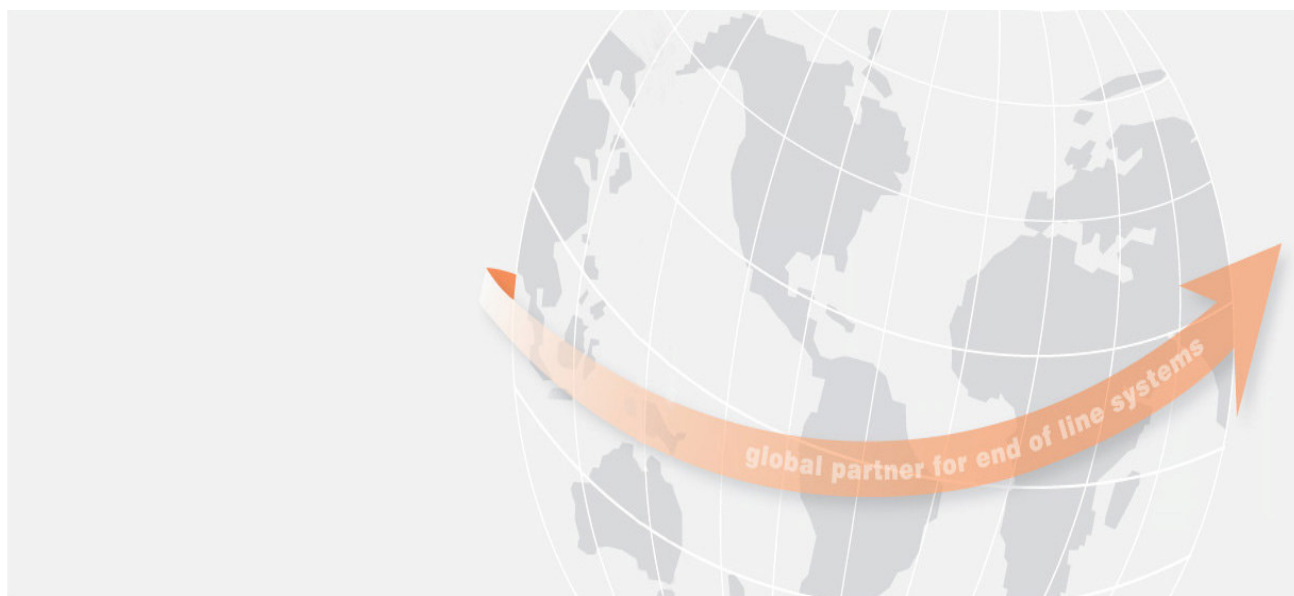




**Annual Financial Report  
For the year ended 31 December 2009**



*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.  
PACKING SYSTEMS  
P.C.S.A.2716/06/B/86/43  
XENIAS 5 & CHARILAOU TRIKOUPI  
145 62 KIFISSIA, ATHENS**

**M.J.MAILLIS GROUP**  
**Annual Financial Report**  
**For the period from 1 January to 31 December 2009**

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 29<sup>th</sup> of March 2010. The present Annual Financial Report of the period 01.01.2009 – 31.12.2009 is available on the company’s website [www.maillis.com](http://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 2009  
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:

1. Michael J. Maillis, President of the Board of Directors
2. Ioannis Kourouglos, Vice-President of the Board of Directors and Chief Executive Officer
3. Ioannis Lentzos, 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 01.01.2009 – 31.12.2009, 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, 29<sup>th</sup> March 2010**

**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

**MEMBER OF THE  
BOARD OF  
DIRECTORS**

**IOANNIS A.  
LENTZOS**  
Id. No Σ 370477

## **Annual Board of Directors Report of the M.J. MAILLIS S.A on the consolidated and company Financial Statements for the period from 1<sup>st</sup> January to 31<sup>st</sup> December 2009**

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 31<sup>st</sup> of December 2009.

The present report contains information on the financial position and performance of the Group and the Company for the year ending 31.12.2009, a description of significant events that took place during the previous year and their impact on the annual financial statements, a description of the most significant transactions between the Company and 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 2009, and their impact on the Annual Financial Statements**

The year 2009 has been a difficult but also challenging period for the Group as a result of the global financial crisis and market conditions. The Group experienced significant decline in sales as a result of the unprecedented crisis in the global economy, which had a direct adverse impact on the secondary packaging sector. Moreover, the gross margin decreased due to consumption of highly priced inventory purchased before the crisis and the low production levels.

Also, the Group had to cope with increased financial costs due to default interest rates imposed and the lack of liquidity following the breaching of financial covenants. Despite the above mentioned reasons and the reduced activity levels, which resulted to decreased sales, the Group managed to generate sufficient cash to self finance its business, as a result of a continued effort to control costs, accelerate collections and effectively manage the working capital.

Following the first phase of the restructuring process which was completed successfully in mid 2009, and led to significantly reduced operating costs by 14.0 m€ during the last two years (excluding transportation costs), the Group launched the second phase, which includes an extensive reorganization and reconstruction plan designed to improve productivity and further reduce its fixed cost base. Therefore, the annual results for 2009 reflect the difficult environment the Group operated, while all the necessary provisions have been accrued to ensure a successful 2010, free from inadequacies of previous years.

Within this frame, in 2009:

1. The restructuring of Spain has been completed on schedule, production has seized by transferring production lines to other subsidiaries of the Group, and the affiliate operates as a commercial unit.
2. Similarly, the last phase of the restructuring program was implemented in Romania, where production seized by transferring production lines to other subsidiaries of the Group, and the affiliate is operating as a commercial unit.
3. OPEX are 17,5% lower than last year as a result of the continuous effort of the Group for cost efficiencies, and are expected to decrease further after the completion of the second phase of the restructuring project. The annual financial results include non recurring items and restructuring costs of 10.8 m€ as analyzed in section 2.

4. On July 3, 2009 Mr D.Kouvatsos was appointed Chief Restructuring Officer in order to coordinate the design and implementation of the Group's Business Plan and leads the negotiations with the lenders.

5. The Group has engaged Ernst & Young Advisory Group to support and assist in updating the Group's business plan, providing a balance sheet restructuring proposal. At 29.07.2009 the new Business Plan as designed by the Group in cooperation with Ernst & Young was presented to the lenders in order to proceed with the negotiations regarding the debt restructuring.

6. On August 1st 2009, the reclustering of Europe in four geographical regions was announced in order to further increase the efficiency and effectiveness of the European Organization.

7. Mr. V.Papaconstantinou, Group CFO and Executive member of the BoD and Mr.I.Gounaris, non Executive member of BoD, resigned as announced on August 5, 2009.

8. At its session on August 19, 2009 the Board of Directors elected S. Stavridis to replace the resigned Member Mr. Gounaris and Mr. I. Lentzos to replace the resigned member Mr. V. Papaconstantinou. Mr. S. Stavridis will serve as an Independent- non Executive Member and Mr. I. Lentzos as an Executive Member.

9. The Group has announced in August 20, 2009 the shutdown of its adhesive tapes production process at the "Straptech SA Packing Systems and Materials" in order to improve margins and cash flow generations. Straptech will continue to participate as trader in the adhesive tapes market through a strategic alliance supply agreement with Atlas Tapes SA, a dedicated and strategically important tape manufacturer. As a result of this transaction an impairment of the respective production machines amount of 1 m€ is included in the Financial Statements of the period (please refer to section 5 of BoD report).

10. On September 28, 2009 Mr. Dimitrios Kouvatsos, in parallel with his duties as a Chief Restructuring Officer, became acting CFO of the Company that means responsibility for day to day negotiations with the lenders, suppliers, and the compilation of financial statements of the Company and all declarations included in the financial reports.

11. On December 4, 2009 following an out of court settlement, the M.J. Maillis Group obtained complete ownership of an office building in Milan, where its fully owned subsidiary Columbia srl, has been conducting its activities. With this settlement, the M.J. Maillis Group expands its fixed asset base, by 1.1 m€, with the addition of a valuable real estate holding in Milan acquired at no cash cost. Furthermore, this will also have a lasting favourable impact on the operations of our Italian subsidiary, which will optimize its cost structure eliminating its rental expense.

12. The environmental investment that makes, the Inofyta plant a standard "Green" manufacturing plant was put into operation. A series of investments totaling 4.0 m € was completed in order to optimize the efficiency of production and to minimize waste at levels much lower than those prescribed by the regulations, as was announced by the Board in 2008.

#### **Other significant events**

As of April 2009 the premises of Straptech were moved to Kifissia (Xenias 5), to the premises of the Parent Company and the Group, with the purpose to achieve synergies through the consolidation of back office services.

#### **Renegotiation of Loan terms**

As a result of the losses incurred the Group continues to be in breach of certain financial covenants relating to its bank borrowings. This situation has a direct and indirect impact on the balance sheet and the financial results of the Group. More specifically:

- Since 01.01.2009 the Group has deferred the interest and leasing payments to BNP, ALPHA BANK, EFG EUROBANK ERGASIAS, NATIONAL BANK OF GREECE, RBS, EMPORIKI BANK and the Note

holders. Interest continues to be accrued on all loans at current rates. No interest on accrued interest has been calculated for the period.

- The continuing negotiations with the Group's key lenders for the restructuring of the Group's debt have prevented the Group from reverting to normal trading terms with some of its suppliers. This had a negative impact on the cash flow and increased the raw material cost in 2009.
- During the negotiations with its lenders, the Group is charged with all the related expenses, including the costs of lenders' advisors. In 2009 the total of these expenses was 3.5 m€.

## **2. Group Financial Review**

### Sales revenue

Group consolidated sales revenue for the year 2009 amounted to 212.8 m€, lower by 37.5% versus last year, but in line with our main competitors' revenue drop as result of the global economic crisis.

Annual change by geographic region is as follows:

Sales in East and West Europe, including Greece, decreased by 43,5% (103.4 m€ in 2009 vs. 183.1 m€ in 2008), and in Central Europe decreased by 33,5% (36,9 m€ in 2009 vs. 55,6 m€ in 2008).

In North America sales decreased by 27.1% (28.1 m€ in 2009 vs. 38.6 m€ in 2008).

In Italy, sales decreased by 30.4% (42.2 m€ in 2009 vs. 60.6 m€ in 2008).

### Cost of Sales

Consolidated cost of sales of the Group in 2009 was 182.8 m€, or 35.0% lower compared to 2008.

Gross profit margin decreased by 3.3 percentage points compared to 2008. The decrease was mainly the result of increased conversion cost due to lower produced volumes, as direct consequence of the economic slump, and the high priced inventories which were consumed during the first quarter of 2009, but had been acquired before the beginning of the crisis.

### Provisions

Adequate provisions were formed for inventory write-offs mainly in UK (1.1 m€) due to devaluation of spare parts. Furthermore, a net realizable value adjustment relating to inventories of 3.6 m€, which had been formed last year in the books of the parent company (3.4 m€) and Straptech (0.2 m€) was utilized in 2009.

Finally, other provisions were increased by 2.7 m€ in 2009, to build sufficient provisions for phase 2 restructuring costs. Further details can be found in note 23 of the financial statements.

### Foreign Exchange Differences

Foreign exchange differences amounted to +9, 5 m€ (fx gains) in 2009 while in 2008 exchange differences amounted -5,0 m€ (fx losses).

From 1 January 2009 onwards foreign currency exchange differences relating to bank loans, cash, and financial instruments have been transferred from other income/other expense and reflected in finance expense/finance income. The effect of this change for the Group in 2009 in the annual financial statements 31 December 2009 was a transfer of an amount of 14,2 m€ from other income and a transfer of an amount of 4,7 m€ from other expense to financial income by 9,8 m€ and financial expense by 0,3 m€. The respective reclassification for 2008 was a transfer of 5,0 m€ from other income to finance income. The

effect of this change for the Company in 2009 in the annual financial statements 31 December 2009 was a transfer of an amount of 7,5 m€ from other income to financial income and a transfer of an amount of 0,2 m€ from other expense to financial expense. The respective reclassification for 2008 was a transfer of 0,3 m€. from other expense to financial expense.

### EBITDA

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) of 2009 amounted to -16.5 m€.

Excluding one-off income and non recurring expenses mainly due to exchange differences, inventory and receivables provisions, and restructuring costs, operating EBITDA for 2009 was -5.7 m€ (vs. operating EBITDA for 2008 of 15.3 m€), whereas reported EBITDA of 2009 was -16.5 m€ (vs. 2.9 m€ in 2008). The EBITDA adjustments are set out in the following table:

	2009		2008	
<b>Reported EBITDA</b>		<b>-16.5</b>		<b>2.9</b>
Restructuring expenses	3.8		2.9	
Restructuring FA Impairment	1.0			
Bad debts & Inventory provisions	3.7		6.2	
Other	2.3		-0.2	
FX	0.1	<b>10.8</b>	3.5	<b>12.4</b>
<b>Adjusted EBITDA</b>		<b>-5.7</b>		<b>15.3</b>

Change in EBITDA by geographic region is as follows:

- East and West Europe, including Greece: -19.3 m€ in 2009 vs. -12.5 m€ in 2008
- Central Europe: 1.5 m€ in 2009 vs. -0.9 m€ in 2008
- North America: 3.2 m€ in 2009 vs. 4.1 m€ in 2008
- Italy: -1.9 m€ in 2009 vs. 4.1 m€ in 2008

### Net Financial Expenses

Net financial expenses of 2009 were 12.8 m€ compared to 26.9 m€ in 2008. Figures include also the expenses related to the debt restructuring project (i.e. mostly advisory fees) as well as differences in exchange rates. Please also note that in the aforementioned figure of 2009 loss of 2.8 m€ is included due to termination of the swap contract.

### Deferred Tax

Following a prudent approach, the Group does not create further deferred tax assets in subsidiaries which continue to report losses in 2009.

### Losses after Tax

Net losses after tax were 57.5 m€ vs.42.9 m€ in 2008.

The losses are increased due to the write-off of goodwill amounted to 11.5 m€ so as to reflect the fair value as at 31.12.2009 as it was estimated based on the 5-year business plan prepared by E&Y.

### Working Capital

Inventories and trade receivables were decreased by 25.1% and 18.4% respectively due to the reduction in sales activity, the decrease 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 22.5 m€ vs. YE 2008 while it increased by 7.0pp, over sales, due to the very low activity of the last twelve months.

<i>Ek€</i>	<b>Variance</b>		
	<b>2009</b>	<b>2008</b>	<b>(%)</b>
Inventories	55.1	73.6	-25.1%
Trade and other receivables	56.9	69.7	-18.4%
Short term liabilities	34.5	43.4	-20.3%
<b>Reported Working Capital</b>	<b>77.4</b>	<b>99.9</b>	<b>-22.5%</b>
<i>Sales(annual basis)</i>	<i>212.8</i>	<i>340.5</i>	<i>-37.5%</i>
<i>% on Sales</i>	<b>36.4%</b>	<b>29.3%</b>	<b>7.0pp</b>

### 3. 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):

#### 2009

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

#### 2008

<i>Amounts in € '000</i>	<b>Sales of Goods and Services</b>	<b>Purchases of Goods and Services</b>	<b>Receivables balance</b>	<b>Payables balance</b>
Combi	2,280	37	667	7
<b>TOTAL</b>	<b>2,280</b>	<b>37</b>	<b>667</b>	<b>7</b>

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

**2009**

	<b>Sales of Goods and Services</b>	<b>Purchases of Goods and Services</b>	<b>Receivables balance</b>	<b>Payables balance</b>
<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
Λοιπές	6,648	88	3,691	70
<b>Σύνολο</b>	<b>40,363</b>	<b>2,239</b>	<b>69,998</b>	<b>2,257</b>

**2008**

	<b>Sales of Goods and Services</b>	<b>Purchases of Goods and Services</b>	<b>Receivables balance</b>	<b>Payables balance</b>
<i>Amounts in € '000</i>				
M.J. MAILLIS UK	10,642	102	15,390	5
SANDER GMBH & Co KG	7,483	-18	4,445	-19
STRAPTECH	7,908	1,803	4,046	667
M.J. MAILLIS SPAIN	6,375		3,205	5
M.J. MAILLIS ROMANIA	6,834	32	5,657	23
M.J. MAILLIS OSTERREICH GMBH	4,727		5,349	
M.J. MAILLIS POLAND	2,935	82	6,579	3
MAILLIS STRAPPING SYSTEMS	475	2	11,745	46
M.J. MAILLIS BENELUX	4,334	6	1,464	21
M.J. MAILLIS FRANCE	5,002		1,576	229
Other	13,509	64	4,114	19
<b>TOTAL</b>	<b>70,224</b>	<b>2,073</b>	<b>63,570</b>	<b>999</b>

Intercompany receivables of the parent company from Sander and MSS are increased due to forfeiture of guarantees issued by Maillis S.A. amounted to € 4.954.704 and USD 3.554.092 respectively. In more detail,

EFG Eurobank Ergasias SA had issued guarantees to EFG Private Bank for Sander and MSS after Maillis S.A request. Because the guarantees forfeited in May 2009, Maillis S.A paid to EFG Eurobank Ergasias SA the above amounts through its overdraft accounts and has the respective amounts as receivables from its affiliates.

Furthermore, in June 2009 forfeited (totally or partially) the guarantees issued by BNP Paribas Athens after M.J. MAILLIS SA request for leasing contracts equipment and product lines to BNP Lease Corporation in America and BNP Lease Group SP Zoo Poland for the benefit of their respective subsidiaries. This resulted in M.J. MAILLIS SA making a total payment of 3,9 m€ related to the subsidiary in America and a partial repayment of 1,4 m€ of Poland.

The parent company has given guarantees for a total of 68,0 m€ towards obligations of the Group's subsidiary companies.

#### **4. Major risks and uncertainties for the current financial year**

The types of risks to which the Group is exposed, as well as the ways to manage them, relate to the fact that it operates in different geographical areas, markets and products. Due to its extensive diversification, the Group is exposed to a variety of risks. However, and for the same reason, the possible impact of each different risk on the overall performance of the Group is limited with the exception of foreign exchange risk.

The Group's overall risk management system is based on the assumption that the outcome of the various uncertainty factors cannot be predicted and seeks to minimize their potential adverse impact on the Group's financial performance. However, due to the limited availability of credit lines, our ability to hedge our risks by using derivative financial instruments is reduced. Additional analysis of the risks follows.

##### 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.

We expect that the market recovery that was obvious in the second semester in America and Europe will positively affect our performance also in the current year. Having an international exposure we were among the first ones to be affected by the market slump and consequently we expect to be among the first ones to enjoy the benefits of the possible market turnaround.

##### (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. This phenomenon was very pronounced during 2008. There are no reliable hedging instruments for steel flat prices currently available.

Although the ability to predict remains limited, we believe that these erratic changes in raw material prices will not be repeated in the current year to that extent, as they were driven by an unexpected crisis.

(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.

(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 global financial crisis and the ongoing negotiations with our key lenders concerning the Group's debt restructuring.

(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.

(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, whereas the Group maintain approximately 45% of its borrowings in fixed rate instruments.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

## **5. Business activity evolution in the current financial year**

In 2010, the Group expects to be the first among Greek companies to benefit from the gradual resumption of the economic activity around the world, due to its international profile (93% of total revenues come from abroad), its improved operational and cost structure, as well as the reaching of an agreement with its lenders.

Moreover, the Group is in constructive discussions with its lenders, aims at a permanent solution that will ensure long term viability. The Group is expected to announce the outcome of these discussions soon. Main elements of the above agreement are:

1. Capitalization of part of borrowings
2. Repayment of the non capitalized borrowings in predetermined time period based on the business plan.
3. Issuance of working capital

At the same time Ernst & Young continues the reorganization of the Group aiming at further cost savings and increased productivity and efficiencies.

During January 2010 the Prefecture of Viotia notified M J Maillis with its decision to halt Inofita's plant production. The company managed to acquire a decision from the Supreme Administrative Court, temporary suspending the decision of the Prefecture until 10 March 2010.

The decision of the Prefecture is not related to any environmental irregularity (pollution), but focuses on a typical lack of permit for handling dangerous wastes, in the steel strapping division.

Recently, with a new decision, the Supreme Administrative Court suspended the Prefecture's decision until it is issued from the relevant authorities the decision for the Environmental Conditions Approval – which is on its final stage – and the relevant permit for handling dangerous wastes, if this is deemed necessary.

The present Annual Report of the Board of Directors for the period from 1 January to 31 December 2009 has been posted on the Internet, on the website of the Company [www.maillis.com](http://www.maillis.com).

Kifissia, 29 March 2010

BOARD OF DIRECTORS

CHAIRMAN OF THE BOARD OF DIRECTORS

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

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 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 31.12.2009 the following shareholders had a shareholding participation above 5%: 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**

##### **(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 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 L. 2190/1920, a summary of which is subject to the disclosure requirements of article 7b of 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 Share Capital. Furthermore, it certifies the share capital increase according to article 11 of 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**

According to article 11a of CL 3371/2005 that was amended by article 30 of CL 3461/2006, the Company discloses the fact that, 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 € 860 th (2008: 782 th €).

[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 at 31 December 2009, and the company and consolidated income statement and statement of other 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 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 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 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 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 accompanying 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 2009, and their financial performance and their 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 Notes 2 and 19 in the financial statements which indicate that the Group continues the negotiations with its lenders in order to secure the continued future operations of the Company and its subsidiaries. As of 31 December 2009 the Group's current liabilities exceeded its current assets by €173.023 thousand. Furthermore as of 31 December 2009 the Group's total liabilities exceeded its total assets, excluding goodwill (Note 9 in the financial statements), by €49.440 thousand. These conditions, along with other matters as set forth in Notes 2, 9 and 19, indicate the existence of 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**

We verified the conformity and consistency of the Board of Directors' report with the accompanying company and consolidated financial statements, in accordance with the articles 43a, 107 and 37 of Law 2190/1920.

Athens, 31 March 2010  
THE CERTIFIED AUDITOR

**PRICEWATERHOUSECOOPERS**   
PricewaterhouseCoopers S.A.  
268 Kifissias Avenue, 152 32 Athens  
SOEL Reg. No. 113

Constantinos Michalatos  
SOEL Reg. No. 17701

## BALANCE SHEET

<i>Amounts in Euro '000</i>		GROUP		COMPANY	
		31/12/2009	31/12/2008	31/12/2009	31/12/2008
<b>ASSETS</b>	<b>Note</b>				
<b>Non Current Assets</b>					
Tangible assets	8	117,766	128,230	71,603	75,823
Intangible assets	9	95,689	109,105	207	946
Investments in subsidiaries and joint ventures	11			171,531	185,019
Deferred tax assets	10	14,916	14,254	7,539	6,397
Other receivables	15	4,097	4,186	186	382
		<b>232,468</b>	<b>255,775</b>	<b>251,067</b>	<b>268,567</b>
<b>Current Assets</b>					
Inventories	14	55,069	73,551	14,768	18,833
Trade and other receivables	15	56,913	69,715	76,533	71,204
Deferred tax assets	10	1,296	1,657		
Cash and cash equivalents	16	10,214	9,328	1,533	3,427
		<b>123,492</b>	<b>154,251</b>	<b>92,834</b>	<b>93,464</b>
<b>Total Assets</b>		<b>355,960</b>	<b>410,026</b>	<b>343,901</b>	<b>362,031</b>
<b>EQUITY</b>					
<b>Equity Attributable to Company's Shareholders</b>					
Share capital	17	55,614	55,614	55,614	55,614
Share premium	17	139,203	139,203	139,203	139,203
Reserves	18	19,855	20,004	18,558	18,549
Retained losses / earnings		-171,904	-115,335	-58,168	-23,938
Translation differences reserve		-6,209	-6,976		
		<b>36,559</b>	<b>92,510</b>	<b>155,207</b>	<b>189,428</b>
Minority interest		492	1,165		
<b>Total Equity</b>		<b>37,051</b>	<b>93,675</b>	<b>155,207</b>	<b>189,428</b>
<b>LIABILITIES</b>					
<b>Non Current Liabilities</b>					
Loans	19	3,679	8,153	748	1,647
Deferred tax liabilities	10	6,725	7,747	4,603	5,794
Retirement and termination benefit obligations	20	6,152	5,672	1,364	1,103
Government grants	21	4,980	5,594	3,046	3,442
Other non current liabilities		859	373	90	
		<b>22,395</b>	<b>27,539</b>	<b>9,851</b>	<b>11,986</b>
<b>Current Liabilities</b>					
Trade and other payables	22	33,015	41,267	10,794	12,835
Deferred tax liabilities	10	3,841	3,921		
Current tax liabilities		1,534	2,085	483	295
Loans	19	252,121	237,948	166,883	147,278
Provisions	23	6,004	3,591	682	209
		<b>296,515</b>	<b>288,812</b>	<b>178,843</b>	<b>160,617</b>
<b>Total Liabilities</b>		<b>318,910</b>	<b>316,351</b>	<b>188,693</b>	<b>172,603</b>
<b>Total Equity and Liabilities</b>		<b>355,960</b>	<b>410,026</b>	<b>343,901</b>	<b>362,031</b>

The notes on pages 21 to 77 are an integral part of these annual financial statements

## INCOME STATEMENT

	Note	GROUP		COMPANY	
		01/01/2009-31/12/2009	01/01/2008-31/12/2008	01/01/2009-31/12/2009	01/01/2008-31/12/2008
<i>Amounts in Euro '000</i>					
Sales		212,844	340,512	62,200	112,938
Cost of sales	27	-182,764	-281,045	-59,280	-99,730
Gross profit		30,081	59,467	2,920	13,208
Other operating income	29	5,261	3,918	3,051	2,767
Administrative expenses	27	-26,272	-23,040	-9,819	-9,770
Distribution costs	27	-27,370	-37,476	-4,308	-8,167
Other operating expenses	27	-13,429	-15,735	-3,961	-4,524
Earnings before tax and financial and investment results		-31,729	-12,866	-12,117	-6,486
Loss on impairment of goodwill and investments		-11,547		-14,188	
Gains/(Losses) on termination of interest rate swaps transferred from hedging reserve		-2,752		-2,752	
Income from dividends					1,325
Financial income	28	10,505	1,267	8,494	1,450
Financial expenses	28	-20,565	-28,128	-14,421	-14,942
Earnings before tax		-56,088	-39,726	-34,984	-18,654
Current tax and other tax	25	-1,401	-2,741	979	-128
Earnings after current tax for the period		<b>-57,488</b>	<b>-42,467</b>	<b>-34,006</b>	<b>-18,782</b>
Deferred tax	25	-32	-405	-224	2,308
Earnings after current tax and deferred tax for the period		<b>-57,520</b>	<b>-42,872</b>	<b>-34,230</b>	<b>-16,474</b>
<b><u>Earnings after Tax distributed as follows:</u></b>					
Company shareholders		-56,840	-42,608	-34,230	-16,474
Minority interest		-680	-264		
Basic and Diluted Earnings after tax per share (expressed in €)	30	-0.7767	-0.5823	-0.4678	-0.2251
<b><u>Other information</u></b>					
Depreciation		15,228	15,775	7,340	6,961
Earnings before tax, financial expenses, amortisation and depreciation (EBITDA)		<b>-16,501</b>	<b>2,909</b>	<b>-4,777</b>	<b>475</b>

The notes on pages 21 to 77 are an integral part of these annual financial statements.



## STATEMENT OF OTHER COMPREHENSIVE INCOME

	Note	GROUP		COMPANY	
		01/01/2009- 31/12/2009	01/01/2008- 31/12/2008	01/01/2009- 31/12/2009	01/01/2008- 31/12/2008
<i>Amounts in Euro '000</i>					
Earnings/(loss) after current tax and deferred tax for the period		-57,520	-42,872	-34,230	-16,474
Net loss directly attributable to net equity			-45		
Exchange differences		887	-3,610		
Cash flow hedges		9	-457	9	-457
Other comprehensive income/(loss) after tax		<b>896</b>	<b>-4,112</b>	<b>9</b>	<b>-457</b>
<b>Total comprehensive income/(loss) after tax</b>		<b>-56,624</b>	<b>-46,984</b>	<b>-34,221</b>	<b>-16,931</b>
<b><u>Allocated to:</u></b>					
Company shareholders		-55,951	-46,674	-34,221	-16,931
Minority interest		-673	-310		

The notes on pages 21 to 77 are an integral part of these annual financial statements

## CASH FLOW STATEMENT

<i>Amounts in Euro '000</i>	Note	GROUP		COMPANY	
		31/12/2009	31/12/2008	31/12/2009	31/12/2008
<b>Cash Flows from Operating Activities</b>					
Earnings before tax		-56,088	-39,726	-34,984	-18,653
Adjustments for:					
Depreciation and amortisation	8,9	15,842	16,534	7,737	7,497
Impairment of tangible and intangible assets		12,274		14,248	
Provisions		1,852	4,921	-3,107	3,897
Exchange differences		-9,667	6,917	-7,720	1,152
(Gain) / Loss from investing activities		-1,691	-2,374	-1,758	-3,644
Interest payable and related expenses		23,317	23,123	17,173	13,762
Working capital changes					
Decrease / (Increase) in inventories		18,403	19,898	7,213	2,128
Decrease / (Increase) in receivables		12,664	16,885	-4,680	12,979
Increase / (Decrease) in payables (excluding banks)		-8,048	-18,598	-3,118	-9,714
Less:					
Interest paid and other related expenses		-7,973	-21,706	-3,699	-13,587
Tax paid		-2,032	-2,256	-224	-128
<b>Total Cash Inflows / (Outflows) from Operating Activities (a)</b>		<b>-1,147</b>	<b>3,618</b>	<b>-12,918</b>	<b>-4,311</b>
<b>Cash Flows from Investing Activities</b>					
Acquisition of subsidiary, related companies, joint ventures and other investments					-2,100
Purchase of intangible assets, property, plant and equipment	8,9	-5,163	-8,555	-3,991	-4,640
Proceeds of sale of tangible and intangible assets		2,424	1,634	1,281	2,036
Interest received		611	1,109	322	1,450
Dividends received					1,225
<b>Total Cash Inflows / (Outflows) from Investing Activities (b)</b>		<b>-2,128</b>	<b>-5,812</b>	<b>-2,388</b>	<b>-2,029</b>
<b>Cash Flows from Financing Activities</b>					
Proceeds of issuance of share capital	17				
Proceeds of loans issued		3,689	10,023	13,412	7,840
Repayments of borrowings					
Payments of finance lease liabilities		-610	-2,841		
Dividends paid		-6	-59		-1
<b>Total Cash Inflows / (Outflows) from Financing Activities (c)</b>		<b>3,074</b>	<b>7,123</b>	<b>13,412</b>	<b>7,839</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents (a) + (b) + (c)</b>		<b>-202</b>	<b>4,929</b>	<b>-1,895</b>	<b>1,499</b>
<b>Cash and Cash Equivalents in Beginning of Period</b>		<b>9,328</b>	<b>14,618</b>	<b>3,427</b>	<b>1,928</b>
Exchange differences adjustment		1,087	-10,219		
<b>Cash and Cash Equivalents at End of Period</b>	16	<b>10,214</b>	<b>9,328</b>	<b>1,533</b>	<b>3,427</b>

The notes on pages 21 to 77 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. This includes strapping, wrapping and taping packaging material, strapping tools and machines, wrapping, shrinking and carton sealing machines and special bands. It offers complete solutions, covering both the heavy-duty and light packaging markets and serves all industrial applications. 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](http://www.maillis.com).

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

### 2. Basis of preparation

These financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union, and International Financial Reporting Standards issued by the IASB.

All International Financial Reporting Standards issued by the IASB and effective at the time of preparing these financial statements have been adopted by the European Commission through the endorsement procedure established by the European Commission, with the exception of certain provisions of International Accounting Standard 39 “Financial Instruments: Recognition and Measurement” relating to portfolio hedging of core deposits.

Since the Group and the Company are not affected by the provisions regarding portfolio hedging that are not required by the EU-endorsed version of IAS 39, the accompanying financial statements comply with both IFRS as adopted by the EU and IFRS issued by the IASB.

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 2008. This information was published in the internet site of the company.

The financial statements have been prepared under the historical cost convention.

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 2009 to 31 December 2009. 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 at 31 December 2009, and as presented in the financial statements of previous periods, the Group continues the negotiations with its lenders (refer to Note 19) in order to secure the continued future operations of the Company and its subsidiaries. At the date of approval of these financial statements management has received no indication from the affected lenders that the borrowings in question will have to be immediately settled.

In addition, with effect from 1 January 2009 the Company and the Group continues to accrue for interest on the affected borrowing, but has suspended the repayment of capital and interest related to the affected borrowings and interest related thereto. As evidenced by relevant correspondence, this suspension was planned and discussed in advance between the Group and the affected lenders and was also requested by some of them. Upon the actual commencement of the suspension management informed the lenders in writing. Management believes that consensus exists for this suspension amongst all the affected lenders. At the date of approval of these financial statements management has received no indication from the affected lenders that they are in disagreement with this suspension of capital and interest payments.

The discussions with the lenders are at the final stages of the negotiation process and management is confident that the negotiations with the affected lenders will be finalised by 31 May 2010 to the benefit of the lenders and the Group as a whole. The outcome of the negotiations will result in the following:

- The recapitalisation of the Group's balance sheet, and
- The provision of additional funding to the Group

Management is of the view that the above outcome is essential to ensure that the Group will continue to operate in the foreseeable future and is confident that the negotiations will be successful.

In light of the above information and on the basis that the Group expects positive operating cash flows during the year 2010, management has concluded that the going concern basis used in the preparation of these financial statements continues to be relevant and appropriate.

In the event that the negotiations with the affected lenders are not successful the Group may not be able to continue as a going concern in the foreseeable future. There is therefore a material uncertainty which may cast doubt on the Group's ability to continue as a going concern.

## **3. Summary of significant accounting policies**

### **3.1 Consolidation**

#### ***(a) Subsidiaries***

Subsidiaries are all entities (including special purpose 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. 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, plus costs directly attributable to the acquisition. 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 minority 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.

**(b) Transactions and minority interests**

The group applies a policy of treating transactions with minority interests as transactions with equity owners of the group. For purchases from minority 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 minority interests are also recorded in equity

**(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. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. 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.

**(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.

### **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).

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 write off 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 is 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 is 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

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. Assets in this category are classified as current assets.

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) and are recorded at amortised cost using the effective interest method.

***(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.

***(d) Investments in subsidiaries, associates and joint ventures***

Equity investments in subsidiaries, associates and joint ventures are measured at cost less impairment losses in the separate financial statements of the parent. Impairment losses are recognised in the income statement.

***(e) 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' 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. Expenses directly related to the acquisition of Investments are reflected as part of the cost of the Investment.

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, is 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, with the exception of the disclosures that are required by paragraphs 44 and 45 of IFRS 2.

**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, amendments to standards and 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 reporting period and subsequent reporting periods. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

#### Standards effective for year ended 31 December 2009

##### **IFRS 8 "Operating Segments"**

This standard supersedes IAS 14, under which segments were identified and reported based on a risk and return analysis. Under IFRS 8 segments are components of an entity regularly reviewed by the entity's chief operating decision maker and are reported in the financial statements based on this internal component classification. The Group has applied IFRS 8 from 1 January 2008.

##### **IAS 1 (Revised) "Presentation of Financial Statements"**

IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements.

##### **IFRS 7 (Amendment) "Financial instruments – Disclosures"**

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As these changes only result in additional disclosures, there is no impact on earnings per share.

**IFRS 2 (Amendment) “Share Based Payment”**

The amendment clarifies the definition of “vesting condition” by introducing the term “non-vesting condition” for conditions other than service conditions and performance conditions. The amendment also clarifies that the same accounting treatment applies to awards that are effectively cancelled by either the entity or the counterparty. This amendment does not impact the Group’s financial statements.

**IAS 23 (Revised) “Borrowing Costs”**

This standard replaces the previous version of IAS 23. The main change is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that need a substantial period of time to get ready for use or sale. The amendment did not impact the Group as all applicable borrowing costs were capitalized.

**IAS 32 (Amendment) “Financial Instruments: Presentation” and IAS 1 (Amendment) “Presentation of Financial Statements”**

The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. This amendment does not impact the Group’s financial statements.

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

This amendment clarifies that entities should no longer use hedge accounting for transactions between segments in their separate financial statements. This amendment is not applicable to the Group as it does not apply hedge accounting in terms of IAS 39.

Interpretations effective for year ended 31 December 2009**IFRIC 13 – Customer Loyalty Programmes**

This interpretation clarifies the treatment of entities that grant loyalty award credits such as “points” and “travel miles” to customers who buy other goods or services. This interpretation is not relevant to the Group’s operations.

**IFRIC 15 - Agreements for the construction of real estate**

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**

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 18 “Transfers of assets from customers” (effective for transfers of assets received on or after 1 July 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.

Standards effective after year ended 31 December 2009

**IFRS 3 (Revised) “Business Combinations” and IAS 27 (Amended) “Consolidated and Separate Financial Statements” (effective for annual periods beginning on or after 1 July 2009)**

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 amended IAS 27 requires that a change in ownership interest of a subsidiary to be accounted for as an equity transaction. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by these standards must be applied prospectively and will affect future acquisitions and transactions with minority interests. The Group will apply these changes from their effective date.

**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.

**IFRS 1 (Amendment) “First-time adoption of International Financial Reporting Standards” (effective for annual periods beginning on or after 1 January 2010)**

This amendment provides additional clarifications for first-time adopters of IFRSs in respect of the use of deemed cost for oil and gas assets, the determination of whether an arrangement contains a lease and the decommissioning liabilities included in the cost of property, plant and equipment. This amendment will not impact the Group’s financial statements since it has already adopted IFRSs. This amendment has not yet been endorsed by the EU.

**IFRS 2 (Amendment) “Share-based Payment” (effective for annual periods beginning on or after 1 January 2010)**

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 is not expected to impact the Group’s financial statements. This amendment has not yet been endorsed by the EU.

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

This amendment attempts to relax 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. This amendment has not yet been endorsed by the EU.

**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.

**IAS 39 (Amendment) “Financial Instruments: Recognition and Measurement” (effective for annual periods beginning on or after 1 July 2009)**

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.

Interpretations effective after year ended 31 December 2009

**IFRIC 12 – Service Concession Arrangements (EU endorsed for periods beginning 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 17 “Distributions of non-cash assets to owners” (effective 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. The Group will apply this interpretation from its effective date.

**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. This amendment has not yet been endorsed by the EU.

**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. This amendment has not yet been endorsed by the EU.

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

The amendments set out below describe the key changes to IFRSs following the publication in July 2009 of the results of the IASB’s annual improvements project. These amendments have not yet been endorsed by the EU. Unless otherwise stated the following amendments are effective for annual periods beginning on or after 1 January 2010. In addition, unless otherwise stated, the following amendments will not have a material impact on the Group’s financial statements.

**IFRS 2 “Share-Based payment” (effective for annual periods beginning on or after 1 July 2009)**

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” (effective for annual periods beginning on or after 1 July 2009)**

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” (effective for annual periods beginning on or after 1 July 2009)**

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.

## 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 operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the UK pound, the Polish Zloty, Romanian Lei and Canadian Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Entities in the Group use forward contracts to manage their foreign exchange risk arising from future commercial transactions, recognised assets and liabilities according to the policies set forth by the Group Treasury Department. Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. Group Treasury is responsible for monitoring the net position in each foreign currency.

For segment reporting purposes, each subsidiary designates forward contracts as hedges of foreign exchange risk on specific assets, liabilities or future transactions on a gross basis.

The Group's risk management policy is to hedge anticipated transactions (mainly raw material imports and export sales) in each major currency for the subsequent 6 months. With respect to the US dollar there is a degree of natural hedge as exports in this currency are offset by imports of raw material in the same currency, and any resulting differences are hedged with forward contracts.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. These investments operate in the following foreign currencies: US Dollar, Canadian Dollar, Polish Zloty, Romania Lei, UK Pound, Indian Rupee, Czech Krone, Slovakian Krone, Hungarian Fiorint.

At 31 December 2009, 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 €2,932k lower/higher (2008: €1,365k 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 €213 thousand (2008: €315 thousand) lower/higher.

#### ***(b) Market risk - Price risk***

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.

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

Counterparty	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
US Private Placement	104,162	110,876	104,162	110,876
Syndication loan with Alpha, BNG, EFG, BNP	45,241	45,182		
Loan with EFG	16,505	16,251	13,052	5,175
Loan with Alpha	7,461	7,580	4,061	4,049
Loan with BNP	32,348	31,375	17,913	12,151
Loan with NBG	11,628	11,571	9,528	9,471
	<b>217,345</b>	<b>222,835</b>	<b>148,716</b>	<b>141,722</b>

**(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.

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

<b>At 31 December 2008</b>	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Over 5 Years</b>
Borrowings	226,354	24,343	
Derivative financial instruments	15,424		
Trade and other payables	41,189		

It is noted that in the tables above the borrowings and derivative financial instruments have been classified in terms of the requirements of paragraph 65 of IAS 1 that requires the long term obligations to be classified as current obligations. Further information is provided in note 19.

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.

<b>31 December 2009</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2+ years</b>
Outflows	2,733		
Inflows			

<b>31 December 2008</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2+ years</b>
Outflows	3,311		
Inflows			

### **(e) Fair value interest rate risk**

The Group does not have material interest bearing assets on its balance-sheet, whereas the Group's policy is to maintain approximately 50% of its borrowings in fixed rate instruments. At 31 December 2009 41% of borrowings were at fixed rates.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The Group raises long-term borrowings at floating rates and swaps them into fixed rates in order to hedge against the potential rise in interest rates.

The Group's cash flow interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

## **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 2009, the Group maintained a gearing ratio of between 71% to 84% compared to a gearing ratio of 60% to 72% during 2008.

For further information please refer also to note 2 where the loan restructuring for the Group is mentioned.

## **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 2009, 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 31<sup>st</sup> December 2009 and 31<sup>st</sup> December 2008 are as follows:

#### 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	<b>212,844</b>
Operating Income	-7,872	-119	-20,801	1,965	-4,284	-618	<b>-31,729</b>
Financial Cost - Net	1,656	-1,038	9,768	-213	1,269	1,369	<b>12,812</b>
Impairment of goodwill						11,547	<b>11,547</b>
<b>Earnings before Tax</b>	<b>-9,529</b>	<b>919</b>	<b>-30,569</b>	<b>2,178</b>	<b>-5,553</b>	<b>-13,534</b>	<b>-56,088</b>
Income tax and Deferred tax	85	-16	-793	836	1,353	-34	1,432
<b>Net Profit</b>	<b>-9,614</b>	<b>935</b>	<b>-29,776</b>	<b>1,342</b>	<b>-6,906</b>	<b>-13,500</b>	<b>-57,520</b>
<b>EBITDA</b>	<b>-6,717</b>	<b>1,486</b>	<b>-12,623</b>	<b>3,205</b>	<b>-1,935</b>	<b>84</b>	<b>-16,501</b>

#### 12 months to 31st December 2008

	Germany & West Europe	Central Europe	Greece & East Europe	North America	Italy	Other	Total
<i>Amounts in Euro '000</i>							
Total Sales	104,619	55,600	78,536	38,599	60,589	2,569	<b>340,512</b>
Operating Income	-7,613	-696	-12,975	3,861	5,252	-695	<b>-12,866</b>
Financial Cost - Net	2,702	3,244	15,213	1,586	2,255	1,860	<b>26,860</b>
<b>Earnings before Tax</b>	<b>-10,315</b>	<b>-3,940</b>	<b>-28,188</b>	<b>2,275</b>	<b>2,997</b>	<b>-2,555</b>	<b>-39,726</b>
Income tax and Deferred tax	2,052	-200	-1,472	896	1,734	136	<b>3,146</b>
<b>Net Profit</b>	<b>-12,367</b>	<b>-3,740</b>	<b>-26,716</b>	<b>1,379</b>	<b>1,263</b>	<b>-2,691</b>	<b>-42,872</b>
<b>EBITDA</b>	<b>-5,989</b>	<b>1,294</b>	<b>-4,926</b>	<b>5,281</b>	<b>7,506</b>	<b>-257</b>	<b>2,909</b>

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

#### 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

#### 12 months to 31st December 2008

	Germany & West Europe	Central Europe	Greece & East Europe	North America	Italy	Other	Total
<i>Amounts in Euro '000</i>							
Depreciation and amortisation	1,624	1,989	8,049	1,420	2,254	438	15,774
Provisions for bad debt and obsolete stock	1,201	531	4,126	-202	57		5,713

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 2009 and 31 December 2008 respectively are as follows:

#### 31st December 2009

	Germany & West Europe	Central Europe	Greece & East Europe	North America	Italy	Other	Total
<i>Amounts in Euro '000</i>							
<b>Assets</b>	71,712	34,715	126,699	34,718	90,518	7,998	366,360
<b>Capital expenditure</b>	36	219	3,935	104	858	11	5,163
<b>Liabilities</b>	10,155	22,476	204,214	3,095	29,569	49,400	318,910

#### 31st December 2008

	Germany & West Europe	Central Europe	Greece & East Europe	North America	Italy	Other	Total
<i>Amounts in Euro '000</i>							
<b>Assets</b>	79,591	34,799	148,143	37,715	100,482	9,296	410,026
<b>Capital expenditure</b>	384	1,256	4,956	70	1,838	51	8,555
<b>Liabilities</b>	14,181	19,600	189,850	11,739	32,365	48,616	316,351

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>							
<b>Cost or Fair Value</b>							
<b>Balance at 1 January 2008</b>	<b>7,352</b>	<b>51,427</b>	<b>159,234</b>	<b>4,185</b>	<b>14,810</b>	<b>16,705</b>	<b>253,713</b>
Exchange Differences	-146	-1,905	-5,724	-135	-230	53	-8,087
Additions		651	1,001	282	182	4,699	6,815
Disposals / Write offs	-47	-53	-2,284	-624	-469		-3,477
Revaluation			14				14
Impairment Charges							0
Subsidiary Purchased							0
Reclassifications of Assets		2,391	15,297	12	68	-17,768	0
Subsidiary Disposed							0
<b>Balance at 31 December 2008</b>	<b>7,159</b>	<b>52,511</b>	<b>167,538</b>	<b>3,720</b>	<b>14,361</b>	<b>3,689</b>	<b>248,978</b>
<b>Accumulated Depreciation</b>							
<b>Balance at 1 January 2008</b>	<b>0</b>	<b>-18,033</b>	<b>-81,291</b>	<b>-2,702</b>	<b>-12,392</b>	<b>0</b>	<b>-114,418</b>
Exchange Differences		519	2,936	143	678		4,276
Depreciation Charge for the period		-1,001	-10,966	-650	-1,345		-13,962
Disposals / Write offs		48	2,283	557	465		3,353
Revaluation		-1	8	-1	-3		3
Subsidiary Purchased							0
Reclassifications of Assets			13	-19	6		0
Subsidiary Disposed							0
<b>Balance at 31 December 2008</b>	<b>0</b>	<b>-18,468</b>	<b>-87,017</b>	<b>-2,672</b>	<b>-12,591</b>	<b>0</b>	<b>-120,748</b>
<b>Net Book Value at 31 December 2008</b>	<b>7,159</b>	<b>34,043</b>	<b>80,521</b>	<b>1,048</b>	<b>1,770</b>	<b>3,689</b>	<b>128,230</b>
<b>Cost or Fair Value</b>							
<b>Balance at 1 January 2009</b>	<b>7,159</b>	<b>52,511</b>	<b>167,538</b>	<b>3,720</b>	<b>14,361</b>	<b>3,689</b>	<b>248,978</b>
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
<b>Balance at 31 December 2009</b>	<b>7,279</b>	<b>54,300</b>	<b>157,844</b>	<b>3,016</b>	<b>13,834</b>	<b>6,238</b>	<b>242,512</b>
<b>Accumulated Depreciation</b>							
<b>Balance at 1 January 2009</b>	<b>0</b>	<b>-18,468</b>	<b>-87,017</b>	<b>-2,672</b>	<b>-12,591</b>	<b>0</b>	<b>-120,748</b>
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				-384
Subsidiary Purchased							0
Reclassifications of Assets							0
Subsidiary Disposed							0
<b>Balance at 31 December 2009</b>	<b>0</b>	<b>-19,799</b>	<b>-89,699</b>	<b>-2,473</b>	<b>-12,533</b>	<b>-241</b>	<b>-124,746</b>
<b>Net Book Value at 31 December 2009</b>	<b>7,279</b>	<b>34,501</b>	<b>68,145</b>	<b>543</b>	<b>1,301</b>	<b>6,480</b>	<b>117,766</b>

## COMPANY

<i>Amounts in Euro '000</i>	Goodwill	Development Costs	Other Intangible Assets	Total
<b>Cost or Fair Value</b>				
<b>Balance at 1 January 2008</b>	0	127	4.778	4.905
Additions			168	168
Disposals / Write offs				0
Impairment Charges				0
Reclassifications of Assets				0
<b>Balance at 31 December 2008</b>	0	127	4.946	5.073
<b>Accumulated Amortisation</b>				
<b>Balance at 1 January 2008</b>	0	-122	-3.168	-3.290
Amortisation Charge for the period		-3	-834	-837
Disposals / Write offs				0
Reclassifications of Assets				0
<b>Balance at 31 December 2008</b>	0	-125	-4.002	-4.127
<b>Net Book Value at 31 December 2008</b>	0	2	944	946

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

Included in the Group Income Statement for the 12 months to 31 December 2009 is depreciation expense € 12.043 th. charged to Cost of Sales (€ 12.912 th. at 31/12/2008), € 498 th. charged to distribution expenses (€ 922 th. at 31/12/2008) and € 202 th. charged to administrative expenses (€ 127 th. at 31/12/2008).

Included in Company's Income Statement for the 12 months to 31 December 2009 is depreciation expense € 6.893 th. charged to Cost of Sales (€ 6.449 th at 31/12/2008), € 35 th. charged to distribution expenses (€ 36 th. at 31/12/2008) and € 70 th. charged to administrative expenses (€ 174 th. at 31/12/2008).

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>	<b>GROUP</b>	
	<b>2009</b>	<b>2008</b>
<b>Cost 1/1</b>	18,547	16,455
Additions	778	2,619
Disposals	-364	-527
<b>Cost 31/12</b>	<b>18,960</b>	<b>18,547</b>
<b>Accumulated depreciation 1/1</b>	7,619	4,059
Additions	1,927	3,753
Disposals	-364	-193
<b>Accumulated depreciation 31/12</b>	<b>9,182</b>	<b>7,619</b>
<b>Net book value 31/12</b>	<b>9,778</b>	<b>10,928</b>

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

<i>Amounts in Euro '000</i>	<b>GROUP</b>	
	<b>2009</b>	<b>2008</b>
Up to 1 year	766	2,999
1-5 years	1,808	4,806
Above 5 years	787	1,022
	<b>3,361</b>	<b>8,827</b>

The gross payments for finance leases are as follows:

<i>Amounts in Euro '000</i>	<b>GROUP</b>	
	<b>2009</b>	<b>2008</b>
Up to 1 year	813	3,337
1-5 years	1,851	5,320
Above 5 years	787	1,382
	<b>3,450</b>	<b>10,039</b>
Future finance charges on finance leases	89	1,212
<b>Present value of finance lease liabilities</b>	<b>3,361</b>	<b>8,827</b>

## 9. Intangible Assets

### GROUP

Amounts in Euro '000

	Goodwill	Development Costs	Other Intangible Assets	Total
<b>Cost or Fair Value</b>				
<b>Balance at 1 January 2008</b>	99,393	9,898	21,369	130,660
Exchange Differences	-1,447	-143	-514	-2,104
Additions		407	1,328	1,735
Disposals / Write offs		-9	-779	-788
Impairment Charges				0
Subsidiary Purchased				0
Reclassifications of Assets		-2,959	2,959	0
Subsidiary Disposed				0
<b>Balance at 31 December 2008</b>	<b>97,946</b>	<b>7,194</b>	<b>24,363</b>	<b>129,503</b>
<b>Accumulated Amortisation</b>				
<b>Balance at 1 January 2008</b>	0	-4,343	-14,745	-19,088
Exchange Differences		96	442	538
Amortisation Charge for the period		-800	-1,772	-2,572
Disposals / Write offs		9	715	724
Subsidiary Purchased				0
Reclassifications of Assets		9	-9	0
Subsidiary Disposed				0
<b>Balance at 31 December 2008</b>	<b>0</b>	<b>-5,029</b>	<b>-15,369</b>	<b>-20,398</b>
<b>Net Book Value at 31 December 2008</b>	<b>97,946</b>	<b>2,165</b>	<b>8,994</b>	<b>109,105</b>

	Goodwill	Development Costs	Other Intangible Assets	Total
<b>Cost or Fair Value</b>				
<b>Balance at 1 January 2009</b>	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
<b>Balance at 31 December 2009</b>	<b>86,490</b>	<b>7,784</b>	<b>24,135</b>	<b>118,409</b>
<b>Accumulated Amortisation</b>				
<b>Balance at 1 January 2009</b>	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
<b>Balance at 31 December 2009</b>	<b>0</b>	<b>-5,704</b>	<b>-17,016</b>	<b>-22,719</b>
<b>Net Book Value at 31 December 2009</b>	<b>86,490</b>	<b>2,080</b>	<b>7,119</b>	<b>95,689</b>

## COMPANY

<i>Amounts in Euro '000</i>	Goodwill	Development Costs	Other Intangible Assets	Total
<b>Cost or Fair Value</b>				
<b>Balance at 1 January 2008</b>	0	127	4,778	4,905
Additions			168	168
Disposals / Write offs				0
Impairment Charges				0
Reclassifications of Assets				0
<b>Balance at 31 December 2008</b>	<b>0</b>	<b>127</b>	<b>4,946</b>	<b>5,073</b>
<b>Accumulated Amortisation</b>				
<b>Balance at 1 January 2008</b>	0	-122	-3,168	-3,290
Amortisation Charge for the period		-3	-834	-837
Disposals / Write offs				0
Reclassifications of Assets				0
<b>Balance at 31 December 2008</b>	<b>0</b>	<b>-125</b>	<b>-4,002</b>	<b>-4,127</b>
<b>Net Book Value at 31 December 2008</b>	<b>0</b>	<b>2</b>	<b>944</b>	<b>946</b>

<b>Cost or Fair Value</b>	Goodwill	Development Costs	Other Intangible Assets	Total
<b>Balance at 1 January 2009</b>	0	127	4,946	5,073
Additions				0
Disposals / Write offs				0
Impairment Charges				0
Reclassifications of Assets				0
<b>Balance at 31 December 2009</b>	<b>0</b>	<b>127</b>	<b>4,946</b>	<b>5,073</b>
<b>Accumulated Amortisation</b>				
<b>Balance at 1 January 2009</b>	0	-125	-4,002	-4,127
Amortisation Charge for the period		-1	-738	-739
Disposals / Write offs				0
Reclassifications of Assets				0
<b>Balance at 31 December 2009</b>	<b>0</b>	<b>-126</b>	<b>-4,740</b>	<b>-4,866</b>
<b>Net Book Value at 31 December 2009</b>	<b>0</b>	<b>1</b>	<b>206</b>	<b>207</b>

The amortization charge for the Group € 2,331 th. is included in administrative expenses and € 767 th. in Cost of Sales (€ 2,572 th. at 31/12/2008).

The amortization charge for the Company € 739 th. is included in administrative expenses (€ 837 th. at 31/12/2008-).

### **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:

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

		<b>Goodwill</b>			
<i>Amounts in Euro '000</i>		<b>31/12/2008</b>			
		<b>Gross</b>	<b>Impairment</b>	<b>Other movements</b>	<b>Net</b>
Italy		43,523			43,523
West Europe		33,921		-500	33,421
Central Europe		7,927		-976	6,951
North America		13,945			13,945
Other		78		28	106
<b>Total</b>		<b>99,394</b>	<b>0</b>	<b>-1,448</b>	<b>97,946</b>

### Impairment testing

The value in-use calculations have been based on forecasts for the future periods 2010 to 2014. The 2010 forecast has been based on the business plans for the year ending 31 December 2010 that has been prepared by the relevant regional managers and has been approved by the Board of Directors of the Group. These business plans have been prepared based on the 2009 performance of each relevant CGU. The forecasts have also taken into account the anticipated benefits of the various restructuring initiatives that started in 2009 and that are continuing in 2010.

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 60:40.

### **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 2009) are as follows:

	Italy	West Europe	Central Europe	North America	Other
Revenue growth rate	40%	33%	54%	29%	-1%
Gross margin	24%	18%	14%	25%	19%
<i>Gross margin 2009</i>	13%	18%	12%	24%	13%
Operating margin	10%	0%	5%	8%	2%
<i>Operating margin 2009</i>	-7%	-10%	4%	8%	-4%

For the forecast period 2011 to 2014 the key operating assumptions used are as follows:

	Italy	West Europe	Central Europe	North America	Other
Revenue growth rate	1-9%	3-30%	6-30%	2-8%	8-9%
Gross margin	24%	18%	14%	24%	19%
Operating margin	9-10%	0-2%	7%	10%	0-1%

The other assumptions applied are as follows:

Growth in perpetuity	0%
Discount rate	7.5 - 10%

Following the completion of the impairment tests, management concluded that the no CGUs are impaired.

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 2009, were 10% lower than management's estimates, the Group would need to reduce the carrying value of goodwill by approximately € 16 million.
- If the estimated gross margins, assumed at 31 December 2009, were 10% lower than management's estimates, the Group would need to reduce the carrying value of goodwill by approximately € 20 million.
- If the estimated discount rate, assumed at 31 December 2009 and applied to the cash flows were 10% higher than management's estimates, the Group would need to reduce the carrying value of goodwill by approximately € 8 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 €86.5 million at 31 December 2009 would most probably have to be written off.

#### Other movements

The other movements during the period relate to:

- The amounts of €91 thousand are attributed to foreign exchange translation differences.

## 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
<b>Balance at 1 January 2008</b>	<b>8,082</b>	<b>0</b>	<b>2,543</b>	<b>10,625</b>
Reclassifications				0
Charged / (Credited) to Income Statement	584		553	1,137
Exchange Differences	-72		-22	-94
<b>Balance at 31 December 2008</b>	<b>8,594</b>	<b>0</b>	<b>3,074</b>	<b>11,668</b>

Deferred Tax Liabilities to be recovered after more than 12 months 7,747

Deferred Tax Liabilities to be recovered within 12 months 3,921

<b>Balance at 1 January 2009</b>	<b>8,594</b>	<b>0</b>	<b>3,074</b>	<b>11,668</b>
Reclassifications	-2,849	152	2,696	-1
Charged / (Credited) to Income Statement	-116	-5	-996	-1,117
Exchange Differences	14		2	16
<b>Balance at 31 December 2009</b>	<b>5,643</b>	<b>147</b>	<b>4,776</b>	<b>10,566</b>

Deferred Tax Liabilities to be recovered after more than 12 months 6,725

Deferred Tax Liabilities to be recovered within 12 months 3,841

### Deferred Tax Assets

Amounts in Euro '000

	Provisions	Impairment and Tax Losses	Other	Total
<b>Balance at 1 January 2008</b>	<b>1,465</b>	<b>13,124</b>	<b>1,315</b>	<b>15,904</b>
Reclassifications				0
Charged / (Credited) to Income Statement	1,809	-1,274	197	732
Exchange Differences	-59	-635	-31	-725
<b>Balance at 31 December 2008</b>	<b>3,215</b>	<b>11,215</b>	<b>1,481</b>	<b>15,911</b>

Deferred Tax Assets to be recovered after more than 12 months 14,254

Deferred Tax Assets to be recovered within 12 months 1,657

<b>Balance at 1 January 2009</b>	<b>3,215</b>	<b>11,215</b>	<b>1,481</b>	<b>15,911</b>
Reclassifications				0
Charged / (Credited) to Income Statement	-915	-1,502	2,504	88
Exchange Differences	44	142	28	214
<b>Balance at 31 December 2009</b>	<b>2,344</b>	<b>9,855</b>	<b>4,014</b>	<b>16,212</b>

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

Deferred Tax Assets to be recovered within 12 months 1,296

## COMPANY

### Deferred Tax Liabilities

Amounts in Euro '000

	Accelerated tax depreciation	Fair Value of Earnings	Other	Total
<b>Balance at 1 January 2008</b>	<b>5,786</b>	<b>0</b>	<b>0</b>	<b>5,786</b>
Charged / (Credited) to Income Statement	8			8
Exchange Differences				0
<b>Balance at 31 December 2008</b>	<b>5,794</b>	<b>0</b>	<b>0</b>	<b>5,794</b>

Deferred Tax Liabilities to be recovered after more than 12 months

5,794

Deferred Tax Liabilities to be recovered within 12 months

0

<b>Balance at 1 January 2009</b>	<b>5,794</b>	<b>0</b>	<b>0</b>	<b>5,794</b>
Reclassifications	-2,412		2,412	0
Charged / (Credited) to Income Statement	-78		-1,113	-1,191
Exchange Differences				0
<b>Balance at 31 December 2009</b>	<b>3,304</b>	<b>0</b>	<b>1,299</b>	<b>4,603</b>

Deferred Tax Liabilities to be recovered after more than 12 months

4,603

Deferred Tax Liabilities to be recovered within 12 months

### Deferred Tax Assets

Amounts in Euro '000

	Provisions	Impairment and Tax Losses	Other	Total
<b>Balance at 1 January 2008</b>	<b>813</b>	<b>3,268</b>	<b>0</b>	<b>4,081</b>
Charged / (Credited) to Income Statement	780	1,536		2,316
Reclassifications				0
Exchange Differences				0
<b>Balance at 31 December 2008</b>	<b>1,593</b>	<b>4,804</b>	<b>0</b>	<b>6,397</b>

Deferred Tax Assets to be recovered after more than 12 months

6,397

Deferred Tax Assets to be recovered within 12 months

<b>Balance at 1 January 2009</b>	<b>1,593</b>	<b>4,804</b>	<b>0</b>	<b>6,397</b>
Reclassifications				
Charged / (Credited) to Income Statement	-540	-597	2,279	1,142
Exchange Differences				
<b>Balance at 31 December 2009</b>	<b>1,053</b>	<b>4,207</b>	<b>2,279</b>	<b>7,539</b>

Deferred Tax Assets to be recovered after more than 12 months

7,539

Deferred Tax Assets to be recovered within 12 months

The Group has not accounted for deferred tax assets of an amount of € 5,384 thousand relating to accumulated tax losses incurred by the Group.

## 11. Investments in Subsidiaries and Joint ventures

<u>Directly Controlled</u>	<u>Investment %</u>
M.J.MAILLIS SA, Kifissia, Athens, Greece	Parent
STRAPTECH SA, Kifissia, Athens, Greece	100%
M.J.MAILLIS BULGARIA EOOD, Sofia, Bulgaria	100%
M.J.MAILLIS ROMANIA S.A., Bucurest, Romania	81,7%
M.J.MAILLIS FRANCE SAS, Saint Ouen L'Amone, France	100%
MARFLEX M.J.MAILLIS POLAND SP ZOO, Karzcew, Poland	100%
M.J.MAILLIS ESPANA SL, Barcelona, Spain	100%
M.J.MAILLIS CZECH SRO, Prague, Czech	100%
EUROPACK SA, Luxembourg	100%
COLUMBIA SRL, Milan, Italy	100%
M.J.MAILLIS HUNGARY PACKING SYSTEMS LTD, Budapest, Hungary	100%
M.J.MAILLIS OSTERREICH GMBH, Vienna, Austria	100%
M.J.MAILLIS FINLAND OY, Vantaa, Finland	100%
MAILLIS HOLDING GMBH, Wuppertal, Germany	100%
<u>Indirectly Controlled</u>	
M.J.MAILLIS UK LTD, Nottingham, UK	100%
SIAT SPA, Como, Italy	100%
SICME SRL, Varese, Italy	100%
SIAT BENELUX, Wvaalwijk, Holland	51%
TAM SRL, Milan, Italy	71%
SIAT USA, Delaware, USA	100%
MAILLIS SANDER GMBH, Wuppertal, Germany	100%
SANDER GMBH & CO KG, Wuppertal, Germany	100%
M.J. MAILLIS BENELUX NV, Dendermonde, Belgium (previously named M.J. MAILLIS BELGIUM N.V.)	100%
WULFTEC INTERNATIONAL INC, Ayer's Cliff, Canada	100%
MAILLIS STRAPPING SYSTEMS USA Inc. Fountain Inn, USA	100%
3L Srl, Modena, Italy	100%
M.J. MAILLIS SYSTEMS SRL, Varese, Italy	100%
MAILLIS STRONG STRAP PRIVATE Ltd, Mumbai, India	50%
IMMOBILIARE LEO SRL, Milan, Italy	100%
<u>Joint Venture</u>	
COMBI PACKAGING SYSTEMS, Canton, USA	50%

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.

Following an out of court settlement, the M.J. Maillis Group obtained on December 4, 2009 complete ownership of Immobiliare Leo SRL. This Company owns the office building in Milan, where the subsidiary of the Group, Columbia srl, has been conducting its activities and is being consolidated for the first time in 2009.

The values of the Investments of the parent company in the aforementioned table as at 31 December 2009 are as follows:

	Country	31/12/2009	31/12/2008	Investment %
		Book value	Book value	
<i>Amounts in Euro '000</i>				
Straptech SA	Greece	4,975	4,975	100%
Europack SA	Luxembourg	78,810	78,810	100%
M.J Maillis Osterreich Gmbh	Austria	3,448	3,448	100%
Columbia SRL	Italy	10,038	9,338	100%
M.J.Maillis Finland OY	Finland		2,388	100%
M.J.Maillis Bulgaria EOOD	Bulgaria	325	325	100%
M.J.Maillis Romania SA	Romania	1,292	2,693	81.7%
Marflex MJ Maillis Poland SP ZOO	Poland	22,047	22,047	100%
MJ Maillis Czech SRO	Czech	4,084	4,084	100%
MJ Maillis France SAS	France	6,020	16,420	99.9%
M.J. Maillis Hungary KFT	Hungary	2,130	2,130	100%
Maillis Holding GMBH	Germany	29,112	29,112	100%
Maillis Strong Strap Private Ltd	India	172	172	13.1%
M.J. Maillis Espana SL	Spain	9,078	9,078	100%
		<b>171,531</b>	<b>185,020</b>	

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 €10.4mln, b) M.J.Maillis Romania SA by an amount of €1.4mln and c) M.J.Maillis Finland OY by an amount of €2.4mln.

As part of the impairment testing process related to goodwill (refer to Note 9), as of 31 December 2009 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) Each investment will operate independently of each other investment.
- 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 60:40.

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

Following the completion of the impairment tests, management concluded that an impairment adjustment is not required.

## 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:

<i>Amounts in Euro '000</i>	<b>GROUP</b>	
	<b>31/12/2009</b>	<b>31/12/2008</b>
<b>Receivables</b>		
Non Current Assets	510	637
Current Assets	3,375	3,794
	<b>3,884</b>	<b>4,431</b>
<b>Liabilities</b>		
Non Current Liabilities		
Current Liabilities	1,186	1,637
	<b>1,186</b>	<b>1,637</b>
<b>Net Equity</b>	<b>2,698</b>	<b>2,794</b>
Income	6,530	8,516
Expenses	-6,299	-8,154
<b>Profit / (Losses) after tax</b>	<b>231</b>	<b>362</b>

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 31/12/2009.

## 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
<b>31 December 2009</b>					
<b>Assets as per balance sheet</b>					
Trade and other receivables	61,010				61,010
Cash and cash equivalents	10,214				10,214
<b>Total</b>	<b>71,224</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>71,224</b>

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

	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Available-for-sale	Total
<b>31 December 2008</b>					
<b>Assets as per balance sheet</b>					
Trade and other receivables	73,901				73,901
Cash and cash equivalents	9,328				9,328
<b>Total</b>	<b>83,229</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>83,229</b>

	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
<b>Liabilities as per balance sheet</b>				
Borrowings			221,840	221,840
Finance leases			8,827	8,827
Derivative financial instruments		15,434		15,434
Trade and other payables			41,640	41,640
<b>Total</b>	<b>0</b>	<b>15,434</b>	<b>272,307</b>	<b>287,741</b>

**COMPANY**

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

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

	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Available-for-sale	Total
<b>31 December 2008</b>					
<b>Assets as per balance sheet</b>					
Trade and other receivables	71,586				<b>71,586</b>
Cash and cash equivalents	3,427				<b>3,427</b>
<b>Total</b>	<b>75,013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>75,013</b>

	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
<b>Liabilities as per balance sheet</b>				
Borrowings			133,491	<b>133,491</b>
Derivative financial instruments		15,434		<b>15,434</b>
Trade and other payables			12,835	<b>12,835</b>
<b>Total</b>	<b>0</b>	<b>15,434</b>	<b>146,326</b>	<b>161,760</b>

## 14. Inventories

Amounts in Euro '000	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Merchandise	13,323	15,963	507	543
Finished and Semi - Finished products, By products	22,621	38,138	4,741	14,543
Raw and Auxiliary Materials - Spare Parts and Packaging Materials	22,612	27,311	6,371	7,077
Advances for Inventories Purchases	3,792	499	3,763	432
<b>Total</b>	<b>62,348</b>	<b>81,911</b>	<b>15,382</b>	<b>22,595</b>
Less: Provisions for Impairment of Inventories	-7,279	-8,360	-613	-3,762
<b>Net Value of Inventories</b>	<b>55,069</b>	<b>73,551</b>	<b>14,768</b>	<b>18,833</b>

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

	GROUP		COMPANY	
	2009	2008	2009	2008
<b>Inventory provision 1/1</b>	8,360	3,093	3,762	186
Exchange rate adjustment	85	-207		
Additional provision for the year	3,768	6,566	550	3,576
Unused amount reversed	-473	-131	-250	
Utilised during the year	-4,461	-961	-3,449	
<b>Inventory provision 31/12</b>	<b>7,279</b>	<b>8,360</b>	<b>613</b>	<b>3,762</b>

Included in the above provision of 2008 is an amount of € 3,628 thousand for the Group and € 3,448 thousand for the Company due to the valuation of inventories at the net realizable value, which was utilized within 2009.

## 15. Trade and Other Receivables

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Trade Receivables	54,383	64,347	59,650	65,696
Notes Receivable	234	416	11	20
Less: Provisions for Impairment of Receivables	-6,057	-6,304	-1,986	-2,679
<b>Trade Receivables- Net</b>	<b>48,560</b>	<b>58,459</b>	<b>57,676</b>	<b>63,037</b>
Advances	646	664	107	211
Receivables from Loans from Related Parties			15,867	3,000
Other Receivables from Related Parties			100	800
Receivables from the Greek State	1,317	2,189	1,317	2,185
Other Receivables	2,639	3,282	1,365	345
Other Receivables and Prepayments	7,848	9,307	287	2,008
<b>Total</b>	<b>61,010</b>	<b>73,901</b>	<b>76,720</b>	<b>71,586</b>
Non Current Assets	4,097	4,186	186	382
Current Assets	56,913	69,715	76,533	71,204
<b>Total</b>	<b>61,010</b>	<b>73,901</b>	<b>76,720</b>	<b>71,586</b>

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	
	2009	2008	2009	2008
<b>Bad debt provision 1/1</b>	6,304	5,858	2,679	2,389
Exchange rate adjustment	-53	-234		
Additional provision for the year	2,301	1,508	363	453
Unused amount reversed	-765	-5		
Utilised during the year	-1,729	-823	-1,056	-163
<b>Bad debt provision 31/12</b>	<b>6,057</b>	<b>6,304</b>	<b>1,986</b>	<b>2,679</b>

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:

Amounts in Euro '000

	GROUP		COMPANY	
	2009	2008	2009	2008
Euro	32,681	36,110	4,233	3,016
USD	8,533	10,875	1,064	1,833
CAD	334	560		
GBP	5,325	8,059	335	1,076
PLN	4,415	3,152		
ROL	1,484	2,083		
Other	1,845	3,508		
<b>Total</b>	<b>54,617</b>	<b>64,347</b>	<b>5,632</b>	<b>5,925</b>

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

GROUP	2009			2008		
	Gross amount	Provision for bad debts	Net amount	Gross amount	Provision for bad debts	Net amount
Due	38,657	51	38,606	41,409		41,409
Overdue 0-90 days	7,629	569	7,060	12,479	549	11,930
Overdue 91-180 days	1,496	338	1,158	3,329	1,201	2,128
Overdue 181+ days	6,835	5,099	1,736	7,130	4,554	2,576
<b>Total</b>	<b>54,617</b>	<b>6,057</b>	<b>48,560</b>	<b>64,347</b>	<b>6,304</b>	<b>58,043</b>

COMPANY	2009			2008		
	Gross amount	Provision for bad debts	Net amount	Gross amount	Provision for bad debts	Net amount
Receivables from affiliates	54,030		54,030	59,771		59,771
Due	3,637		3,637	2,929		2,929
Overdue 0-90 days	388	379	9	615	298	317
Overdue 91-180 days	67	67		1,103	1,103	
Overdue 181+ days	1,540	1,540		1,278	1,278	
<b>Total</b>	<b>59,662</b>	<b>1,986</b>	<b>57,676</b>	<b>65,696</b>	<b>2,679</b>	<b>63,017</b>

## 16. Cash and Cash Equivalents

Amounts in Euro '000	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Cash at bank and in hand	70	61	18	9
Short term bank deposits	10,143	9,267	1,515	3,417
<b>Total</b>	<b>10,214</b>	<b>9,328</b>	<b>1,533</b>	<b>3,426</b>

The effective interest rate on short term bank deposits was on average 0.80% (2008: 3.70%) for the Group and the Company.

All bank deposits are with financial institutions that have a credit rating in excess of "B" (as per the Standard & Poor's credit rating scale).

## 17. Share Capital

<i>Amounts in Euro '000</i>	Number of Shares	Common Shares	Share Premium	Treasury Shares	Total
<b>Balance 1 January 2008</b>	<b>73,176,746</b>	<b>55,614</b>	<b>139,203</b>	<b>0</b>	<b>194,817</b>
Selling of Treasury Shares					0
Cancellation of Treasury Shares					0
Issuance of new shares					0
Issuance costs					0
<b>Balance 31 December 2008</b>	<b>73,176,746</b>	<b>55,614</b>	<b>139,203</b>	<b>0</b>	<b>194,817</b>

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

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 plan expires on 31.12.2010 following the decision of the general meeting of 23.06.2006 to extend the plan to 31.12.2010.

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 2009 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.

An analysis of the share options outstanding is presented below:

Year	Options to be exercised	Options exercised	Exercise price €
2002	-	213.780	1,00
2003	-	228.780	1,00
2004	-	150.636	1,00
2005	-	179.225	1,00
2006	-	309.295	1,00
2007	-	-	-
2008	-	-	-
2009	-	-	-

According to the previously mentioned shareholders resolution, the maximum number of new share options to be granted until 31.12.2010 is 1,690,705.

## 18. Reserves

### GROUP

	Statutory reserve	Special reserves	Revaluation reserves	Hedging reserve	Tax free reserves	Total
<b>Balance 01/01/2008</b>	<b>2,295</b>	<b>787</b>	<b>172</b>	<b>448</b>	<b>16,696</b>	<b>20,398</b>
Net loss directly attributable to net equity						0
Fair value reserves						0
Reserves movement	85	-43	21	-457		-394
<b>Balance 31/12/2008</b>	<b>2,380</b>	<b>744</b>	<b>193</b>	<b>-9</b>	<b>16,696</b>	<b>20,004</b>

<b>Balance 01/01/2009</b>	<b>2,380</b>	<b>744</b>	<b>193</b>	<b>-9</b>	<b>16,696</b>	<b>20,004</b>
Net loss directly attributable to net equity						0
Fair value reserves				9		9
Reserves movement	-10	-14			-134	-158
<b>Balance 31/12/2009</b>	<b>2,370</b>	<b>730</b>	<b>193</b>	<b>0</b>	<b>16,562</b>	<b>19,855</b>

### COMPANY

	Statutory reserve	Special reserves	Revaluation reserves	Hedging reserve	Tax free reserves	Total
<b>Balance 01/01/2008</b>	<b>696</b>	<b>813</b>	<b>193</b>	<b>448</b>	<b>16,856</b>	<b>19,006</b>
Reserves movement				-457		-457
<b>Balance 31/12/2008</b>	<b>696</b>	<b>813</b>	<b>193</b>	<b>-9</b>	<b>16,856</b>	<b>18,549</b>

<b>Balance 01/01/2009</b>	<b>696</b>	<b>813</b>	<b>193</b>	<b>-9</b>	<b>16,856</b>	<b>18,549</b>
Reserves movement				9		9
<b>Balance 31/12/2009</b>	<b>696</b>	<b>813</b>	<b>193</b>	<b>0</b>	<b>16,856</b>	<b>18,558</b>

#### (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	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
<b>Long Term Borrowings</b>				
Bank Borrowings	139,489	142,330	93,898	96,527
Hedges of Currency and Interest rate swaps relating to bank borrowings denominated in US\$	11,033	15,434	11,033	15,434
Total bank borrowings	150,522	157,764	104,931	111,961
Less: Bank borrowings reflected as short term (refer Covenants note below)	-149,424	-155,496	-104,183	-110,314
Loans from Parent Company				
Finance Lease Liabilities	2,581	5,885		
Bonds				
Other				
<b>Total Long Term Borrowings</b>	<b>3,679</b>	<b>8,153</b>	<b>748</b>	<b>1,647</b>
<b>Short Term Borrowings</b>				
Long term bank borrowings reflected as short term (refer Covenants note below)	149,424	155,496	104,183	110,314
Bank Overdrafts	12,990	12,082	4,582	3,912
Short Term Bank Borrowings	75,845	67,427	48,306	33,052
Accrued interest	13,103		9,812	
Finance Lease Liabilities	759	2,943		
Guaranteed loans				
<b>Total Short Term Borrowings</b>	<b>252,121</b>	<b>237,948</b>	<b>166,883</b>	<b>147,278</b>
<b>Total Borrowings</b>	<b>255,800</b>	<b>246,101</b>	<b>167,632</b>	<b>148,925</b>

### Negotiations with lenders

As set out in Note 2, at 31 December 2009, and as presented in the financial statements of previous periods, the Group continues its negotiations with its lenders with a view to resolving the funding situation and in order to secure the continued funding of the Company and its subsidiaries. At the date of approval of these financial statements management has received no indication from the affected lenders that the borrowings in question will have to be immediately settled.

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 2008					
Total Borrowings	255,798				255,798
Effect from Interest Rates Swaps					0
	<b>255,798</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>255,798</b>

The maturity of long term borrowings is as follows:

#### Maturity dates of Long Term Borrowings

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Between 1 and 2 Years	748	2,593	748	792
Between 2 and 5 Years	2,180	4,423		855
Over 5 Years	787	1,137		
	<b>3,715</b>	<b>8,153</b>	<b>748</b>	<b>1,647</b>

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

Currency Denominations of Loans	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
<i>Amounts in Euro '000</i>				
Euro	164,617	149,936	80,379	64,417
\$ USD	87,251	90,773	87,251	84,508
£				
Other	3,930	5,392		
<b>Total</b>	<b>255,798</b>	<b>246,101</b>	<b>167,630</b>	<b>148,925</b>

#### Finance Leases

The present value of the finance leases are as follows:

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	2009	2008	2009	2008
Up to 1 year	750	2,999		
1-5 years	1,803	4,806		
Above 5 years	787	1,022		
	<b>3,340</b>	<b>8,827</b>	<b>0</b>	<b>0</b>

## 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 2009 and 2008 has been calculated as follows:

	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
<i>Amounts in Euros'000</i>				
Present Value of Obligations	34,944	29,423	2,732	2,194
Fair Value of Plan Assets	-20,986	-16,779		
	<b>13,958</b>	<b>12,644</b>	<b>2,732</b>	<b>2,194</b>
Unrecognised Gain /(Loss)	124	785	-335	79
Unrecognised Past Service Cost	-7,930	-7,757	-1,033	-1,170
<b>Net Liability / (Asset) in BS</b>	<b>6,152</b>	<b>5,672</b>	<b>1,364</b>	<b>1,103</b>

	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
<i>Amounts in Euros '000</i>				
Service Cost	466	732	225	232
Interest Cost	1,805	1,661	134	102
Expected Return on Plan Assets	-1,020	-1,474		
Past Service Cost	651	488	76	61
<b>Regular P&amp;L Charge</b>	<b>1,902</b>	<b>1,407</b>	<b>435</b>	<b>395</b>
Additional Cost of Termination Benefits	580	234	561	554
Restructuring Expense		-84		
Other Expense/(Income)	25	9		
<b>Total P&amp;L Charge</b>	<b>2,507</b>	<b>1,566</b>	<b>996</b>	<b>949</b>

	GROUP			COMPANY		
	2009	2008	2007	2009	2008	2007
Discount Rate	5.77%	6.20%	5.50%	5.19%	6.28%	5.50%
Expected Return on Plan Assets	1.57%	4.00%	7.00%			
Rate of Compensation Increase	2.50%	4.00%	4.00%	4.00%	4.00%	4.00%
Rate of Inflation	1.64%	2.50%	3.00%	2.50%	2.50%	2.50%
Pension Increases	0.86%	0.00%	3.40%			

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

	GROUP		COMPANY	
	2009	2008	2009	2008
<i>Amounts in Euros'000</i>				
Beginning of the year	29,423	39,761	2,194	1,899
Current service cost	456	979	225	502
Interest cost	1,805	1,661	135	102
Contributions by plan participants	2	-644		-620
Actuarial losses/(gains)	4,007	-3,118	408	-243
Exchange differences	1,727	-7,161		
Benefits paid	-3,098	-2,075	-740	554
Liabilities acquired in a business combination	53	21		
Curtailments	24	-1		
Settlements	545		510	
End of year	<b>34,944</b>	<b>29,423</b>	<b>2,732</b>	<b>2,194</b>

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

<i>Amounts in Euros'000</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Beginning of the year	16,779	28,915		
Expected return on plan assets	1,020	1,475		
Actuarial (losses) / gains	3,354	-5,965		
Exchange differences	1,265	-6,543		
Employer contributions	620	593		
Employee contributions	2	5		
Benefits paid	-2,054	-1,701		
Business combinations				
End of year	<b>20,986</b>	<b>16,779</b>	<b>0</b>	<b>0</b>

## 21. Government Grants

<i>Amounts in Euro '000</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2009</b>	<b>31/12/2008</b>	<b>31/12/2009</b>	<b>31/12/2008</b>
<b>Beginning of period</b>	5,594	6,353	3,443	3,979
Additions		0		0
Transfer to Income Statement	-614	-759	-397	-536
<b>End of period</b>	<b>4,980</b>	<b>5,594</b>	<b>3,046</b>	<b>3,443</b>

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 € 243 th. (2008: € 221 th.) and the Group € 419 th. (2008: € 309 th.).

## 22. Trade and Other Payables

<i>Amounts in Euro '000</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2009</b>	<b>31/12/2008</b>	<b>31/12/2009</b>	<b>31/12/2008</b>
Trade Payables	23,057	27,394	6,705	9,410
Payables to Related Companies			2,257	999
Accrued Expenses	3,563	5,987	613	812
Social Security and other Taxes / Duties	2,736	1,215	1,057	569
Other Payables	5,192	6,671	645	1,045
<b>Total</b>	<b>34,548</b>	<b>41,267</b>	<b>11,277</b>	<b>12,835</b>

During the third quarter of 2008, existing reverse forfeiting contracts between BNPP and the parent company and the subsidiary in Poland in the amounts of € 11,695 thou. and € 12,137 thou. respectively were replaced by bank facilities. This reclassification resulted in the increase of borrowings and the decrease of suppliers by the amounts mentioned previously, without impacting on the cash flows of the Group.

## 23. Provisions

### GROUP

<i>Amounts in Euro '000</i>	<b>Pending Litigation</b>	<b>Warranties</b>	<b>Other</b>	<b>Total</b>
<b>Balance 1 January 2008</b>	<b>1,467</b>	<b>497</b>	<b>2,017</b>	<b>3,981</b>
Exchange Differences		-70	-12	-82
Additional Provisions for the period	456	383	1,591	2,430
Unused provisions Reversed			-168	-168
Utilised Provisions during the period	-718	-99	-1,752	-2,569
<b>Balance 31 December 2008</b>	<b>1,205</b>	<b>711</b>	<b>1,676</b>	<b>3,592</b>

<i>Amounts in Euro '000</i>	<b>Pending Litigation</b>	<b>Warranties</b>	<b>Other</b>	<b>Total</b>
<b>Balance 1 January 2009</b>	<b>1,205</b>	<b>711</b>	<b>1,676</b>	<b>3,592</b>
Exchange Differences	14	43	4	60
Additional Provisions for the period	1,744	131	3,418	5,292
Unused provisions Reversed	-936	-147	-605	-1,688
Utilised Provisions during the period	-326	-103	-537	-966
<b>Balance 31 December 2009</b>	<b>1,701</b>	<b>635</b>	<b>3,955</b>	<b>6,291</b>

### COMPANY

<i>Amounts in Euro '000</i>	<b>Pending Litigation</b>	<b>Warranties</b>	<b>Other</b>	<b>Total</b>
<b>Balance 1 January 2008</b>	<b>0</b>	<b>0</b>	<b>500</b>	<b>500</b>
Exchange Differences				
Additional Provisions for the period				
Unused provisions Reversed				
Utilised Provisions during the period			-291	-291
<b>Balance 31 December 2008</b>	<b>0</b>	<b>0</b>	<b>209</b>	<b>209</b>

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

The Provisions of the Group as at 31/12/2009 amounting to €6,291 th. are included in an amount of €6,004 th. in Current Provisions and in amount of € 287 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 2009 and 2008:

	GROUP		COMPANY	
	01/01-31/12/2009	01/01 - 31/12/2008	01/01-31/12/2009	01/01 - 31/12/2008
<i>Amounts in Euro '000</i>				
<b>Sales of goods</b>				
- Subsidiaries			34,447	65,713
- Associate	1,203	2,280		
<b>Sales of services</b>				
- Subsidiaries			5,916	4,510
- Associate				
<b>Purchase of goods</b>				
- Subsidiaries			2,239	2,073
- Associate	33	36		
<b>Purchase of services</b>				
- Subsidiaries				
- Associate				
<b>Key Management compensation</b>				
Salaries and other short term benefits to key management and member of the board	4,424	4,858	2,320	2,739

	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
<b>Year End Balances arising from purchases - sales of goods and services</b>				
Trade receivables from Subsidiaries			54,030	59,771
Trade receivables from Associate	505	667		
Loans receivable from Subsidiaries			15,867	3,000
Loans receivable from Associates				
Other receivables from Subsidiaries			100	800
Other receivables from Associates				
Payables to Subsidiaries			2,257	999
Payables to Associate	5	7		

## 25. Income Tax

The tax audit of M.J. MAILLIS S.A. Packing Systems for the years 2005, 2006 and 2007 was concluded on 20/2/2009. Additional taxes of € 1,355 th. were assessed versus a provision of € 1,200 thou. which existed in the books of the Company. The difference of € 155 thou. was posted against the results of 2008. The additional taxes were netted off with the prepayment of 2007 of € 861 th. The remaining amount of € 494 th. is a net liability towards the Greek State and will be paid in 11 equal monthly instalments beginning on 30/4/2010.

STRAPTECH S.A. has been audited by the tax authorities until FY 2004.

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

- 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 2005
- MARFLEX M.J.MAILLIS GROUP Sp Zoo has not been tax audited since incorporation in 1997
- SANDER GMBH & COKG has been audited until FY 1997
- M.J.MAILLIS FRANCE SAS has been audited until FY 2005
- SIAT SPA has been audited until FY 2003
- M.J.MAILLIS OSTERREICH GMBH has been audited until FY 2001
- M.J.MAILLIS HUNGARY PACKING SYSTEMS LTD has been audited until FY 2002
- M.J.MAILLIS CZECH SRO has been audited until FY 2004
- M.J.MAILLIS BENELUX NV has been audited until FY 2005
- WULFTEC INTERNATIONAL INC has been audited until FY 2002
- COLUMBIA has been audited until FY 2003
- M.J.MAILLIS UK has been audited until FY 2007
- MAILLIS STRAPPING SYSTEMS USA INC has not been tax audited since incorporation in 2005
- SICME SRL has been tax audited until FY 2003
- TAM SRL has been tax audited until FY 2003
- SIAT BENELUX BV has been tax audited until FY 2005
- COMBI has been tax audited until FY 2004
- SIAT USA, MJ MAILLIS FINLAND OY have not been tax audited
- MJ MAILLIS SYSTEMS SRL has been tax audited until FY 2003
- MAILLIS HOLDING GMBH has been tax audited until FY 1997

- MAILLIS SANDER GMBH has been tax audited until FY 1997
- EUROPACK SA has been tax audited until FY 2004
- MAILLIS STRONG STRAP PRIVATE LTD has been tax audited until 1/3/2007

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>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Current tax	1,180	1,821	224	129
Other tax	221	754		
Deferred tax	-537	570	-1,548	-2,308
	<b>863</b>	<b>3,145</b>	<b>-1,323</b>	<b>-2,179</b>
<b>Profit before tax</b>	<b>-45,489</b>	<b>-39,726</b>	<b>-20,796</b>	<b>-18,653</b>
Tax calculated at tax rates applicable to profits	-8,903	-10,005	-5,199	-4,663
Income not subject to tax	-21	-660		
Expenses not deductible for tax purposes	-44	8,995		2,355
Utilisation of previously unrecognised tax losses		-269		
Tax losses for which no deferred income tax asset was recognised	5,384	6,988		
Other	4,447	-1,904	3,875	129
	<b>863</b>	<b>3,145</b>	<b>-1,324</b>	<b>-2,179</b>

## 26. Employee expenses

<i>Amounts in Euro '000</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2009</b>	<b>31/12/2008</b>	<b>31/12/2009</b>	<b>31/12/2008</b>
Payroll Cost & Severance payments cost	44,394	53,295	11,010	12,080
Social Security Costs	10,102	12,465	2,395	2,726
Cost of Employee private pension plan - Defined Contribution pension plan	122	240		
Cost of Employee defined benefit plan	2,598	2,601	461	949
Other Benefits	806	1,051	277	392
<b>Total</b>	<b>58,022</b>	<b>69,652</b>	<b>14,143</b>	<b>16,147</b>

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2009</b>	<b>31/12/2008</b>	<b>31/12/2009</b>	<b>31/12/2008</b>
Number of employees	1,540	1,883	308	350

## 27. Expenses by nature

<i>Amounts in Euro '000</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Changes in Inventory and Cost of Sales	134,100	229,588	44,958	83,576
Depreciation and Amortisation	15,228	15,775	7,340	6,961
Salaries, Social security and other employee costs	58,022	69,652	14,143	16,147
Transportation expenses	7,874	13,109	2,860	5,314
Travelling expenses	2,192	3,259	248	636
Selling expenses	2,074	3,122	124	603
Legal and Consulting costs	4,814	4,839	1,289	788
Rents and Operating lease rentals	3,933	4,235	794	1,208
Utilities, maintenance	2,521	3,102	343	651
Exchange differences	5,165	8,464	2,138	4,741
Provisions and impairments	9,017	2,106	593	703
Other expenses	4,893	5,049	2,538	2,043
	<b>249,834</b>	<b>362,300</b>	<b>77,368</b>	<b>123,371</b>
Classified as				
Cost of sales	182,764	281,044	59,280	99,730
Administrative expenses	26,272	23,040	9,819	9,770
Selling expenses	27,370	37,476	4,308	8,167
Other expenses	13,429	20,740	3,961	5,704
	<b>249,834</b>	<b>362,300</b>	<b>77,368</b>	<b>123,371</b>

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

From 1 January 2009 onwards foreign currency exchange differences relating to bank loans, cash, and financial instruments have been transferred from other income/other expense and reflected in finance expense/finance income. The effect of this change for the Group in 2009 in the annual financial statements 31 December 2009 was a transfer of an amount of € 14,238k from other income and a transfer of an amount of € 4,670k from other expense to financial income by €9,833k and financial expense by € 265k. The respective reclassification for 2008 was a transfer of € 5,005k from other income to finance income. The effect of this change for the Company in 2009 in the annual financial statements 31 December 2009 was a transfer of an amount of € 7,493k from other income to financial income and a transfer of an amount of € 233k from other expense to financial expense. The respective reclassification for 2008 was a transfer of € 257k from other expense to financial expense.

<i>Amounts in Euro '000</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2009</b>	<b>31/12/2008</b>	<b>31/12/2009</b>	<b>31/12/2008</b>
Long term interest expense	2,527	607		176
Short term interest expense	14,627	16,237	13,385	9,980
Finance lease interest	405	724		
Foreign currency differences	265	5,005	233	1,179
Bank charges and other	5,494	5,555	3,555	3,607
<b>Total Financial Expense</b>	<b>23,317</b>	<b>28,128</b>	<b>17,173</b>	<b>14,942</b>
Interest income	672	1,267	82	1,450
Foreign currency differences	9,833		7,493	
<b>Total Financial Income</b>	<b>10,505</b>	<b>1,267</b>	<b>7,575</b>	<b>1,450</b>

## 29. Other operating income

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Income from sale of fixed assets	319	558	145	425
Exchange differences	3,260	1,923	2,598	2,063
Other income	1,683	1,437	308	279
<b>Total</b>	<b>5,261</b>	<b>3,918</b>	<b>3,051</b>	<b>2,767</b>

## 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 - 31/12/09	1/1 - 31/12/08	1/1 - 31/12/09	1/1 - 31/12/08
Earnings/(Losses) attributable to the Company's shareholders	-56,840	-42,608	-34,230	-16,474
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)	<b>-0.7767</b>	<b>-0.5823</b>	<b>-0.4678</b>	<b>-0.2251</b>

## 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 € 1.0 million and € 68.9 million respectively (of which € 67.9 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 € 113 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 31/12/2009 and 31/12/2008 respectively are as follows:

	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
0-1 years	3,306	2,403	497	522
1-2 years	4,164	1,565	128	
2+ years	10,884	6,833		
<b>Total</b>	<b>18,355</b>	<b>10,801</b>	<b>625</b>	<b>522</b>

As at 31/12/2009 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 2009 it cannot distribute a dividend for the year ended 31/12/2009.

### **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 € 34,229 thousand to profits/losses carried forward.

### **34. Post Balance sheet events**

There are no significant post balance sheet events.

**Athens, 29 March 2010**

**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](http://www.maillis.com):

DATE	ANNOUNCEMENT	WEBSITE
13/3/2009	Change in the Board of Directors	<a href="http://www.maillis.com/ecportal.asp?id=3164&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3164&amp;nt=106&amp;lang=2</a>
31/3/2009	ANNUAL FINANCIAL PERFORMANCE M.J.MAILLIS GROUP (financial year 01.01.2008 – 31.12.2008)	<a href="http://www.maillis.com/ecportal.asp?id=3171&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3171&amp;nt=106&amp;lang=2</a>
21/5/2009	The M.J. Maillis Group announces new working capital funding facility	<a href="http://www.maillis.com/ecportal.asp?id=3219&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3219&amp;nt=106&amp;lang=2</a>
28/5/2009	M.J.MAILLIS GROUP: 1st QUARTER 2009 FINANCIAL RESULTS	<a href="http://www.maillis.com/ecportal.asp?id=3224&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3224&amp;nt=106&amp;lang=2</a>
29/5/2009	Announcement according to paragraph 4.1.4.4 of the Stock exchange Rulebook	<a href="http://www.maillis.com/ecportal.asp?id=3228&amp;nt=106&amp;lang=1">http://www.maillis.com/ecportal.asp?id=3228&amp;nt=106&amp;lang=1</a>
4/6/2009	Invitation to the Annual Ordinary General Meeting 29th June 2009	<a href="http://www.maillis.com/ecportal.asp?id=3229&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3229&amp;nt=106&amp;lang=2</a>
30/6/2009	RESOLUTIONS OF THE ANNUAL GENERAL SHAREHOLDERS' MEETING	<a href="http://www.maillis.com/ecportal.asp?id=3231&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3231&amp;nt=106&amp;lang=2</a>
30/6/2009	M.J. MAILLIS S.A. Annual Ordinary General Shareholders' Meeting	<a href="http://www.maillis.com/ecportal.asp?id=3232&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3232&amp;nt=106&amp;lang=2</a>
3/7/2009	Chief Restructuring Officer	<a href="http://www.maillis.com/ecportal.asp?id=3235&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3235&amp;nt=106&amp;lang=2</a>
5/8/2009	Announcement of Resignation of Board Members	<a href="http://www.maillis.com/ecportal.asp?id=3238&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3238&amp;nt=106&amp;lang=2</a>
5/8/2009	Announcement of Chief Financial Officer's resignation	<a href="http://www.maillis.com/ecportal.asp?id=3239&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3239&amp;nt=106&amp;lang=2</a>
19/8/2009	Change in the Board of Directors	<a href="http://www.maillis.com/ecportal.asp?id=3241&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3241&amp;nt=106&amp;lang=2</a>
20/8/2009	Corporate Developments Announcement	<a href="http://www.maillis.com/ecportal.asp?id=3243&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3243&amp;nt=106&amp;lang=2</a>
21/8/2009	Clarification announcement on the corporate developments in the adhesive tapes business	<a href="http://www.maillis.com/ecportal.asp?id=3245&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3245&amp;nt=106&amp;lang=2</a>
28/8/2009	M.J.MAILLIS GROUP: 1st HALF 2009 FINANCIAL RESULTS (for the period 01.01.2009 – 30.6.2009)	<a href="http://www.maillis.com/ecportal.asp?id=3268&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3268&amp;nt=106&amp;lang=2</a>
28/8/2009	Announcement	<a href="http://www.maillis.com/ecportal.asp?id=3272&amp;nt=106&amp;lang=1">http://www.maillis.com/ecportal.asp?id=3272&amp;nt=106&amp;lang=1</a>
31/8/2009	Announcement according to paragraph 4.1.4.4 of the Stock exchange Rulebook	<a href="http://www.maillis.com/ecportal.asp?id=3274&amp;nt=106&amp;lang=1">http://www.maillis.com/ecportal.asp?id=3274&amp;nt=106&amp;lang=1</a>
1/9/2009	Announcement	<a href="http://www.maillis.com/ecportal.asp?id=3275&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3275&amp;nt=106&amp;lang=2</a>
28/9/2009	Acting CFO	<a href="http://www.maillis.com/ecportal.asp?id=3285&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3285&amp;nt=106&amp;lang=2</a>
19/10/2009	M.J. MAILLIS GROUP UPDATES ON THE RESTRUCTURING PLAN	<a href="http://www.maillis.com/ecportal.asp?id=3287&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3287&amp;nt=106&amp;lang=2</a>
21/10/2009	Answer to the letter dated 21/10/2009 of the Capital Market Commission	<a href="http://www.maillis.com/ecportal.asp?id=3289&amp;nt=106&amp;lang=1">http://www.maillis.com/ecportal.asp?id=3289&amp;nt=106&amp;lang=1</a>
20/11/2009	M.J.MAILLIS GROUP: Third Quarter and Nine Months 2009 Financial Results	<a href="http://www.maillis.com/ecportal.asp?id=3301&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3301&amp;nt=106&amp;lang=2</a>
20/11/2009	Announcement according to paragraph 4.1.4.4 of the Stock exchange Rulebook	<a href="http://www.maillis.com/ecportal.asp?id=3302&amp;nt=106&amp;lang=1">http://www.maillis.com/ecportal.asp?id=3302&amp;nt=106&amp;lang=1</a>
17/12/2009	Announcement-Acquisition of a building in Milan at no cash cost	<a href="http://www.maillis.com/ecportal.asp?id=3310&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3310&amp;nt=106&amp;lang=2</a>

# M. J. MAILLIS S.A.

## SUMMARY FINANCIAL STATEMENTS for the year ended 31 December 2009 (Amounts in EUROS) (in terms of article 135 of Law 2190, for the companies publishing group and company annual financial statements in accordance with IAS/IFRS)

The financial statements listed below aim to provide a general awareness about the financial results of M.J.MAILLIS S.A. and its subsidiaries. Consequently, it is recommended to the reader, before any investment decision or transaction performed with the Company, to visit the website of the company where the annual financial statements prepared in accordance with International Accounting Standards are available along with the certified Auditor's opinion.

### 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: 27/16/06/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: John Kourouglos, Members: Ioannis Lentzos, Stilianos Stavridis, Theocharis Filippopoulos, Sotiris Orestidis, Lito Ioannidou  
 Company's web address: www.maillis.gr  
 Date of Approval of the Financial Statements: 29 March 2010  
 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

### BALANCE SHEET

	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
<b>ASSETS</b>				
Tangible assets	117,765,782	126,223,624	71,603,276	75,822,494
Intangible assets	95,689,480	109,105,333	206,907	945,525
Other non-current assets	19,012,981	18,439,690	179,256,565	191,798,131
Inventories	55,068,993	73,551,094	14,768,313	18,832,979
Trade receivables	48,560,107	58,459,528	57,675,862	63,036,500
Other current assets	19,862,954	22,240,636	20,389,941	11,595,016
<b>TOTAL ASSETS</b>	<b>355,960,297</b>	<b>410,026,105</b>	<b>343,900,864</b>	<b>362,030,645</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	55,614,327	55,614,327	55,614,327	55,614,327
Other equity attributable to company's shareholders	-19,055,430	36,896,188	99,593,066	133,813,345
<b>Equity attributable to company's shareholders (a)</b>	<b>36,558,897</b>	<b>92,510,515</b>	<b>155,207,393</b>	<b>189,427,672</b>
Minority interest (b)	491,694	1,164,588	0	0
<b>Total equity (c) = (a) + (b)</b>	<b>37,050,591</b>	<b>93,675,103</b>	<b>155,207,393</b>	<b>189,427,672</b>
Non-current borrowings	3,679,165	8,152,618	748,434	1,646,670
Provisions and other non-current liabilities	18,715,874	19,386,250	9,102,283	10,339,038
Current borrowings	252,120,684	237,947,919	166,883,314	147,277,967
Other current liabilities	44,393,983	50,864,215	11,959,440	13,339,278
<b>Total liabilities (d)</b>	<b>318,909,706</b>	<b>316,351,002</b>	<b>188,693,471</b>	<b>172,602,973</b>
<b>TOTAL EQUITY AND LIABILITIES (c) + (d)</b>	<b>355,960,297</b>	<b>410,026,105</b>	<b>343,900,864</b>	<b>362,030,645</b>

### STATEMENT OF COMPREHENSIVE INCOME

	GROUP		COMPANY	
	01/01-31/12/09	01/01-31/12/08	01/01-31/12/09	01/01-31/12/08
Turnover	212,844,281	340,511,598	62,199,635	112,937,795
Gross margin	30,080,562	59,467,117	2,919,710	13,207,788
Earnings/(Losses) before taxes and financial results	-31,728,633	-12,885,575	-12,116,691	-6,486,091
Earnings / (Losses) before tax	-56,087,585	-39,726,303	-34,984,043	-18,653,317
Less tax	1,432,314	3,145,391	-754,215	-2,179,325
<b>Earnings / (Losses) after tax (A)</b>	<b>-57,519,899</b>	<b>-42,871,694</b>	<b>-34,229,828</b>	<b>-16,473,992</b>
Distributed as follows:				
Company shareholders	-56,839,976	-42,607,772	-34,229,828	-16,473,992
Minority interest	-679,923	-263,922	0	0
<b>Other comprehensive income after tax (B)</b>	<b>895,387</b>	<b>-4,112,933</b>	<b>9,549</b>	<b>-457,529</b>
<b>Total comprehensive income (A) + (B)</b>	<b>-56,624,512</b>	<b>-46,984,627</b>	<b>-34,220,279</b>	<b>-16,931,521</b>
Distributed as follows:				
Company shareholders	-56,961,589	-46,674,705	-34,220,279	-16,931,521
Minority interest	-672,923	-309,922	0	0
<b>Earnings / (Losses) per share (in €)</b>	<b>-0,7767</b>	<b>-0,5823</b>	<b>-0,4678</b>	<b>-0,2251</b>
Earnings before taxes, financial results, depreciation and amortisation (EBITDA)	-16,500,841	2,909,002	-4,776,934	474,734

### STATEMENT OF CHANGES IN EQUITY

	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Net equity opening balance (01.01.2009 and 01.01.2008)	93,675,103	140,717,730	189,427,672	206,359,193
Total comprehensive income after tax	-56,624,512	-46,984,627	-34,220,279	-16,931,521
Dividends	0	-58,000	0	0
<b>Net equity closing balance (31.12.2009 and 31.12.2008)</b>	<b>37,050,591</b>	<b>93,675,103</b>	<b>155,207,393</b>	<b>189,427,672</b>

CHAIRMAN OF THE BOARD OF DIRECTORS

MICHAEL J. MAILLIS  
Id. No. 020206

VICE-CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO

IOANNIS M. KOUROUGLOS  
PASS. No. AE 1202747

FINANCIAL MANAGER OF GREECE

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

KRONOS S.A.

### CASH FLOW STATEMENT

	GROUP		COMPANY	
	01/01-31/12/09	01/01-31/12/08	01/01-31/12/09	01/01-31/12/08
<b>Cash Flows from Operating Activities</b>				
Profit / (Loss) before tax	-56,087,585	-39,726,303	-34,984,043	-18,653,317
Adjustments for:				
Depreciation and amortisation	15,841,830	16,534,027	7,736,652	7,497,069
Impairment on tangible and intangible assets	12,273,782	0	14,248,353	0
Provisions	1,851,812	4,921,207	-3,107,141	3,897,527
Exchange differences	-9,666,658	6,917,343	-7,719,530	1,151,861
(Gain) or loss from investing activities	-1,690,734	-2,373,765	-1,757,995	-3,643,711
Interest payable	23,317,116	23,122,740	17,173,408	13,762,396
Working capital changes:				
Decrease/(Increase) in inventories	18,402,542	19,898,483	7,213,172	2,128,221
Decrease/(Increase) in trade receivables	2,663,655	16,885,218	-4,680,424	12,979,182
Increase/(Decrease) in trade payables (except banks)	-8,047,598	-18,598,286	-3,117,631	-9,713,702
Less:				
Interest paid	-7,972,907	-21,706,341	-3,698,786	-13,587,195
Tax paid	-2,032,265	-2,256,230	-224,303	-1,225,000
<b>Net Cash from operating activities</b>	<b>-1,147,010</b>	<b>3,618,093</b>	<b>-12,918,268</b>	<b>-4,310,455</b>
<b>Cash Flows from Investing Activities</b>				
Acquisition of subsidiary	0	0	0	-2,100,000
Purchase of intangible assets, property, plant and equipment	-5,163,363	-8,555,030	-3,991,251	-4,640,265
Proceeds on sale of fixed assets	2,423,694	1,633,707	1,280,917	2,036,626
Interest received	611,387	1,109,398	321,888	1,449,772
Dividends received	0	0	0	1,225,000
<b>Net Cash used in investing activities</b>	<b>-2,128,282</b>	<b>-5,811,925</b>	<b>-2,388,446</b>	<b>-2,028,867</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from borrowings raised	3,689,474	10,022,549	13,412,194	7,839,664
Repayment of finance lease liabilities	-610,112	-2,840,646	-10	0
Dividends paid	-5,732	-59,036	-101	-1,036
<b>Net cash used in financing activities</b>	<b>3,073,630</b>	<b>7,122,867</b>	<b>13,412,093</b>	<b>7,838,628</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-1,201,662</b>	<b>4,929,035</b>	<b>-1,894,621</b>	<b>1,499,306</b>
<b>Cash and cash equivalents in beginning of period</b>	<b>9,328,312</b>	<b>14,618,086</b>	<b>3,427,161</b>	<b>1,927,855</b>
<b>Exchange differences adjustment</b>	<b>1,087,298</b>	<b>-10,218,809</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at end of period</b>	<b>10,213,948</b>	<b>9,328,312</b>	<b>1,532,540</b>	<b>3,427,161</b>

### Additional Information

- Companies that are included in the consolidated financial statements of fiscal year 2009 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 31/12/2008.
- 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 31/12/2009 was 1,540 for the Group (31/12/2008: 1,883) and 308 for the Company (31/12/2008: 350).
- Intercompany related party transactions for the year ended 31 December 2009 and related party balances for the period then ended according to IAS 24 are as follows:
 

Amounts in € thousand	Group	Company
a) Income	1,203	40,383
b) Expenses	33	2,239
c) Receivables	505	69,998
d) Payables	5	2,257
e) Key management compensations	4,424	2,320
f) Receivables from key management	0	0
g) Payables to key management	0	0
- The Group has formed cumulative provisions amounting to € 2,216 thousand for unaudited fiscal tax years, € 6,152 thousand for retirement benefit obligations and € 5,691 thousand for other liabilities. The Company has formed cumulative provisions amounting to € 1,109 thousand for unaudited fiscal tax years, € 1,364 thousand for retirement benefit obligations and € 682 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, due to the uncertainty that exists for the Company and the Group in obtaining sufficient financial resources for the foreseeable future, which is a basic assumption for the going concern principle. Additional information is included in Note 2 of the Financial Statements.
- The amount included in the statement of changes in equity as cash flow hedges is the net loss that arises from the gain from the valuation of the loans in foreign currency and the loss from the valuation of the currency and interest rate swaps as of 31 December 2009.
- Certain amounts of previous fiscal period have been reclassified for better presentation and comparability purposes (note 28 of the annual financial statements).