specific purpose and can therefore be used for any reason following approval from the Annual General meeting. The special reserve also includes other reserves, which were created under the provisions of Greek law. These reserves have been created from after tax profits and are therefore not subject to any additional taxation in case of their distribution or capitalisation.

(c) Revaluation reserves

These reserves resulted from the revaluation of land and buildings in terms of the laws of the countries in which the Group's companies operate. These revaluation reserves can be capitalised to share capital following a decision by the General Assembly. The Group does not currently intend to capitalise these reserves.

(d) Hedging reserve

This reserve resulted from the valuation at the balance sheet date of the private placement and the cross-currency interest rate swap linked to it.

(e) Tax free reserves

Tax-free and special taxed reserves are created under the provisions of tax law from tax free profits or from income or profits taxed under special provisions.

These reserves can be capitalised or distributed. after the approval of the Annual General meeting. after taking into consideration any restrictions that may apply at the time of distribution.

19. Borrowings

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Long Term Borrowings				
Bank Borrowings	152,804	139,489	107,416	93,898
Hedges of Currency and Interest rate swaps relating to bank borrowings denominated in US\$	4,884	11,033	4,884	11,033
Total bank borrowings	157,689	150,522	112,300	104,931
Less: Bank borrowings reflected as short term (refer Covenants note below)	-149,556	-149,424	-104,300	-104,183
Loans from Parent Company				
Finance Lease Liabilities	2,030	2,581		
Bonds				
Other				
Total Long Term Borrowings	10,162	3,679	8,000	748
Short Term Borrowings				
Long term bank borrowings reflected as short term (refer Covenants note below)	149,556	149,424	104,300	104,183
Bank Overdrafts	11,829	12,990	4,360	4,582
Short Term Bank Borrowings	77,322	75,845	51,111	48,306
Accrued interest	26,465	13,103	20,424	9,812
Finance Lease Liabilities	541	759		
Guaranteed loans				
Other				
Total Short Term Borrowings	265,712	252,121	180,195	166,883
Total Borrowings	275,875	255,800	188,195	167,632

Negotiations with lenders

As set out in Note 2, the Company has finalized the negotiations with its lenders and is in the process of performing the actions that are necessary in order for the debt restructuring to close. Until the debt restructuring closes the majority of the Company's and Group's borrowing will be presented as short term borrowings in terms of the requirements of IAS 1. Upon completion of the restructuring the borrowings will be reclassified either as long-term borrowings or equity in line with the terms of the debt restructuring agreement.

The carrying amounts of borrowings approximate their fair values.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates are as follows:

**Contractual
Repricing
Dates**

<i>Amounts in Euro '000</i>	6 Months or Less	6 - 12 Months	1 - 5 Years	Over 5 Years	Total
31 December 2010					
Total Borrowings	265,712		10,162		275,875
Effect from Interest Rates Swaps					0
	265,712	0	10,162	0	275,875

The maturity of long term borrowings is as follows:

Maturity dates of Long Term Borrowings

	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
<i>Amounts in Euro '000</i>				
Between 1 and 2 Years	8,448	712	8,000	748
Between 2 and 5 Years	946	2,180		
Over 5 Years	768	787		
	10,162	3,679	8,000	748

The carrying amounts of the Group's borrowings are denominated in the following currencies:

Currency Denominations of Loans	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
<i>Amounts in Euro '000</i>				
Euro	179,926	164,618	98,621	80,381
\$ USD	89,574	87,252	89,574	87,251
£				
Other	6,375	3,930		
Total	275,875	255,800	188,195	167,632

Finance Leases

The present value of the finance leases are as follows:

<i>Amounts in Euro '000</i>	GROUP	
	2010	2009
Up to 1 year	541	750
1-5 years	1,261	1,803
Above 5 years	768	787
	2,570	3,340

20. Retirement Benefit Obligations

The provision for retirement benefits obligations has been calculated based on IAS 19 and is based on an actuary's report. The relevant provision for the years 2010 and 2009 has been calculated as follows:

	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
<i>Amounts in Euros'000</i>				
Present Value of Obligations	35,899	34,944	3,188	2,732
Fair Value of Plan Assets	-22,577	-20,986		
	13,322	13,958	3,188	2,732
Unrecognised Gain /(Loss)	815	124	73	-335
Unrecognised Past Service Cost	-6,732	-7,930	-1,362	-1,033
Net Liability / (Asset) in BS	7,405	6,152	1,899	1,364

Charged in the Income statement :

	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
<i>Amounts in Euros '000</i>				
Service Cost	681	466	316	225
Interest Cost	1,999	1,805	163	134
Expected Return on Plan Assets	-1,217	-1,020		
Past Service Cost	774	651	103	76
Regular P&L Charge	2,237	1,902	582	435
Additional Cost of Termination Benefits	77	580	86	561
Restructuring Expense				
Other Expense/(Income)	-21	25	1	
Total P&L Charge	2,293	2,507	669	996

Important actuarial assumptions :

	GROUP			COMPANY		
	2010	2009	2008	2010	2009	2008
Discount Rate	5.04%	5.77%	6.20%	5.73%	5.19%	6.28%
Expected Return on Plan Assets	1.44%	1.57%	4.00%			
Rate of Compensation Increase	2.50%	2.50%	4.00%	4.00%	4.00%	4.00%
Rate of Inflation	1.43%	1.64%	2.50%	2.50%	2.50%	2.50%
Pension Increases	0.57%	0.86%	0.00%			

The movement in the defined benefit obligation over the year is as follows:

<i>Amounts in Euros'000</i>	GROUP		COMPANY	
	2010	2009	2010	2009
Beginning of the year	34,944	29,423	2,732	2,194
Current service cost	990	456	772	225
Interest cost	1,965	1,805	163	135
Contributions by plan participants	-136	2	-134	
Actuarial losses/(gains)	-876	4,007	-399	408
Exchange differences	753	1,727		
Benefits paid	-1,763	-3,098	54	-740
Liabilities acquired in a business combination	19	53		
Curtailements		24		
Settlements		545		510
End of year	35,896	34,944	3,188	2,732

The movement in the fair value of plan assets of the year is as follows:

<i>Amounts in Euros'000</i>	GROUP		COMPANY	
	2010	2009	2010	2009
Beginning of the year	20,986	16,779		
Expected return on plan assets	1,217	1,020		
Actuarial (losses) / gains	1,017	3,354		
Exchange differences	545	1,265		
Employer contributions	634	620		
Employee contributions	12	2		
Benefits paid	-1,892	-2,054		
Business combinations				
End of year	22,519	20,986	0	0

21. Government Grants

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Beginning of period	4,980	5,594	3,046	3,443
Additions		0		0
Transfer to Income Statement	-582	-614	-365	-397
End of period	4,398	4,980	2,681	3,046

The above grants are related to capital expenditure realized by the Company and its subsidiary Straptech SA in the plants of Inofita and Alexandroupoli. The specific capital expenditure was incorporated in governmental development laws that had to do with the plastic strapping, stretch film and tapes.

Other Grants

During year 2009 the parent company received grants from OAED amounting to € 165 th. (2009: € 243 th.) and the Group € 251 th. (2008: € 419 th.).

22. Trade and Other Payables

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Trade Payables	32,459	23,057	9,503	6,705
Payables to Related Companies			4,291	2,257
Accrued Expenses	8,320	3,563	4,267	613
Social Security and other Taxes / Duties	6,257	2,736	3,031	1,057
Other Payables	6,470	5,192	516	645
Total	53,506	34,548	21,608	11,277

23. Provisions

GROUP

<i>Amounts in Euro '000</i>	Restructuring provisions	Pending Litigation	Warranties	Other	Total
Balance 1 January 2009	1,467	1,205	711	209	3,592
Exchange Differences	3	14	43	1	60
Additional Provisions for the period	3,628	1,744	131	0	5,502
Unused provisions Reversed	-605	-936	-147	-210	-1,898
Utilised Provisions during the period	-537	-326	-103		-966
Balance 31 December 2009	3,955	1,701	635	0	6,291

<i>Amounts in Euro '000</i>	Restructuring provisions	Pending Litigation	Warranties	Other	Total
Balance 1 January 2010	3,955	1,701	635	0	6,291
Exchange Differences	17	-1	67		83
Additional Provisions for the period	1,351	1,307	541	1,077	4,276
Unused provisions Reversed		59	-262		-203
Utilised Provisions during the period	-851	-956	-58		-1,865
Balance 31 December 2010	4,472	2,109	923	1,077	8,582

COMPANY

<i>Amounts in Euro '000</i>	Restructuring provisions	Pending Litigation	Warranties	Other	Total
Balance 1 January 2009	0	0	0	209	209
Exchange Differences					0
Additional Provisions for the period				682	682
Unused provisions Reversed				-209	-209
Utilised Provisions during the period					0
Balance 31 December 2009	0	0	0	682	682

	Restructuring provisions	Pending Litigation	Warranties	Other	Total
<i>Amounts in Euro '000</i>					
Balance 1 January 2010	0	0	0	682	682
Exchange Differences					0
Additional Provisions for the period					0
Unused provisions Reversed					0
Utilised Provisions during the period				-113	-113
Balance 31 December 2010	0	0	0	569	569

The Provisions of the Group as at 31/12/2010 amounting to €5.582 th. are included in an amount of €7.150 th. in Current Provisions and in amount of €1.432 th. in Other non-current liabilities.

(a) Pending litigation

The above amount relates to the total provision existing regarding all the legal cases of the Group towards its clients.

(b) Warranties

The above amount relates to the total provision existing regarding the warrantees accompanying the sale of a machine.

(c) Other

Other provisions mainly comprise provisions for restructuring costs that relate to the Group's final restructuring phase of its operations in Greece and in a number of foreign operations. The significant foreign restructuring activities relate to the Group's operations in Germany, Italy, Romania, France and Spain.

24. Related party transactions

The ultimate parent of the Group is M.J.MAILLIS SA (incorporated in Greece). The key shareholders of the Group are Mr.M.J.Maillis with a shareholding of 25.7% and HORQUETA HOLDINGS LTD with a shareholding of 19.35% and the rest of the shares are widely held.

The following transactions are with Related Parties in the years 2010 and 2009:

	GROUP		COMPANY	
	01/01-31/12/2010	01/01 - 31/12/2009	01/01-31/12/2010	01/01 - 31/12/2009
<i>Amounts in Euro '000</i>				
Sales of goods				
- Subsidiaries			44,903	34,447
- Associate	2,265	1,203		
Sales of services				
- Subsidiaries			4,759	5,916
- Associate				
Purchase of goods				
- Subsidiaries			2,280	2,239
- Associate	79	33		
Purchase of services				

- Subsidiaries				
- Associate				
Key Management compensation				
Salaries and other short term benefits to key management and member of the board	4,537	4,424	2,431	2,320

	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Year End Balances arising from purchases - sales of goods and services				
Trade receivables from Subsidiaries			60,432	54,030
Trade receivables from Associate	566	505		
Loans receivable from Subsidiaries			16,781	15,867
Loans receivable from Associates				
Other receivables from Subsidiaries			100	100
Other receivables from Associates				
Payables to Subsidiaries			4,291	2,257
Payables to Associate	19	5		

25. Income Tax

From the tax audit of M.J. MAILLIS S.A. Packing Systems for the years 2005, 2006 and 2007 that was concluded on 20/2/2009. the remaining amount of € K 494 is a net liability towards the Greek State and will be paid in 11 equal interest free monthly instalments beginning on 30/4/2010.

The unaudited tax years of the remaining companies of the Group are analysed as follows:

- STRAPTECH S.A. has been audited until FY 2009
- M.J.MAILLIS BULGARIA EOOD has been audited until FY 2008
- M.J.MAILLIS ROMANIA SA has been audited until FY 2007
- 3L has been audited until FY 2003
- M.J.MAILLIS ESPANA SL has been audited until FY 2004
- MARFLEX M.J.MAILLIS GROUP Sp Zoo has not been tax audited.
- SANDER GMBH & COKG has been audited until FY 2007
- M.J.MAILLIS FRANCE SAS has been audited until FY 2004
- SIAT SPA has been audited until FY 2009
- M.J.MAILLIS OSTERREICH GMBH has been audited until FY 2001
- M.J.MAILLIS HUNGARY PACKING SYSTEMS LTD has been audited until FY 2008
- M.J.MAILLIS CZECH SRO has been audited until FY 2004
- M.J.MAILLIS BENELUX NV has been audited until FY 2008

- WULFTEC INTERNATIONAL INC has been audited until FY 2002
- COLUMBIA has been audited until FY 2002
- M.J.MAILLIS UK has not been tax audited.
- MAILLIS STRAPPING SYSTEMS USA INC has not been tax audited.
- SICME SRL has been tax audited until FY 2003
- TAM SRL has been tax audited until FY 2003
- COMBI has been tax audited until FY 2004
- SIAT BENELUX BV has been tax audited until FY 2005
- SIAT USA. MJ MAILLIS FINLAND OY have not been tax audited
- MJ MAILLIS SYSTEMS SRL has been tax audited until FY 2006
- MAILLIS HOLDING GMBH has been tax audited until FY 1997
- MAILLIS SANDER GMBH has been tax audited until FY 2007
- EUROPACK SA has been tax audited until FY 2003
- MAILLIS STRONG STRAP PRIVATE LTD was formed in 2006 and has not been tax audited

The tax on the Group's and Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rates applicable to the profits of the companies in the Group, as follows:

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	2010	2009	2010	2009
Current tax	2,964	1,180	160	224
Other tax	373	221		
Deferred tax	1,697	32	-3,315	-979
	5,035	1,432	-3,155	-754
Profit before tax	-58,462	-56,088	-71,525	-20,796
Tax calculated at tax rates applicable to profits	-14,615	-14,022	-17,166	-5,199
Income not subject to tax	-15	-21		
Expenses not deductible for tax purposes		-44	9,427	
Utilisation of previously unrecognised tax losses	-154			
Tax losses for which no deferred income tax asset was recognised	760	5,384		
Other	19,059	10,136	4,584	4,445
	5,035	1,432	-3,155	-754

26. Employee expenses

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Payroll Cost & Severance payments cost	44,755	44,394	10,618	11,010
Social Security Costs	11,109	10,102	2,548	2,395
Cost of Employee private pension plan - Defined Contribution pension plan	3	122		
Cost of Employee defined benefit plan	2,814	2,598	535	461
Other Benefits	406	806	272	277
Total	59,087	58,022	13,973	14,143

	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Number of employees	1,528	1,540	315	308

27. Expenses by nature

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	2010	2009	2010	2009
Changes in Inventory and Cost of Sales	169,593	134,100	59,428	44,958
Depreciation and Amortisation	12,248	15,228	6,022	7,340
Salaries. Social security and other employee costs	59,087	58,022	13,973	14,143
Transportation expenses	9,388	7,874	3,523	2,860
Travelling expenses	2,211	2,192	284	248
Selling expenses	2,144	2,074	139	124
Legal and Consulting costs	5,593	4,814	1,925	1,289
Rents and Operating lease rentals	3,815	3,933	802	794
Utilities. maintenance	2,405	2,521	340	343
Exchange differences	7,589	5,165	2,788	2,138
Provisions and impairments	16,616	9,017	9,971	593
Other expenses	5,127	4,893	1,841	2,538
	295,816	249,834	101,036	77,368
Classified as				
Cost of sales	218,471	181,700	73,566	59,280
Administrative expenses	25,531	26,272	8,450	9,819
Selling expenses	31,417	27,370	5,481	4,308
Other expenses	20,397	14,492	13,539	3,961
	295,816	249,834	101,036	77,368

In the table above and also in the Income Statement, depreciation and amortisation have been netted off with the amortised grants whereas in the Cash flow Statement and the Tangible and Intangible analysis, Depreciation and Amortisation do not include the amortised grants.

28. Financial expenses

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Long term interest expense	2,150	2,527		
Short term interest expense	13,400	14,627	12,072	13,385
Finance lease interest	78	405		
Foreign currency differences	5,171	265	2,635	233
Bank charges and other	8,804	5,494	6,324	3,555
Total Financial Expense	29,602	23,317	21,031	17,173
Interest income	713	672	76	82
Intragroup Interest income			1,174	920
Foreign currency differences	5,683	9,833	2,521	7,493
Total Financial Income	6,395	10,505	3,771	8,495

29. Other operating income

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Income from sale of fixed assets	67	319		145
Exchange differences	8,615	3,260	3,839	2,598
Other income	1,436	1,683	475	308
Total	10,118	5,261	4,314	3,051

30. Earnings per share

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as own shares.

BASIC AND DILUTED

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	1/1 - 31/12/10	1/1 - 31/12/09	1/1 - 31/12/10	1/1 - 31/12/09
Earnings/(Losses) attributable to the Company's shareholders	-62,952	-56,840	-68,370	-34,230
Weighted Average number of shares	73,176,746	73,176,746	73,176,746	73,176,746
Basic Earnings/(Losses) per share (expressed in Euro)	-0,8603	-0,7767	-0,9343	-0,4678

31. Contingencies and commitments

The Group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. The Group and the Company have given guarantees in the ordinary course of business amounting to € 1.2 million and €70.7 million respectively (of which € 69.6 million refer to guarantees given by the parent company relating to loans undertaken by the Group's subsidiaries). Also included in cash and cash equivalents of the Company are balances amounting to € 84 th. that are restricted as they act as security for letters of credit provided to the Company.

The Operating lease liabilities of the Group as at 31/12/2010 and 31/12/2009 respectively are as follows:

	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
0-1 years	3,247	3,306	494	497
1-2 years	4,349	4,164	124	128
2+ years	11,428	10,884		
Total	19,024	18,355	618	625

As at 31/12/2010 the Group and the Company do not have significant pending capital expenditure contracts.

32. Dividends per share

Due to the losses incurred by the Company in 2010 it cannot distribute a dividend for the year ended 31/12/2010.

33. Distribution of profit

The proposition by the Board of Directors to the General Assembly is for the Company to transfer the losses of the year amounting to € 68,370 thousand to profits/losses carried forward.

34. Post Balance sheet events

1.Athens. January 11. 2011 - M. J. MAILLIS S.A. announces that during the 2nd Adjourned Extraordinary General Shareholders Meeting held on January 10. 2011. the following issues of the agenda were discussed and approved unanimously or by majority of the assisting shareholders:

-Decrease of the Share Capital by an amount of € 33.661.303.16 in order to form a special reserve; said decrease will take place by decreasing the nominal value of each share from € 0.76 to € 0.30.

- Increase of the Share Capital by € 74.9 million by issuing 249.748.542 new registered shares of the listed mother company. through capitalisation of outstanding debt and revocation of the pre-emption rights of the existing shareholders.

-Bond loan of € 50 million. convertible to new shares after five years from the date of issue. with capitalised interest (PIK) for the restructuring of the remaining debt. Said bond loan is supplementary to the syndicated bond loan of € 116.97 million to be issued. Both loans will contribute to the refinancing of the current debt of MAILLIS Group.

It is noted that a syndicated bond loan of € 16 million has been approved during the Extraordinary General Shareholders meeting of December 17. 2010 to support the immediate cash flow of MAILLIS GROUP.

-Modification of article 4 of the Statutes of the Company in order to supplement the objectives of the company emphasising in “technology”

-Modification of articles 9 & 10 of the Statutes of the Company in respect of the Board of Directors consisting of a majority of Independent Non-Executive members and the possibility to participate to a Board of Directors meeting by teleconference.

-Election of a new board of Directors constituted of the following nine members:

1. Michail Maillis. holds the office of Non –Executive Chairman
2. John Kourouglos. Vice President and CEO
- 3 Dr Ioannis Lentzos. Executive Member
4. Lito Ioannidou. Independent –Non Executive member
- 5 Michail Kokkinos. Independent –Non Executive member
6. Stilianos Stavridis Independent –Non Executive member
7. Menelaos Tassopoulos Independent –Non Executive member
- 8 Petros Tzannetakis Independent –Non Executive member
- 9 Theoharis Philippopoulos Independent –Non Executive member

2. **Athens, 02.03.2011** M.J. Maillis Group announces that Mr. Mark Köllmann joined the Group as Chief Executive Officer.

Mr. Köllman, after joining the Group and in replacement of the resigned Executive Board Member Dr. John Lentzos, during the March 1, 2011 Board Meeting, was elected as Executive Member of the BoD and assumed the duties of Vice-Chairman of the Board and Chief Executive Officer.

The New Bod consists of:

Michael I. Mailis	Chairman
Mark Köllmann	Vice-Chairman and Chief Executive Officer
John M. Kourouglos	Non-Executive Member
Theocharis A. Filippopoulos	Non-Executive Member
Pertros T. Tzannetakis	Independent Non-Executive Member
Michalis A. Kokkinos	Independent Non-Executive Member
Stelios K. Stavridis	Independent Non-Executive Member
Lito D. Ioannidou	Independent Non-Executive Member
Menelaos A. Tassopoulos	Independent Non-Executive Member

The M. J. Maillis Board of Directors announces that John M Kourouglos. Vice Chairman of the Board of Directors and CEO, after five years of dedicated service, is stepping down from the CEO position and plans to retire in June of 2011. Mr. Kourouglos will remain with the company, until his retirement date, to provide support for a smooth leadership and Management transition.

Athens. 21 March 2011

**CHAIRMAN OF THE
BOARD OF DIRECTORS**

MICHAEL J. MAILLIS
Id. No Φ 020206

**VICE-CHAIRMAN OF
THE BOARD OF
DIRECTORS AND
C.E.O.**

**IOANNIS M.
KOUROUGLOS**
PASS. No. AE
1202747

**FINANCIAL
MANAGER OF
GREECE**

**SPYRIDON D.
PARGAS**
Reg. No. 5293 –
A'Class

INFORMATION ACCORDING TO ARTICLE 10 OF LAW 3401/2005

The following Announcements/Notifications have been sent to the Daily Official List Announcements and are posted to the Athens Exchange website as well as to our Company's website

www.maillis.com:

DATE	ANNOUNCEMENT	WEBSITE
24/2/2010	Group's performance in 2009 and 2010 outlook	http://www.maillis.com/ecportal.asp?id=3325&nt=106&lang=2
30/3/2010	M.J.MAILLIS GROUP: Full Year 2009 Financial Results for the period 01.01.2009 – 31.12.2009)	http://www.maillis.com/ecportal.asp?id=3365&nt=106&lang=2
31/3/2010	Announcement in accordance with paragraph 4.1.4.4. of ATHEX regulation	http://www.maillis.com/ecportal.asp?id=3368&nt=106&lang=2
19/4/2010	Board of Directors Approves Principal Debt Restructuring Proposal	http://www.maillis.com/ecportal.asp?id=3371&nt=106&lang=2
31/5/2010	M.J.MAILLIS GROUP: Q1 2010 Financial Results (for the period 01.01.2010 – 31.03.2010)	http://www.maillis.com/ecportal.asp?id=3382&nt=106&lang=2
31/5/2010	Announcement in accordance with paragraph 4.1.4.4. of ATHEX regulation	http://www.maillis.com/ecportal.asp?id=3385&nt=106&lang=2
31/5/2010	Invitation to the Annual Ordinary General Meeting 28th June 2010	http://www.maillis.com/ecportal.asp?id=3388&nt=106&lang=2
29/6/2010	Resolutions of the Annual General Shareholders' Meeting	http://www.maillis.com/ecportal.asp?id=3398&nt=106&lang=2
29/6/2010	Change in the Board of Directors	http://www.maillis.com/ecportal.asp?id=3401&nt=106&lang=2
30/8/2010	M.J. MAILLIS GROUP: 1st half 2010 Financial Results (for the period 01.01.2010 – 30.06.2010)	http://www.maillis.com/ecportal.asp?id=3413&nt=106&lang=2
30/8/2010	Announcement in accordance with paragraph 4.1.4.4. of ATHEX regulation	http://www.maillis.com/ecportal.asp?id=3416&nt=106&lang=2
8/9/2010	Change of name of the Company	http://www.maillis.com/ecportal.asp?id=3433&nt=106&lang=2
7/10/2010	Announcement	http://www.maillis.com/ecportal.asp?id=3441&nt=106&lang=2
17/11/2010	M.J. MAILLIS GROUP: 3rd Quarter 2010 Financial Results (for the period 01.01.2010 – 30.09.2010)	http://www.maillis.com/ecportal.asp?id=3447&nt=106&lang=2
17/11/2010	Announcement in accordance with paragraph 4.1.4.4. of ATHEX regulation	http://www.maillis.com/ecportal.asp?id=3450&nt=106&lang=2
23/11/2010	New era for M. J. MAILLIS S.A.- Conclusive agreement with the Group's creditors has been signed	http://www.maillis.com/ecportal.asp?id=3453&nt=106&lang=2

M. J. MAILLIS S.A.

INDUSTRIAL PACKAGING SYSTEMS & TECHNOLOGIES

SUMMARY FINANCIAL STATEMENTS for the year ended 31 December 2010 (Amounts in EUROS) (According to the resolution 4/507/28.04.2009 of the Hellenic Capital Market Commission's BOD)

The following information that has been extracted from the Financial Statements aims to provide a broad overview of the financial position and results of M.J.MAILLIS S.A. and its subsidiaries. We advise the reader, before entering into any investment or other transaction with the Company, to visit the company's site where the financial statements and notes for the period are published, together with the Auditors report, whenever it is required.

COMPANY'S STATUTORY INFORMATION

Head Office and Registered Address:	Xenias 5 & Charilaou Trikoupi, 145 62 Kifissia, Athens
Company's Number in the Register of Societes Anonymes:	2716/06/B/86/43
Supervising Authority:	Ministry of Economy, Competitiveness and Shipping (Department for limited Companies)
Board of Directors:	President: M.J. Maillis Vice President and Chief Executive Officer: Markus Kollmann Members: Lito Ioannidou, Stylianos Stavridis, John Kourouglos, Michael Kokkinos, Menelaos Tassopoulos, Petros Tzanetakis, Theoharis Filippopoulos
Date of Approval of the Financial Statements	21 March 2011
Auditor's Name:	Constantinos Michalatos (SOEL Reg. No. 17701)
Auditor's Firm:	PRICEWATERHOUSECOOPERS S.A.
Report of the Auditors:	Unqualified audit report – Matter of emphasis
Company's web address:	www.maillis.com

BALANCE SHEET

	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
ASSETS				
Tangible assets	104.773.270	117.765.782	61.745.298	71.603.276
Intangible assets	78.684.515	95.689.480	275.660	206.907
Other non-current assets	19.203.637	19.012.981	144.794.040	179.256.565
Inventories	56.303.549	55.068.993	16.565.848	14.768.313
Trade receivables	56.201.833	48.560.107	60.741.140	57.675.862
Other current assets	22.224.932	19.862.954	23.771.428	20.389.941
TOTAL ASSETS	337.391.736	355.960.297	307.893.414	343.900.864
EQUITY AND LIABILITIES				
Share capital	55.614.327	55.614.327	55.614.327	55.614.327
Other equity attributable to company's shareholders	-80.277.950	-19.055.430	31.223.416	99.593.066
Equity attributable to company's shareholders (a)	-24.663.623	36.558.897	86.837.743	155.207.393
Minority interest (b)	-23.770	491.694	0	0
Total equity (c) = (a) + (b)	-24.687.393	37.050.591	86.837.743	155.207.393
Non-current borrowings	10.162.165	3.679.165	8.000.000	748.434
Provisions and other non-current liabilities	21.680.517	18.715.874	10.683.928	9.102.283
Current borrowings	265.712.440	252.120.684	180.194.944	166.883.314
Other current liabilities	64.524.007	44.393.983	22.176.799	11.959.440
Total liabilities (d)	362.079.129	318.909.706	221.055.671	188.693.471
TOTAL EQUITY AND LIABILITIES (c) + (d)	337.391.736	355.960.297	307.893.414	343.900.864

STATEMENT OF COMPREHENSIVE INCOME

	GROUP		COMPANY	
	01/01-31/12/10	01/01-31/12/09	01/01-31/12/10	01/01-31/12/09
Turnover	262.206.048	212.844.281	81.735.295	62.199.635
Gross margin	43.735.411	31.144.494	8.169.128	2.919.710
Earnings/(Losses) before taxes and financial results	-23.491.368	-31.728.633	-14.987.026	-12.116.691
Earnings / (Losses) before tax	-58.461.857	-56.087.585	-71.525.128	-34.984.043
Less tax	5.034.745	1.432.314	-3.155.478	-754.215
Earnings / (Losses) after tax (A)	-63.496.602	-57.519.899	-68.369.650	-34.229.828
Distributed as follows:				
Company shareholders	-62.951.905	-56.839.976	-68.369.650	-34.229.828
Minority interest	-544.697	-679.923	0	0
Other comprehensive income after tax (B)	1.803.035	895.387	0	9.549
Total comprehensive income (A) + (B)	-61.693.567	-56.624.512	-68.369.650	-34.220.279
Distributed as follows:				
Company shareholders	-61.177.717	-55.951.589	-68.369.650	-34.220.279
Minority interest	-515.850	-672.923	0	0
Earnings / (Losses) per share (in €)	-0,8603	-0,7767	-0,9343	-0,4678
Earnings before taxes, financial results, depreciation and amortisation (EBITDA)	-11.243.268	-16.500.841	-8.964.797	-4.776.934

STATEMENT OF CHANGES IN EQUITY

	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Net equity opening balance (01.01.2010 and 01.01.2009)	37.050.591	93.675.103	155.207.393	189.427.672
Total comprehensive income after tax	-61.693.567	-56.624.512	-68.369.650	-34.220.279
Dividends	-44.417	0	0	0
Net equity closing balance (31.12.2010 and 31.12.2009)	-24.687.393	37.050.591	86.837.743	155.207.393

Kifissia, March 21, 2011

CHAIRMAN OF THE BOARD OF DIRECTORS

VICE-CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO

FINANCIAL MANAGER OF GREECE

MICHAEL J. MAILLIS
Id. No φ 020206

MARKUS KOLLMANN
PASS. No. NR5R5B18 MK

SPYRIDON D. PARGAS
Reg. No. 5293-A'Class

KRONOS S.A.

CASH FLOW STATEMENT

	GROUP		COMPANY	
	01/01-31/12/10	01/01-31/12/09	01/01-31/12/10	01/01-31/12/09
Cash Flows from Operating Activities				
Profit / (Loss) before tax	-58.461.857	-56.087.585	-71.525.128	-34.984.043
Adjustments for:				
Depreciation and amortisation	12.830.315	15.841.830	6.387.300	7.736.652
Impairment on tangible and intangible assets	21.450.290	12.273.782	43.375.255	14.248.353
Provisions	3.721.473	1.851.812	5.445.465	-3.107.141
Exchange differences	-6.350.734	-9.666.658	-1.051.142	-7.719.530
(Gain) or loss from investing activities	-6.751.049	-1.690.734	-4.136.131	-1.757.995
Interest payable	29.601.632	23.317.116	21.030.907	17.173.408
Working capital changes:				
Decrease/(Increase) in inventories	-3.255.114	18.402.542	-1.797.535	7.213.172
Decrease/(Increase) in trade receivables	-837.067	12.663.655	-4.581.540	-4.680.424
Increase/(Decrease) in trade payables (except banks)	13.712.081	-8.047.598	5.478.879	-3.117.631
Less:				
Interest paid	-5.881.207	-7.972.907	-3.055.629	-3.698.786
Tax paid	-1.807.127	-2.032.265	-159.759	-224.303
Net Cash from operating activities	-2.028.364	-1.147.010	-4.589.058	-12.918.268
Cash Flows from Investing Activities				
Purchase of intangible assets, property, plant and equipment	-1.874.452	-5.163.363	-695.075	-3.991.251
Proceeds on sale of fixed assets	489.876	2.423.694	0	1.280.917
Interest received	675.369	611.387	193.867	321.888
Net Cash used in investing activities	-709.207	-2.128.282	-501.208	-2.388.446
Cash Flows from Financing Activities				
Proceeds from borrowings raised	7.441.237	3.689.474	7.349.659	13.412.194
Repayment of finance lease liabilities	-378.256	-610.112	0	0
Dividends paid	-382	-5.732	-24	-101
Net cash used in financing activities	7.062.599	3.073.630	7.349.635	13.412.093
Net increase/(decrease) in cash and cash equivalents	4.325.028	-201.662	2.259.369	-1.894.621
Cash and cash equivalents in beginning of period	10.213.948	9.328.312	1.532.540	3.427.161
Exchange differences adjustment	-2.537.356	1.087.298	0	0
Cash and cash equivalents at end of period	12.001.620	10.213.948	3.791.909	1.532.540

Additional Information

- Companies that are included in the consolidated financial statements of the period ended 31 December 2010 are presented in note 11 in the Group's annual financial statements including locations, percentage Group ownership and consolidation method.
- The accounting principles followed, are in accordance with those followed at 31/12/2009.
- The Company has been audited by the tax authorities up to and including the financial year 2007. The unaudited tax years for the other Group entities are detailed in Note (25) in the annual financial statements.
- There are no contested or doubtful legal cases which might influence materially the financial position of the Company and the Group.
- The number of employees as at 31/12/2010 was 1.528 for the Group (31/12/2009: 1.540) and 315 for the Company (31/12/2009: 308).
- Intercompany related party transactions for the year ended 31 December 2010 and related party balances for the period then ended according to IAS 24 are as follows:

Amounts in € thousand	Group	Company
a) Income	2.265	49.662
b) Expenses	79	2.280
c) Receivables	566	77.312
d) Payables	19	4.291
e) Key management compensations	4.537	2.431
f) Receivables from key management	0	0
g) Payables to key management	0	0
- The Group has formed cumulative provisions amounting to € 2.052 thousand for unaudited fiscal tax years, € 7.405 thousand for retirement benefit obligations and € 7.982 thousand for other liabilities. The Company has formed cumulative provisions amounting to € 1.350 thousand for unaudited fiscal tax years, € 1.899 thousand for retirement benefit obligations and € 569 thousand for other liabilities.
- At the end of the current period no shares of the parent company are possessed by either the parent company or any subsidiaries or associate companies.
- The report of the auditors is issued with a matter of emphasis, unless the restructuring process as has been signed with the lenders and which will lead to the restructuring of the capital structure of the Company's and Group's balance sheet is completed. Additional information is included in Note 2 of the Financial Statements.