

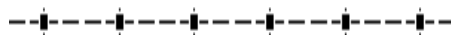
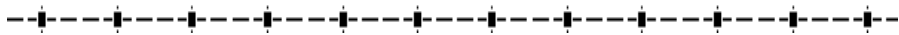
**HELLENIC SUGAR INDUSTRY  
S.A.**



**ANNUAL FINANCIAL  
REPORT**

**for the fiscal year from  
July 1, 2011 until June 30, 2012**

**pursuant to article 4 of Law 3556/2007**



Mitropoleos St. 34, Thessaloniki, Postal Code 541 10

[www.ebz.gr](http://www.ebz.gr)

SA Reg. No. 8246/06/B/86/11



**HELLENIC SUGAR INDUSTRY S.A.**

**ANNUAL FINANCIAL REPORT  
for the fiscal year from July 1, 2011 until June 30, 2012**

**pursuant to article 4 of Law 3556/2007**

Mitropoleos St. 34, Thessaloniki, Postal Code 541 10

[www.ebz.gr](http://www.ebz.gr)

SA Reg. No. 8246/06/B/86/11



## **TABLE OF CONTENTS**

**A. Statements by Representatives of the Board of Directors**

**B. Board of Directors' Annual Report**

**C. Independent Chartered Auditors' Report**

**D. Annual Company and Consolidated Financial Statements**

**E. Additional Data and Information of the Annual Financial Report**

- Data and information for the fiscal year from July 1, 2011 until June 30, 2012
- Information required by article 10 of Law 3401/2005
- Availability of the Financial Statements



**A.** Statements by Representatives of the Board of Directors



## **Statements by Representatives of the Board of Directors** (Pursuant to article 4 par. 2 of Law 3556/2007)

We declare that, to the best of our knowledge: (a) the annual financial statements, company and consolidated, for the fiscal year from July 1, 2011 until June 30, 2012, which were prepared in compliance with the International Financial Reporting Standards which have been adopted by the European Union, present in a true manner the elements of the assets and liabilities, the net position and the profit and loss of the HELLENIC SUGAR INDUSTRY SA (the Company), as well as of the companies which are included in the consolidation, considered as a whole and (b) the annual report by the Board of Directors depicts in a true manner the development, performance and position of the Company as well as those companies included in the consolidation, considered as a whole, including the description of the principal risks and uncertainties they face.

**Thessaloniki, September 27, 2012**

**THE CHAIRMAN  
OF THE BOARD OF DIRECTORS**

**THE CHIEF EXECUTIVE  
OFFICER**

**THE EXECUTIVE MEMBER  
OF THE BOARD OF DIRECTORS**

**CHRYSOSTOMOS ST. GEROUKIS  
ID Card No. AB 281294/2006**

**LMBROS A. CHARALAMPOUS  
ID Card No. AI 160312/2009**

**ASTERIOS D. TARAZAS  
ID Card No. AH 159687/2008**



## **B.** Board of Directors' Annual Report



**REPORT BY THE BORD OF DIRECTORS OF “HELLENIC SUGAR INDUSTRY SA” ON THE  
CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR  
from July 1, 2011 until June 30, 2012**

**Significant Events**

Dear Shareholders,

The “Hellenic Sugar Industry SA” from the commencement of this year’s productive period, reserved the right to produce, in the context of its capacity, the entire national quota, amounting to 158,702 tons, against the quota in force until the fiscal year 2006/2007 which amounted to 317,501.80 tons. The new quota was determined following a decision by the Company to abnegate, against compensation, 50.01% of the quota and the approval of the corresponding reformation programme by the Ministry of Rural Development and Food. To implement the abnegation of the quota by 50.01%, HSI Group suspended, since fiscal year 2007/2008, the operation of two of its plants in Greece (Xanthi and Larisa). Thus, for the production of sugar the Group operates three (3) plants-branches in Greece (Platy in Imathia, Serres and Orestiada) and two (2) in Serbia (Sajkaska, Crvenka), of total daily processing capacity amounting to 31,000 tons of sugar-beet.

The forecast regarding the volume of the production for an agricultural industry is rendered extremely difficult, due to the fact that besides the forecast for the volume of the raw material, a forecast must also be made as regards the content of sugar-beet in sugar which depends on temperature, rainfall, adequacy in water resources, combating of ailments etc. This fact may many times lead to deviations up to  $\pm 25\%$  with respect to the planned production. As a result the financial planning for a fiscal year is difficult. In order to tackle such difficulties the Industry has adopted internationally applied methods for the forecast of its production, using evidential fields, statistical data and estimations while in the course of the maturity of the sugar-beet s it regularly readjusts its forecasts.

Planning commences with the objectives set at the beginning and is revised depending on the course of the forecasts.

For crop season 2011 the cultivation of 225,000 stremma of sugar-beet was planned, to produce 158,700 tons of sugar (National quota). The applications submitted by farmers amounted to 147,698 stremma. Of these 145,636 stremma were approved and contracts for 99,091 stremma were signed. Finally, 59,803 stremma were sown.

The factors which had a negative impact on the efforts to sow more land and, consequently, contributed to the non-realization of the programme are:

- The negative psychology of farmers due to the low yields of cultivation during the previous crop season of 2010 which had a direct negative impact on their income.
- The high prices of competitive, to sugar-beet, crops, such as corn, cotton, grain and sunflower.
- The intense rumoring of extra-corporate factors for an impending change in the pricing policy, despite the timely announcement of such policy by the company, have led to the loss of valuable and excellent for seeding time during the preparation and seeding period of the fields.

Ultimately, 58,130 stremma remained in cultivation, belonging to 2,134 producers. Of these 57,911 stremma were harvested. The year was classified as mediocre and difficult since certain factors had a negative impact on the development of the crops. The non-timely realization of necessary cultivating preparatory works for the seedbed and seeding brought about the over-maturity of the mean sowing date which led to effects such as a Low Mean Yield per Stremma despite the high sugar content for the final productive data. Furthermore the great increase in fuel prices led to inadequate irrigation on the producer which had a direct negative impact for Mean Yield per Stremma.



With respect to the quantity and quality of the sugar-beet which were processed, the following ensued as regards the operation of the plants:

- Low average daily processing, especially in the plant in Platy, due to the low cultivated land and the great dispersion thereof.
- Increased technical difference and fuel consumption, due to the low duration of the campaign and especially in the plant in Platy also due to the low average processing with respect to its nominal output.

Following these, production amounted to 38,265 tons of sugar, against a production of 77,182 tons of sugar in the previous productive period.

These lead to a significant increase in production costs for Greek sugar by 24.81% (from 833.21 €/ton of sugar in productive period 2010/2011 to 1,039.93 €/ton of sugar in productive period 2011/2012). It is clarified that the company in the course of the fiscal year assesses its stock at production cost, which followed from the pre-cost estimates, due to the seasonality of its productive process. Such pre-cost estimates are updated every trimester and this way all of its individual components are correctly illustrated, until the end of the fiscal year, where since all of its components have been finally allocated, the definitive cost estimate is compiled.

To cover the right to produce the remaining quantity of approximately 120 thousand tons of sugar, HSI SA (pursuant to EU Regulation 952/2006) proceeded to conclude agreements with major firms in the European market for the production of Greek quota sugar in EU countries (tucking).

The productive activity in Europe was completed in early January 2012 and the results are more than satisfactory. Over 5 million tons of sugar were produced out of quota and the large stock push many producers to proceed to sales even if they know that the European market runs on a deficit. Such sales, as is expected, cover the needs in all European markets during this period. The satisfactory level of prices in the European market allowed for sugar originating from Third Nations to be imported, duty free, with greater intensity in the current year.

### **Analysis of Economic Fundamentals**

The following are what is principally reported in the annual financial statements with respect to the parent company:

- The decrease in sales of sugar by 28.62%, on the one hand due to worldwide shortages, especially in the 1<sup>st</sup> trimester of the fiscal year and, on the other hand, due to the impact of the economic crisis tormenting the nation. While in the previous fiscal year 286,442 tons of sugar were sold, 204,452 tons of sugar were sold in the fiscal year just closed. Despite the significant decrease in sales of sugar, the impact on the turnover of the company was much smaller, namely a decrease by 7.54%, due to the increase in the mean sale price by 29.54%. In parallel the cost of sales for sugar by decreased by 22.88% despite the percentage increase of mean cost by 8.05%, justified, on the one hand, due to the decreased sales (quantitative) and, on the other hand, by the increase in the production costs for Greek sugar, but also due to the increase in the purchase costs for imported sugar.
- The mean sale price for Greek sugar has increased by 28.57% and fluctuated near 829.1€/ton against 644.9€/ton last year, the mean sale price of Greek quota sugar produced in other EU countries (tucking) increased by 27.19% at 790.9 €/ton against 621.8 €/ton for the previous year, the mean sale price for sugar imported from the Serbian plants increased by 31.13% at 796.9 €/ton against 607.7 €/ton in the previous year and, finally, the mean sale price for imported sugar increased by 34.87% and fluctuated at 798.4 €/ton from 592 €/ton. As a consequence the mean sale price for sugar as a whole (Greek + imported) increased by 29.54% to 801,3 €/ton compared with the previous fiscal year, when it amounted to 618.6 €/ton.
- The item “Administrative Expenses” exhibits a further decrease by 32.09% as a result of the decrease in payroll costs by 31.03%, principally due to the retirement of staff through transfers and retirement and the



decrease of personnel salaries (implementation of the provisions of article 31 of Law 4042/11 and Law 3889/2010), as well as due to the general effort of the company to decrease its administrative expenses.

- The item “Other Income” exhibits an increase by 16.77% principally due to the entry of Utilizable Spare Parts which ensued from the dismantling of the equipment in the units in Larisa and Xanthi (p. 8).
- The item “Other Expenses” amounted to € 20,792,105 from € 6,636,599 in the corresponding last fiscal year due to the extraordinary entry, in the present fiscal year, of an additional sum of € 5,618,477 which regards Provisions for bad claims, of a sum of €10,461,408 which regards the impairment of fixed assets due to the dismantling of the equipment in the units in Larisa and Xanthi (p. 8) and the provision regarding the future cost of the Programme of Special Subsidy of Employees amounting to € 920,000.
- The item “Financial Expenses” exhibits an increase by 28.24% due to the increase in borrowing costs with respect to the compared fiscal year.

These events brought about fluctuations in the results of the group and the company which are cited below:

a) with respect to the group:

- ▶ The turnover of the Hellenic Sugar Industry SA Group of companies exhibited a decrease by 10.55% in the current fiscal year compared with the corresponding last one and amounted to 228,966 thousand Euros compared to 255,964 thousand Euros in the corresponding previous fiscal year.
- ▶ The gross profit margin increased from 10.56% last fiscal year to 22.24%.
- ▶ The income statement before tax, financing, investment and total amortizations amounted to profits of 26.254 thousand Euros against profits of 12.959 thousand Euros in the previous fiscal year.
- ▶ The consolidated results for the Group before tax were profits of 232 thousand Euros against losses of (9.452) thousand Euros in the previous corresponding fiscal year.
- ▶ The consolidated results for the Group after tax amounted to 2.957 thousand Euros profit, against (9.343) thousand Euros losses in the previous corresponding fiscal year.
- ▶ Finally, net consolidated results for the Group after taxes and the deduction of minority rights amounted to 2.822 thousand Euros profits against (12.257) thousand Euros losses in the previous corresponding fiscal year.

and b) with respect to the company:

- ▶ The turnover of the Hellenic Sugar Industry SA was decreased by 7.97% in the current fiscal year compared to the corresponding previous one and amounted to 175,300 thousand Euros against 190,480 thousand Euros in the corresponding previous fiscal year.
- ▶ The gross profit margin increased from 0.35% in the previous fiscal year to 16.30%.
- ▶ The income statement before tax, financing, investment and total amortizations amounted to profits of 10,628 thousand Euros against losses of (9,313) thousand Euros in the previous fiscal year.
- ▶ The profits or losses for the company before tax amounted to 994 thousand Euros in losses against (17,768) thousand Euros in losses in the corresponding previous fiscal year.
- ▶ Finally, net results for the company after tax amounted to profits of 2,321 thousand Euros against losses of (16,453) thousand Euros in the previous fiscal year.



The principal financial indexes monitored by the Group are as follows:

### Capital Adequacy Indexes

	GROUP	COMPANY
Net Bank Loans / Own equity		
30/6/2012	1,61	2,18
30/6/2011	1,15	2,26
EBITDA/Net Bank Loans		
30/6/2012	0,18	0,08
30/6/2011	0,09	-0,07

### Current Ratio Indexes

Current Assets / Short-term Liabilities		
30/6/2012	0,86	0,71
30/6/2011	0,98	0,71

### Risks and uncertainties

#### a) Programme for the special subsidy for workers

Pursuant to article 33 of Law 3762/2009 and Joint Ministerial Decision no. 2510/815/4.8.2009 by the Minister of Economics and Employment and Social Protection a Programme for the Special Subsidy for Unemployment was instituted, which was open to employees who fulfilled the conditions for retirement within the next five years. Due to the very stringent deadlines posed, the implementation of the programme was rendered impossible. The programme was updated by Law 3996/2011, Gov. Gaz. 170/5.8.2011 according to which the employees which meet the requirements for full or deducted retirement until 31/12/2016 reserve the right to be included in the programme for the special subsidy for unemployment. After the issuance of Joint Ministerial Decision 1117/52 and its publication in Gov. Gaz. 35/B on 20/1/2012, the contract of 52 HSI SA employees was terminated in order for them to be included in the programme for the Special Subsidy for Unemployment for HSI SA employees. The company has budgeted the liability that will ensue until the completion of the programme and has formed a relevant provision (cf. note 12).

#### b) Tax unaudited fiscal years

HSI SA and its subsidiary companies have not been audited by the tax authorities for the following fiscal years:

Tax Authority		
HSI SA	Greece	From 1/7/2005 until 30/6/2010
AD FABRIKA SECERA "SAJKASKA"	Serbia	From 1/1/2004 until 30/6/2012
AD FABRIKA SECERA "CRVENKA"	Serbia	From 1/1/2004 until 30/6/2012
HSI Cyprus LTD	Cyprus	From 1/9/2003 until 30/6/2012



In Greece taxable results are considered provisional until the tax authorities audit the books and records of the companies and the corresponding tax returns, as opposed to Serbia where fiscal years are not closed, for taxation purposes, and the tax authorities reserve the right of repeated audits. Therefore, companies remain potentially liable for additional taxes and penalties which may be imposed following such an audit. Due to the fact that tax unaudited fiscal years 2005/2010 were loss incurring and due to the high accumulated losses, the parent company deems that a future possible liability will not ensue and has not formed a corresponding provision.

From fiscal year 2011 and forward, Greek Public Limited Companies and Limited Liability Companies whose annual financial statements are compulsory audited by Statutory Auditors, registered in the public Records of Law 3693/2008 must receive an Annual Certificate, as provided for in par. 5 of article 82 of Law 2238/1994. The certificate above is issued following a tax audit carried out by the Statutory Auditor himself or the auditing firm which audits the annual financial statements. Following the completion of the tax audit, the Statutory Auditor or auditing firm issues to the company a Tax Compliance Report, accompanied by the Analytical Informational Data Annex. In ten days by the latest after the final date for the approval of the financial statements of the company by its General Meeting of Shareholders, the aforementioned Report and the Annex are digitally submitted to the Ministry of Economics by the Statutory Auditor or the auditing firm. The Ministry of Economics will then select a sample of companies, at least 9%, for a tax countercheck by the competent services of the Ministry. Such countercheck must be completed in a period no greater than eighteen months from the date of the submission of the "Tax Compliance Report" to the Ministry.

Tax unaudited fiscal years until and including 2010 shall be audited by the tax authorities based on the rules and procedures which were in force until the enforcement of the aforementioned law. The deadline for the submission of the Tax Compliance Report was extended until March 30, 2012 while parallel to the implementation of the medium-term fiscal strategy framework 2012-2015, at the end of paragraph 5 of article 82 of the Income Tax Code, a paragraph was added which explicitly cites the imposition of penalty to those companies for which a tax certificate has not been issued.

A special tax audit was undertaken by the Statutory Auditors, in compliance with article 82 par. 5 of Law 2238/1994, as in force and applicable, in order to ascertain the tax compliance of the Company for managerial fiscal year from 01/07/2010 until 30/06/2011 (fiscal year 2011).

Based on the work performed, nothing devolved to the attention of the Statutory Auditors which would lead them to the conclusion that the Company was not compliant, in all material respects, with the tax provisions in force with respect to the tax subjects which are designated in the programme for the audit of tax compliance as provided for in decision no.POL.1159/22.7.2011 by the Minister of Economics.

Following these, the company received an Independent Chartered Auditor-Accountant Tax Compliance Report for the managerial year from 01/07/2010 until 30/06/2011 (fiscal year 2011), in compliance with article 82 par. 5 of Law 2238/1994 without reservations. The Certificate in question was timely submitted to the GSIS by the Statutory Auditors.

For fiscal year 2011-2012 the company has been subsumed to the tax audit by the Chartered Auditors Accountants which is provided for by the provisions of article 82 par. 5 of Law 2238/1994. Such audit is underway and the relevant tax certificate is anticipated to be issued following the publication of the financial statements for the current fiscal year. Additional tax liabilities are not anticipated to ensue from the audit in question.

### **c) Exchange Risk**

Part of the Group's activities is performed by sugar processing companies abroad (Serbia), the operational currency of which is the Dinar. Possible fluctuation of the exchange rate Euro/Dinar is offset to a large extent, given that 50% of the sales of the two companies is realized out of Serbia and in Euros. At the consolidation of the financial statements of the two companies in the consolidated financial statements for the group these are converted to the operational currency of HSI SA, which is the Euro. The ensuing, from such conversion, exchange differences are registered, as required by the International Accounting Standards, directly in the net position of the Company.



Exchange differences which have accumulatively ensued until June 30, 2012 amount to approximately 28.41 million Euros and represent losses from the conversion of the Euro/Dinar exchange rate from the date of the acquisition of these participations.

#### d) Credit Risk

Credit risk is the risk of financial losses for the Group, in case where a customer or third contracting party in a financial instrument does not fulfill his contractual obligations, stemming principally from receivables from customers and investments in securities.

The exposure of the Group to credit risk is principally affected by the special characteristics of each customer. The demographic information for the Group's customer base, inclusive of the risk of payment defaults, which characterizes the specific market and country in which the customers operate, affect credit risk.

Based on the credit policy adopted, the Group assesses each new customer on an individual basis for their credit-worthiness, before the terms and conditions for payments and deliveries are proposed to them. The credit-worthiness check realized by the Group includes also the assessment of customers based on bank sources.

The maximum exposure of the Group to credit risk for its trade receivables on 30/6/2012 is:

	GROUP		COMPANY	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Up-to-date	16.581.906	18.457.225	14.406.816	15.838.983
Overdue up to 90 days	17.860.053	25.540.165	17.486.575	18.542.398
Overdue from 91 to 180 days	21.244.046	18.170.877	20.734.775	16.596.719
Overdue from 181 to 360 days	16.167.689	9.100.225	15.130.592	5.776.432
Overdue more than 360 days	24.129.492	23.122.311	20.565.083	21.155.296
<b>TOTAL</b>	<b>95.983.186</b>	<b>94.390.803</b>	<b>88.323.841</b>	<b>77.909.828</b>
Impairments	(28.193.851)	(21.430.239)	(24.722.428)	(19.103.951)
<b>Net receivables</b>	<b>67.789.335</b>	<b>72.960.564</b>	<b>63.601.413</b>	<b>58.805.877</b>

The increase in the dates of maturity of trade receivables reflects the general developments noted in recent years for the Greek economy and principally the special operating conditions of the real economy characterized by serious liquidity problems in the Greek market. In any case the Group strives to take the necessary securities and warranties in order to mitigate or even remove credit risk. In parallel, the Group forms an impairment provision which represents its estimates for losses which it may potentially incur with respect to trade and other receivables and investments. This provision comprises from the special provision which regards specific cases of exposure to risk and a general provision for categories of similar claims which it is estimated that they will present issues in their settlement. The general provision is determined based on historic payment records for similar claims.

Against receivables overdue for more than 360 days, as well as receivables which are overdue for a lesser term but their collection is deemed problematic also due to the special conditions prevailing in the Greek market, a provision amounting to 28.19 million Euros has been formed for the Group and amounting to approximately 24.72 million Euros for the Company. Further analysis of the credit risk is provided in Note 7 to the Annual Financial Statements.



### e) Liquidity Risk

Liquidity risk comprises of the risk for the Group not to be able to meet its financial obligations in time. The approach of the Group with respect to liquidity management is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its obligations on time, both under normal as well as under unfavorable conditions, without realizing unacceptable losses or risking the Group's reputation.

Based on the contractual maturities of financial liabilities, the Group and the Company have the following programme for the repayment thereof:

#### The Group

	Value on Balance Sheet 30.06.2012	UP TO 6 MONTHS	FROM 6 MONTHS UP TO 1 YEAR	FROM 1 YEAR UP TO 2 YEARS	FROM 2 YEARS UP TO 5 YEARS	OVER 5 YEARS
Bank Loans	149.562.069	140.275.139	7.093.247	1.146.495	1.047.188	0
Suppliers and other liabilities	21.731.004	21.731.004	0	0	0	0
Other liabilities	22.298.280	18.374.328	1.261.910	2.662.042	0	0
<b>Total</b>	<b>193.591.353</b>	<b>180.380.471</b>	<b>8.355.157</b>	<b>3.808.537</b>	<b>1.047.188</b>	<b>0</b>

#### The Company

	Value on Balance Sheet 30.06.2012	UP TO 6 MONTHS	FROM 6 MONTHS UP TO 1 YEAR	FROM 1 YEAR UP TO 2 YEARS	FROM 2 YEARS UP TO 5 YEARS	OVER 5 YEARS
Bank Loans	133.181.892	133.181.892	0	0	0	0
Suppliers and other liabilities	28.501.983	28.501.983	0	0	0	0
Other liabilities	4.447.860	3.478.647	0	969.213	0	0
<b>Total</b>	<b>166.131.735</b>	<b>165.162.522</b>	<b>0</b>	<b>969.213</b>	<b>0</b>	<b>0</b>

Most of the bank loans regard joint credit account for working capital with parent company ATE Bank. A further analysis of the liquidity risk as well as an analysis of the sensitivity of cash flows is provided in Note 7 to the Annual Financial Statements.

### **Projected court and development of the company and the group**

The greater and unswerving goals of the company are, on the one hand, the decrease in production costs through the improvement of its industrial output and the attainment of production according to the total quota by supporting sugar-beet cultivation and, on the other hand, the decrease of its operating expenses. The accomplishment of these goals shall render the company profitable and viable once more.

In parallel, the recovery of the lost share in the domestic sugar market has been set as an objective, as well as the penetration of the markets in the greater SE Europe region. Past experience has led to the conclusion that both in the Greek market, as well as that of the Balkan, HSI SA needs a wider strategic collaboration which could exploit both



the advantage of the proximity of the two proprietary plants in Serbia, with respect to the central European markets, as well as the Greek plants in Northern Greece, part of the production of which could be consumed in the nearby Bulgarian markets.

For crop season 2012 a sugar-beet cultivation area of 225,000 stremma was planned.

Despite the reinforcement of sugar-beet cultivation in 2012, with higher prices compared to 2011 and the financial assistance by HSI SA to sugar-beet farmers for the procurement of fertilizers, ultimately contracts were signed for 114,999 stremma corresponding to 3,589 sugar-beet growers.

Sowing was completed in mid-April and at the end 95,357 stremma were sown of which 93,240 stremma are expected to be harvested which correspond to 3,100 sugar-beet growers.

The factors which had a negative impact on the efforts to sow more land and, consequently, contributed to the non-realization of the programme are:

- ❖ Bad weather conditions with snowfall and intense rain during the period for the preparation of the seedbed and seeding which led to the over-maturity of the year.
- ❖ The, at cases, high prices or low cultivating cost of the competitive to sugar-beet crops, such as corn, cotton, cereals and sunflower.
- ❖ High oil prices which bear heavily on the growing cost at each of its phases.

During the months of June-August 2012 intense xerothermic conditions prevailed with drought and the appearance of extremely high temperatures ( $>40^{\circ}$  C), for long periods, resulting in the loss of valuable leafage and the interception of the growth of sugar-beets, which directly resulted to the loss of weight. Due to the aforementioned the cultivation is led to a harvest with not-so-satisfactory productive features. It is estimated that the production of sugar in the plants of the parent company will be limited to approximately 58 thousand tons.

In parallel, the efforts to maintain the percentage of coverage of the domestic market by importing approximately 52,000 tons of sugar from the subsidiary companies in Serbia are continued. With respect to the subsidiaries a production of roughly 110,000 tons of sugar (2010/2011:128,000) is expected, as is the continuation of their profitability.

Finally, safety in the workplace, the protection of the environment, the harmonious coexistence with local society and the continuous education and training of the personnel remain nonnegotiable objectives, irrevocably tied to the operation of the company.

### **Dismantling of the fixed assets of the units in Larisa and Xanthi**

Regulation (EC) no. 672/2011 of 13.7.2011 designated March 31, 2012 as the completion date for the Reconstructing plan for the Hellenic Sugar Industry SA, and imposed the dismantling of the equipment in the unit of Larisa and Xanthi not utilized in the new activity and their removal from the production sites as well as the environmental restoration of these sites.

The parent company has completed all procedures within the deadline posed, observing the time-schedule to the letter. Following a relevant document by HSI SA to the Ministry of Development, the competent bodies of the Ministry proceeded with on-site visits and autopsies of the areas in the units in Larisa and Xanthi on May 24, 2012 and June 15, 2012 correspondingly, in the course of which no objections or remarks were recorded. Following this, it is deemed that the certification of the Reconstruction Plan and the acceptance of the project by the Work Group of the Ministry have been completed.

The result of the procedures above, as depicted in the financial statements of the Company is analyzed as follows:



### DISMANTLING RESULTS (IAS)

	HSI SA	Platy	Serres	Orestiada
Write-offs of fixed assets	-10,440,723.62	-8,092,966.75	-2,347,756.87	0.00
Sale of obsolete materials	2,036,501.67	1,094,723.61	941,778.06	0.00
Manageable spare parts	7,560,546.85	6,385,999.90	1,072,220.20	102,326.75
Dismantling expenses	-2,505,602.78	-1,154,430.54	-1,351,172.24	0.00
<b>RESULTS</b>	<b>-3,349,277.88</b>	<b>-1,766,673.78</b>	<b>-1,684,930.85</b>	<b>102,326.75</b>

### Programme for the Integrated Management of Sugar-Beet Cultivation

The Ministry of Rural Development and Foods in collaboration with the company has stated its intend to support the sugar-beet producer by including the growing of sugar-beet in a Programme for its Integrated Management, through the Rural Development 2007-2013 Programme and specifically through Measure 214 “Agricultural-environmental subsidies”. The expertise by an independent body (regulative requirement) has already been completed, which demonstrates the loss of income ensuing from the implementation of the integrated management in sugar-beet cultivation. The amendment of the Programme has been performed, to include the new action and the publication of the “Call for the expression of interest” is anticipated. Already the Joint Ministerial Decision governing the obligations and rights of those included in the programme has been signed by the competent Ministries of Rural Development and Foods, Development Competitiveness, Infrastructures, Transportation and Networks and the Ministry of Economics.

### Procedure for the sale of the majority block of shares

The leveraged shareholder of the company, ATE, proceeded in 2011 with an open request for tenders for the transfer of the majority block of shares it holds, namely of 82.33%. The first phase of the call for tenders was successfully completed and 10 perspective buyers qualified for the second phase. Due diligence was carried out by the perspective buyers and 3 binding bids have been submitted. On September 21, 2012 the “Agricultural Bank of Greece under Special Liquidation” announced that the international competition for the sale of its participation in the Hellenic Sugar Industry SA has been declared unfruitful. The sale of the participation above remains a primal objective of the Special Liquidator, who shall inform the investment public regarding the procedure to be followed.

### Significant transactions between affiliated parties

The subsidiary companies of the Group are considered as affiliated parties, as such are cited in Note 1 to the Financial Statements and the executive members of the Board of Directors. Since the Group is included in the consolidated financial statements of the Agricultural Bank of Greece (ATE), ATE and the companies in ATE Group are considered as affiliated parties. All transactions with affiliated parties have been performed in compliance with the generally accepted commercial terms and are intended to be arranged in cash within a reasonable deadline. All transactions with affiliated parties (subsidiary companies) have been removed at the preparation of the consolidated financial statements.

The balances of the transactions between the Company and its subsidiaries or cognates as well as the results corresponding to such transactions are as follows:

HELLENIC SUGAR INDUSTRY SA					
30/6/2012					
		Sales of goods and services	Purchases of goods and services	Receivables	Liabilities
Agricultural Bank of Greece SA	<i>Parent</i>	7.980	15.524.057	781.157	133.181.892
DODONI SA	<i>ATE Group Company</i>	32.980	0	-172	0



ATE LEASING	<i>ATE Group Company</i>	0	111.954	0	114.118
ATE RENT	<i>ATE Group Company</i>	0	0	0	0
ATE INSURANCE SA	<i>ATE Group Company</i>	38.548	585.625	1.100	44.403
ATElaxi SA	<i>ATE Group Company</i>	0	0	0	8.700
AD FABRIKA SECERA SAJKASKA	<i>Subsidiary</i>	255.000	14.365.377	727.455	3.199.024
AD FABRIKA SECERA CVRENKA	<i>Subsidiary</i>	3.370.415	15.789.866	251.200	9.925.484
HSI CYPRUS LTD	<i>Subsidiary</i>	0	0	0	0
<b>Total</b>		<b>3.704.923</b>	<b>46.376.879</b>	<b>1.760.740</b>	<b>146.473.621</b>

The sales appearing in the table above regard sales of seeds by the company to its subsidiaries and the purchases regard purchases of sugar from the subsidiaries in Serbia and debit interest from parent ATE. Liabilities principally regard the loan agreement with ATE and liabilities ensuing from purchases of sugar from the Serbian subsidiaries. Receivables mainly regard receivables from the sales of seeds from the sales of mechanical equipment and from subsidiaries' dividends.

The corresponding intra-corporate transactions and balances in the previous fiscal year are as follows:

HELLENIC SUGAR INDUSTRY SA					
30/6/2011					
		Sales of goods and services	Purchases of goods and services	Receivables	Liabilities
Agricultural Bank of Greece SA	<i>Parent</i>	3.908	11.860.029	577.460	132.795.115
ATE LEASING	<i>ATE Group Company</i>	0	87.837	0	0
ATE RENT	<i>ATE Group Company</i>	0	13.068	0	0
ATE INSURANCE SA	<i>ATE Group Company</i>	0	930.229	0	211.497
ELVIZ SA	<i>ATE Group Company</i>	19.556	0	102.090	0
ATElaxi SA	<i>ATE Group Company</i>	0	16.200	0	8.700
AD FABRIKA SECERA SAJKASKA	<i>Subsidiary</i>	305.983	10.524.554	3.022.832	3.874.728
AD FABRIKA SECERA CVRENKA	<i>Subsidiary</i>	1.683	16.627.292	8.088.214	20.020.882
HSI CYPRUS LTD	<i>Subsidiary</i>	0	0	0	0
<b>Total</b>		<b>331.130</b>	<b>40.059.209</b>	<b>11.790.596</b>	<b>156.910.922</b>

#### Events after the reference period

- a) On July 27, 2012 the “Revocation of the operating license for Financial Institution by the name “Agricultural Bank of Greece SA”, which is the reference shareholder of HIS SA and the sole financial institution with which the Company maintained a loan agreement was approved and disclosed in Gov. Gaz. Bulletin 2209 27/7/2012. In parallel, the Hellenic Financial Stability Fund disclosed to the Bank of Greece that its Board of Directors, in its meeting on July 27, 2012, decided to grant its consent to “Piraeus Bank SA”, as regards the



acquisition of the assets of Financial Institution by the name “Agricultural Bank of Greece SA”. With respect to the renewal of financing beyond 30/11/2012 (when the expiration of the loan agreement, which is renewed usual for one year from its expiry) and based on the decision by the Hellenic Financial Stability Fund above, the Management of the Company anticipates the renewal of its financing limit by “Piraeus Bank SA” and is in constant contact with the latter’s Management for its finalization. Until the date of the approval of the financial statements, the anticipated renewal has not been officially received.

- b) On September 18, 2012 it was announced that the Ministries of Rural Development and Food, Development, Competitiveness, Infrastructures, Transportation and Networks and Economics had signed the Joint Ministerial Decision by which the cultivation of sugar-beet is subsumed to a status of Integrated Management, fact which will result to a 30 euros per stremma additional income for sugar-beet farmers. Besides the improvement on the income of producers, the implementation of Integrated Management shall also have a positive environmental impact, while it shall also improve the operation of HSI SA for the benefit of domestic consumption with respect to a key nutrient such as sugar. HSI SA shall supervise the implementation of Integrated Management with the subscription of suitable certification bodies. The procedures for the organization of the supervision system for the implementation of Integrated Management will be set in motion immediately.
- c) On September 21, 2012, the “Agricultural Bank of Greece SA under Special Liquidation” announced that the international competition for the sale of its stake in Hellenic Sugar Industry SA was declared fruitless. The sale of the stake above remains a principal objective of the Special Liquidator, who shall inform the investing public regarding the procedure to be followed.

There are no other significant events after the date of the preparation of the financial standards, for which a relevant reference is necessitated.

-----

## **Explanatory Report pursuant to article 4 par. 7 of Law 3556/2007**

The present explanatory report by the Board of Directors to the Ordinary General Meeting of its Shareholders contains additional analytic information regarding the issues of pars.7 and 8 of article 4 of Law 3556/2007.

### **a. Structure of the share capital of the Company**

The share capital of the Company amounts to € 26,826,703.57, divided into 36,748,909 common bearer shares of nominal value seventy three cents of a Euro (0.73) each one. Company shares are listed in the Athens Stock Exchange.

The rights of Company shareholders stemming from its shares are proportional to the percentage of the capital to which the paid-up value of the share corresponds. Each share affords all rights provided for by the law and the articles of association of the company and specifically:

- The right on the dividend from the annual or the at the liquidation profits of the Company. A percentage of 35% of the net profits after the deduction of only the statutory reserve. The granting of additional dividend shall be decided by the General Meeting. Every shareholder is entitled to the dividend, provided they are cited in the, kept by the HELLENIC EXCHANGES GROUP SA, register of shareholders at the date for the determination of those entitled to dividend. The dividend for each share shall be paid to the shareholder within two (2) months from the date of the Ordinary General Meeting which approved the annual financial statements. The manner for the payment of the dividend shall be disclosed in the Press. The right to collect the dividend is prescribed and the corresponding sum devolves to the State after the lapse of 5 years from the end of the year on which the General Meeting approved its distribution.
- The right to assume the contribution at the liquidation or, correspondingly the redemption of the capital corresponding to the share, provided that such has been decided by the General Meeting.
- The pre-emptive right in every increase of the Company’s share capital in cash and the subscription of new shares.
- The right to receive a copy of the financial statements and the reports by the chartered auditors and the Board of Directors of the Company.



- The right to participate in the General Meeting, which is specialized in the following individual rights of legitimization, presence, participation in the debates, suggestions on issues on the agenda, registration of the views in the minutes and voting.
- The General Meeting of Company shareholders reserves all of its rights also during the liquidation.

The liability of Company shareholders is limited to the nominal value of the shares they hold.

#### **b. Limitations in the transfer of Company shares**

The transfer of Company shares is performed as prescribed by the Law and no limitations are posed by its articles of association as regards their transfer, given that they regard dematerialized securities listed in Athens Stock Exchange.

#### **c. Significant direct or indirect participations for the purposes set out in articles 9 to 11 of Law 3556/2007**

The shareholders (natural persons or legal entities) who directly or indirectly hold a percentage greater than 5% of the total number of company shares are cited in the following table:

<u>FULL NAME</u>	<u>PERCENTAGE</u>
“Agricultural Bank of Greece SA under Special Liquidation”	82,33%

#### **d. Shares affording special control rights**

There are no company shares which afford to their shareholders special control rights.

#### **e. Limitations to voting rights**

No limitations on the voting rights ensuing from its shares are provided for in the articles of association of the Company.

#### **f. Agreements between company shareholders**

The Company is not aware of the existence of any agreements between its shareholders which entail limitations in the transfer of its shares or the exercise of the voting rights ensuing from its shares.

#### **g. Rules for the appointment and replacement of members of the BoD and the amendment of the articles of association**

The rules provided for by the articles of association of the Company for the appointment and replacement of member of the Board of Directors of the company and the amendment of the provisions in its articles of association are not differentiated from what is provided for in Codified Law 2190/1920.

#### **h. Competence of the Board of Directors of appointed members thereof for the issuance of new shares or the purchase of own shares, pursuant to article 16 of Cod. Law 2190/1920**

There is no competence assigned to the members of the BoD for the issuance of new shares or the purchase of own shares without the prior approval of the General Meeting of Shareholders.

#### **i. Important agreements entering into force, amended or expiring in case of change of control following a public take-over bid**

There are no agreements which will enter into force, be amended or will expire in case of change in the control of the Company following a public take-over bid.

#### **j. Agreements with members of the Board of Directors or Company personnel**

There are no agreements between the Company and members of its Board of Directors or personnel which foresee the payment of compensation, especially in case of resignation or dismissal without sound reason or termination of their term or employment on account of a public take-over bid.



## **Corporate Governance Statement (article 2 par.2 of Law 3873/2010)**

### **1. General**

Pursuant to the provisions of Law 3873/2010, which incorporated in Greek legal order Directive 2006/46/EC by the European Union, on annual and consolidated accounts of companies of certain statuses, each company, the shares and other securities of which have been listed in an organized market, must, from fiscal year 2010 (for HSI the fiscal year is 01.07.2010-30.06.2011) to include in its annual managerial report also a report on Corporate Governance, to which it is subsumed of which it has decided to implement on its own free will. The corporate governance framework has been developed principally through the adoption of compulsory rules, such as Law 3016/2002. Additionally, a number of other legislative acts have incorporated in the Greek legislative framework the European directives on corporate law, thus creating new rules for corporate governance, such as Law 3693/2008 and Law 3884/2010. Recent Law 3873/2010, constitutes a “cornerstone” for the creation of the Code. The Law on public limited companies, Law 2190/1920, which many of the aforementioned provisions in the laws of community institution amend, includes the fundamental rules for corporate governance.

The term “corporate governance” describes the manner by which a company is managed and audited. Corporate Governance is articulated as a system of relations, as such are defined by the Principles of Corporate Governance by the Organization for Economic Co-operation and Development, between the Management of a Company, its Board of Directors, its shareholders and other interested parties.

It constitutes the structure via which the objectives of a company are posed and approached, the means for the attainment of such objectives are designated and the monitoring of the Management’s performance in the process of the implementation of the above is rendered possible. It institutes best practices for governance standards and promotes increased transparency throughout all of company activities.

It illustrates the policies and procedures adopted by the Company as a tool for the attainment of good governance practices. Resting on the Greek regulative framework – of which the command overrule in every case – the principles and practices of the Code are aimed to provide guidance in issues which are either not regulated legislatively or are regulated with respect to the minimal possible response.

### **2. Voluntary Compliance of the Company to the Code of Corporate Governance**

The present declaration is compiled in compliance with article 43a par. 3 case d of Cod.Law 2190/1920 and pursuant to the provisions of Law 3873/2010. The company states that it fully and voluntarily conforms with the commands and regulations in the legislative texts which constitute the minimum content of any Corporate Governance Code and comprise such an informal Code.

The company has compiled its own Corporate Governance Code and the relevant text has been uploaded on its website and specifically at: [www.ebz.gr](http://www.ebz.gr)

### **3. Deviations from the Corporate Governance Code and justifications**

The Company declared that it faithfully and strictly implements the provisions in the Greek Law (Cod. Law 2190/1920, Law 3016/2002 and Law 3693/2008) which form the minimum requirements which must be fulfilled by any Corporate Governance Code, implemented by a Company whose shares are listed in an organized market.

Such minimum requirements are incorporated in the HSI SA Corporate Governance Code.

### **4. Principal Features of the Internal Audit and Risk Management Systems in Relation to the Procedure for the Preparation of the Financial Statements and Financial Reports**

#### **i) Principal elements of the risk management and internal audit systems**

The company maintains an Internal Audit System. The Internal Audit System of the Company includes all of the procedures implemented by the BoD, the Management and its other personnel and are aimed:

- To ensure the effectiveness and efficiency of corporate business.
- The reliability of the provided financial reporting, both inside as well as outside of the Company.
- The compliance with the standing laws and regulations, also including the internal corporate regulations.



Since business objectives, internal organization and the environment in which the Company operates are constantly changing, the risks which it is called to confront also change. In order to carry out an effective internal audit the following bodies are provided for:

- Audit Committee
- Internal Audit Service, staffed by personnel exclusively engaged in the carrying out of the Internal Audit.

#### **A) *Audit Committee***

The Audit Committee is Three-Member and comprises of non-executive members of the Board of Directors, of whom at least one is independent. All the members of the Audit Committee are appointed by the General Meeting of shareholders, while the independent non-executive member of the Audit Committee must have a demonstrated sufficient knowledge in issues relating to accounting and auditing.

The members of the Audit Committee were appointed by the resolution of the Extraordinary General Meeting of HSI SA on 22.03.2010 (item 4 on the agenda) and its composition, following the amendment by the decisions taken by the Board of Directors on 31/03/2011 (2<sup>nd</sup> item on the agenda) and 24/02/2012 (2<sup>nd</sup> item on the agenda), is as follows:

- Spyridon Koliatsas (non-executive BoD member)
- Manasis Konstantinidis (independent non-executive BoD member)
- Pavlos Baroutas (independent non-executive BoD member)

It is noted that Mr. P. Baroutas was appointed a member of the BoD and the Audit Committee on 24/02/2012, replacing Ms. Maria Tsiakiri who resigned on 04/02/2012.

In fiscal year 2011/2012 the Committee convened to five (5) meetings, on 29/09/2011, 28/11/2011, 24/02/2012, 05/03/2012 and 25/05/2012.

The Audit Committee has indicatively the following competences:

- monitoring the procedure for financial reporting and the reliability of the financial statements of the Company;
- monitoring the effective operation of the internal audit system;
- monitoring the proper operation of the Internal Audit Service;
- monitoring the course of the statutory audit of the individual and consolidated financial statements;
- review and monitoring of issues relating to the existence and maintenance of the objectivity and independence of the statutory auditor or auditing firm, especially with respect to the provision of other services to the entity audited by the statutory auditor or auditing firm;
- examination of conflicts of interest at the transactions of the company with persons affiliated with it;
- care for the existence and content of procedures by which company personnel may, confidentially, express its concerns for possible transgressions and irregularities in issues relating to financial reporting or other issues touching upon the operation of the company;
- disclosure to the Board of Directors of the findings of the audits and the submitted to it reports by the Internal Audit Service.

#### **B) *Internal Audit Service***

The Internal Audit Service is independent from the other operational units and administratively reports to the CEO and operationally to the BoD's Audit Committee.

For the exercise of their duties the Person Responsible and other staff of the Internal Audit Service as well as the members of the Audit Committee are entitled to take cognizance of any document necessary for the carrying out of the audit.

The members of the Board of Directors must collaborate and provide information to the Internal Audit Service and, in general, to facilitate in any way its work. The management of the Company must provide all necessary means to facilitate its work.



### **Internal Audit Organization**

The Internal Audit Service was formed in implementation of decision no. 5/204/2000 by the Board of Directors of the Hellenic Capital Market Commission and Law 3016/2002 for corporate governance from which the obligation of the companies listed in the stock exchange to possess a special Internal Audit service follows.

Internal Auditors are appointed by the Board of Directors of the Company. Members of the Board of Directors, current executives or relatives of the above, up to the second degree by blood or marriage, may not be appointed as internal auditor. The company informs the Capital Market Commission on the organization and composition of the internal audit service as well as on any changes to it within a deadline of ten (10) working days.

The Internal Audit Service pursues the compliance with the International Professional Practices Framework through the observation of the International Standards for the Professional Implementation of Internal Audit (IIA Standards) and in compliance with what is prescribed by the Moral Conduct and Ethics Code.

### **Subject and Scope of the Internal Audit Service**

It ensures that all activities are consistent with the objectives, policies and procedures of the Company, in compliance with the current institutional framework and the principles of corporate governance.

Specifically, the Internal Audit Service has the following competences:

- monitors the implementation and observance of the Internal Rules of Operation and the Articles of Association of the Company as well as the general legislation regarding the company and especially the legislation on public limited companies and those relating to the stock market;
- reports to the Audit Committee of the Company of cases of conflict between the private interests of members of the Board of Directors or Company Executives with the interests of the Company, which are ascertained at the exercise of its duties;
- monitors the handling of information between Company Directorates to ensure abidance with Stock Exchange Legislation and especially the prevention of transactions based on insider reports;
- informs the Audit Committee at least once every trimester on the audits carried out by it;
- provides, following an approval by the Board of Directors, any information requested by the Supervisory Authorities in writing, collaborates with such and facilitates in any possible way the monitoring and audit actions exercised by the Supervisory Authorities.

### **Internal and External Auditors**

The Internal Auditors constitute part of the Company and provide continuous monitoring and evaluation of all of its activities. On the other hand External Auditors are independent of the Company and provide their opinion on an annual basis with regard to its financial statements. The work of the internal and external auditors must be coordinated for optimum results and efficiency.

### **Risk Management**

The Board of Directors is overall responsible for the establishment and supervision of the Group's risk management framework.

The Group's risk management policies are implemented in order to recognize and analyze the risks the Group is confronted with, to place check points and limits for the taking of risks. The risk management policies and systems are periodically assessed in order for changes in market conditions and the Group's activities to appear. The Internal Audit Service undertakes regular and extraordinary audits regarding the implementation of the check points and risk management procedures, the findings of which it discloses to the Board of Directors.

#### **ii) Non-auditing procedures by the statutory company auditors**

The statutory auditors have not offered non-auditing services to the company, which regard their participation, in any way, direct or indirect, to the taking of decisions relating to the activities of the entity under audit. There are no self-audit or own interest conditions, advocate capacity, intimacy, intimidation and perturbation of trust at the performance of their work. Therefore, taking into account what is prescribed in Law 3693/2008, there have been no cases which may affect the objectivity and effectiveness of the statutory audit.



## **5. The General Meeting and Shareholders' Rights**

The Law on Public Limited Companies foresees important rights for minority shareholders. In compliance with Law 2190/1920, shareholders who represent 1/20 of the paid-up share capital may request an extraordinary General Meeting of shareholders and add items to the agenda. For the taking of certain important decisions, such as the amendment of certain articles in the articles of association or a merger, an increased quorum and majority is required.

Furthermore, the requirement for the blocking of shares for five (5) days prior to the General Meeting of shareholders, which is a considerable hindrance for the participation of international institutional investors (an important minority for many large Greek companies) was abolished by the incorporation in Greek Law of European Directive 2007/36/EC19 on shareholders' rights by Law 3884/2010.

By the amendments to Law 2190/1920 by virtue of new Law 3884/2010 with respect to listed companies informing and briefing of the shareholders with respect to their rights, as well as to the items on the agenda is ensured.

According to the above, HSI SA publicizes all information relating to the General Meeting of Shareholders in a manner that ensures that all shareholders have easy and equal access. All disclosures and relating documents are uploaded on the company's website on the date of their disclosure.

Already by Law 3884/2010, HSI SA, being a listed company, must publicize and upload on its website specific information regarding the preparation of the General Meeting, but also information regarding the proceedings of the General Meeting.

### **General Meeting Competences**

The General Meeting of Company Shareholders is its supreme body and entitled to rule on any affair regarding the Company. The lawful resolutions of the General Meeting are binding also for those shareholders absent or in discord.

With the reservation of the provisions of article 17 in the articles of association of the company, the General Meeting is the only competent body to rule on:

- a) the amendment of the articles of association. An increase or decrease of the share capital is also considered as an amendment;
- b) the approval of the company's balance sheet;
- c) the appropriation of the profits for the fiscal year;
- d) the merger, extension or dissolution of the Company;
- e) the appointment of the liquidators for the Company;
- f) the election of members of the Board of Directors;
- g) the appointment of auditors;
- h) the approval of the annual accounts (annual financial statements).

### **General Principle**

The Board of Directors ensures that the preparation and holding of the General Meeting of Shareholders facilitate the effective exercise of the rights of the shareholder, who must be fully informed on all issues relating to their participation in the General Meeting, including the items on the agenda and their rights in the General Meeting.

The BoD facilitates, within the framework of the relevant provisions in the articles of association, the participation of shareholders in the General Meeting, and especially the minority shareholders, foreign shareholders and those who are domiciled in remote areas, in order to attain their essential, substantial and open dialogue with the company.

## **6. Composition and Operation of the Board of Directors and its Committees**

The Board of Directors is the supreme managerial body of the Company which shapes its objectives and the strategy for its development, monitors their implementation, is responsible for the efficient operation of the Company's management system and supervises and controls the management of its assets.

The Board of Directors is competent to rule on any issue relating to the management and representation of the Company, the management of its assets and, in general, its activities, while it takes all indicated measures and decisions for the realization of the objective of the Company.

Excluded from the competence of the Board of Directors are those issues which, in compliance with the provisions in the Law or the articles of association are subsumed to the exclusive competence of the General Meeting.



### **Composition of the Board of Directors**

According to its Articles of Association, the Company is managed by a Board of Directors which comprises of seven members. Of these, three are executive members and the rest are non-executive. Amongst the non-executive members at least two independent members are appointed, who cannot be shareholders or have a dependent relation to the Company or with affiliated with it persons. The executive members are employed in the Company are provide services to it, performing managerial duties. The non-executive members of the Board of Directors do not perform managerial duties for the Company.

The election of the members of the Board of Directors is performed by a resolution taken by the General Meeting of Shareholders. The capacity of the members of the Board of Directors as executive or not is designated by the Board of Directors. The independent members are appointed by the General Meeting. Should the Board of Directors elect a provisional member until the first General Meeting to replace another independent member who resigned died or for any reason was removed from office, the member thus appointed must also be independent.

The Board of Directors immediately after its election convenes and forms to Body, electing from its executive members its Chairman, Vice-Chairman and Chief Executive Officer.

The term of the members of the Board of Directors is five years. In case of early retirement of any of its members and for any reason, the term of the member who will be elected in replacement will be, by a decision taken by the other members of the Board of Directors, until the end of the term of the member who left. In case of the election of a member by the Board of Directors, this election shall be announced in the immediately next General Meeting, which may replace those members thus elected. If, for any reason, the position of a Director becomes vacant and until such position is filled, the Board of Directors shall decide with its other members validly, provided that their number is not less than four. In detail the members of the BoD for fiscal year 2011/2012 were the following:

	<b>Full Name</b>	<b>Capacity</b>	<b>Date of the assumption of duties (most recent)</b>	<b>End of Term</b>
1	Chrysostomos Geroukis Son of Stefanos	Chairman to the BoD – Executive Member	30/03/2010	29/03/2015
2	Adamantini Lazari Son of Constantinos	Vice-Chairman to the BoD – Non-Executive Member	30/03/2010	29/03/2015
3	Lampros Charalampos Son of Antonios	CEO- Executive Member	30/03/2010	29/03/2015
4	Asterios Tarazas Son of Dimitrios	Member of the BoD – Executive Member	30/03/2010	29/03/2015
5	Spyridon Koliatsas Son of Ilias	Member of the BoD – Non-Executive Member	30/03/2010	29/03/2015
6	Manasis Konstantinidis Son of Theodoros	Member of the BoD - Independent Non-Executive Member	31/03/2011	29/03/2015
7	Pavlos Baroutas Son of Andreas	Member of the BoD -Independent Non-Executive Member	24/02/2012	29/03/2015

It is noted that Mr. Baroutas was elected to the BoD of the company on 24/02/2012, to replace Ms. Tsiakiri who resigned on 04/02/2012.

### **BoD Roles and Competences**

The effectively exercises its leadership and directs company affairs for the benefit of the company and all shareholders, by ensuring that Management implements the corporate strategy. Furthermore it ensures the fair and equal treatment of all shareholders, including minority shareholders and foreign shareholders.

At the performance of its duties, the BoD takes into account those parties whose interests are connected to those of the company, such as the clients, creditors, workers and social groups directly affected by the operation of the company and to the degree where there ensues no conflict with corporate interest.

An unflinching pursuit of the BoD is the bolstering of the long-term value of the company and the protection of the general corporate interest. The Board of Directors is competent to decide on any action which regards the management of the company, the management of company assets and, in general, the pursuit of its objective, without any limitation (with the exception of the issues subsumed to the exclusive competence of the General Meeting) and to represent the company before courts and out-of-court.



The principal, non-assignable, competences of the Board of Directors include:

- The approval of long-term strategy and operational objectives of the company;
- the approval of the annual budget and business plan, as well as decision taking for major capital expenditures, take-overs and sales;
- the selection and, when needed, the replacement of the executive leadership of the company, as well as the supervision of succession planning;
- the control of the performance of senior Management and the harmonization of the salaries of senior executives with the long-term interests of the company and its shareholders;
- to ensure the reliability of the financial statements and information of the company, the systems for financial reporting and of the information and data being disclosed, as well as to ensure the effectiveness of the internal audit and risk managements systems;
- vigilance with respect to existing or possible conflicts of interest between, on the one hand, the company and, on the other, its Management, the members of the BoD or leveraged shareholders (including the shareholders with direct or indirect authority to shape or influence the composition and conduct of the BoD) as well as the proper treatment of such conflicts; to this end the BoD must adopt a procedure for the supervision of transactions based on transparency and the protection of corporate interests;
- to ensure the existence of an efficient procedure for the regulative compliance of the company;
- the responsibility to take the relevant decisions for the monitoring of the effectiveness of the company's management system, inclusive of the decision-making procedures and the assignment of authorities and duties to other executives, and
- the formulation, dissemination of the principal values and principles of the company which govern its relations with all parties, the interests of whom are related to those of the company.

#### **Duties and conduct of BoD members**

Every member of the BoD is obliged to be committed full-time to the company. The BoD members must act with integrity and for the interest of the company and ensure the confidentiality of non-publicly available information. They must not be in a competitive relation to the company and must avoid any office or activity which creates or appears to be creating a conflict between their personal interests and those of the company, including offices in the Board of Directors or Management of competitive companies without the permission of the General Meeting. The members of the BoD contribute their experience and devote to their duties the necessary time and attention. The members of the BoD must pursue to participate in all BoD meetings, as well as those of the Committees to which they have been assigned.

#### **Evaluation of the Board of Directors**

The BoD regularly evaluates its effectiveness in the exercise of its duties, as well as that of the Committees.

The evaluation of the BoD's effectiveness, as well as that of its Committees, takes place at least once every two (2) years. The Chairman presides of the evaluation procedure and its findings are discussed by the BoD while the President then takes the necessary measures to confront the ascertained weaknesses.

#### **Remuneration of the Board of Directors**

The remuneration of the members of the Board of Directors is cited under Transactions with affiliated parties on the Annual Financial Statement of HSI SA and are the following:

	<u>GROUP</u>	<u>COMPANY</u>
Remuneration of the members of the BoD for fiscal year 2011/2012	378.836 €	240.189 €

#### **Meetings of the Board of Directors**

16 meetings of the Board of Directors took place in the course of fiscal year 2011/12. As a rule the Board meets at least once a month.

#### **Composition and terms of operation of the work and competences of the committees of the Board of Directors and Meetings of the Committees**



Three Committees have been instituted and operate in the Company, manned by members of the Board of Directors. These are the Audit Committee, the Special Three-Member Committee and the Three-Member Committee. Specifically:

### ***1. Audit Committee***

The Audit Committee has been presented in detail in previous section of the present Statement.

### ***2. Special Three-member Committee***

The Special Three-Member Committee is competent for issues relating to the personnel of the Company, as such are designated below and comprises of the Chief Executive Officer or acting CEO and two members of the Board of Directors. In case of absence or unavailability of any of its members, the absent or unavailable member shall be replaced by a member of the Board of Directors, following the recommendation by the Chairman of the Board of Directors. The Special Three-Member Committee shall convene regularly and as a rule twice annually, in the months of June and December, to discuss issues relating to the promotion and the financial advancement on grounds of successful tenure; once a year to discuss matters relating to transfers, should such exist and extraordinarily for all other cases.

The members of the Special Three-Member Committee, which is provided for in article 61, 63, 71 & 72 of the Code of Work by HSI, were appointed by a decision taken by the BoD of HSI SA on 09/04/2010 (3<sup>rd</sup> item on the agenda), and its composition, following the amendments by virtue of BoD decisions on 31/03/2011 (2<sup>nd</sup> item) and 24/02/2012 (2<sup>nd</sup> item), is as follows:

- Chairman            Lampros Charalampous (executive member of the BoD)
- Members           Asterios Tarazas (executive member of the BoD)  
                                 Manasis Konstantinidis (independent non-executive member of the BoD)

In case where the Chairman is absent or unavailable, Mr. Asterios Tarazas shall preside. Mr. Pavlos Baroutas was appointed as substitute member.

In fiscal year 2011/2012 the Committee met once on 23/09/2011.

The Special Three-Member Committee has the following competences:

- It recommends to the Board of Directors the promotion of top and senior executives to fill the existing vacant posts, following the assessment of their performance records.
- It recommends to the Board of Directors the financial advancement on grounds of successful tenure for to and senior company executives, following the assessment of their performance records.
- It ascertains the professional inadequacy or unsuitability of top management and correspondingly recommends to the Board of Directors their dismissal.
- It assesses the complaints filed by low and middle level workers as well as those by the auxiliary staff which regard omissions, the consistency of the scores, promotions or the granting of financial advancement, or decisions regarding lay-offs due to professional inadequacy or unsuitability and following the exhaustive examination of the complainers' folders and possible recent evidence it rules on the dismissal of the application or the annulment of the prior decision issues proceeding with the correction of their performance records.
- It approves the transfers and secondments of low and middle level personnel, as well as auxiliary staff following the assessment of their applications and based on the criteria in par. 2 of article 63 of the Company's Code of Work.

The representative of the BoD of the Company's Workers' Union, the representative of the corresponding first degree Union and the director of the Legal Service may be present in the meetings of the Special Three-Member Committee without voting rights.

### ***3. Three-member Committee***

The Three-Member Committee is responsible for approving Company expenditures up to a certain amount and comprises of the CEO or deputy CEO and two members of the Board of Directors. In case of absence or



unavailability of any of its members, the absent or unavailable member shall be replaced by a member of the Board of Directors, following the recommendation by the Chairman of the Board of Directors. The Three-member Committee convenes informally, depending on existing needs.

The members of the Three-member Committee, by a procedure foreseen in the Expenditures Approval and Pricing Policy Code of HSI, as such was approved by BoD resolution on 01/12/2007 (3<sup>rd</sup> item on the agenda), were appointed by BoD decision on 09/04/2010 (3<sup>rd</sup> item) and its composition, following its amendment by virtue of BoD decisions on 31/03/2011 (2<sup>nd</sup> item) and 24/02/2012 (2<sup>nd</sup> item), is as follows:

- Chairman Lampros Charalampous (executive BoD member)
- Members Asterios Tarazas (executive BoD member)  
Manasis Konstantinidis (independent non-executive BoD member)

In case where the Chairman is absent or unavailable, Mr. Asterios Tarazas shall preside. Mr. Pavlos Baroutas was appointed as substitute member.

The Three-member Committee is competent for the approval of every expense for procurements, sales, transportation etc. from € 25,000.00 up to € 50,000.00 exclusive of VAT, as well as for issues relating to lesser expenses, which have been relegated to it from the CEO.

The Three-member Committee reserves the right to reject or amend the recommendation or to defer its decision or to relegate the issue to the Board of Directors. Its decision is formulated as an act on the recommendation.

The competent Directors of Central Services or their deputies, to the competence of whom the issues under approval are subsumed are present, without voting rights, at the meetings of the Three-member Committee.

#### **7. Information required pursuant to article 10 par. 1 of Directive 2004/25/EC regarding public takeover bids**

Article 10 par. 1 of Directive 2004/25/EC of the European Parliament and Council of April 21, 2004, on public takeover bids, foresees the following regarding the companies all of the securities of which are admitted for trading on a regulated market:

*“1. Member States shall ensure that companies as referred to in Article 1par. 1 publish detailed information on the following:*

*(a) the structure of their capital, including securities which are not admitted to trading on a regulated market in a Member State, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents;*

The share capital of the Company amounts to € 26.826.703,57, divided into 36.748.909 common bearer shares of nominal value 0,73 Euro each one. The shares of the company are listed for trading in the Securities Market of the Athens Stock Exchange. The rights of the shareholders of the Company stemming from its share are proportional to the percentage of the capital to which the paid-up value of the share corresponds. Each share affords all rights provided for by the law and the articles of association of the company. The liability of Company shareholders is limited to the nominal value of the shares they hold.

*(b) any restrictions on the transfer of securities, such as limitations on the holding of securities or the need to obtain the approval of the company or other holders of securities, without prejudice to Article 46 of Directive 2001/34/EC;*

The transfer of Company shares is performed as prescribed by the Law and there are no limitations posed by the Articles of Association to such transfer, given that they are dematerialized securities listed in Athens Stock Exchange.

*(c) significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC;*



The shareholders (natural persons or legal entities) who directly or indirectly hold a percentage greater than 5% of the total number of the company's shares are cited below:

<u>FULL NAME</u>	<u>PERCENTAGE</u>
"Agricultural Bank of Greece SA under Special Liquidation"	82,33%

*(d) the holders of any securities with special control rights and a description of those rights;*

There are no company shares which afford special control rights to their holders

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

There are no Company shares which afford special control rights to their holders

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

The Articles of Association of the Company do not foresee any limitation to the voting rights which ensue from its shares.

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

The Company is not aware of any agreements between its shareholders, which entail limitations to the transfer of its shares or the exercise of the voting rights which ensue from its shares.

*(h) the rules governing the appointment and replacement of board members and the amendment of the articles of association;*

The rules provided for by the Articles of Association of the Company for the appointment and replacement of members of its Board of Directors and the amendment of the provisions in its articles of association are not differentiated from the provisions of Cod.Law 2190/1920.

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

The members of the BoD have no competence to issue new shares or buy own shares without the prior approval of the General Meeting of Shareholders.

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

The Company knows of no agreements which take effect, alter or terminate upon change of control of the Company following a takeover bid.

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

There are no agreements between the Company and the members of its Board of Directors, which foresee the payment of compensation especially in case of resignation or redundancy without valid reason or if their term or employment is terminated because of a takeover bid.



The issues relating to the information of article 10 par. 1 of Directive 2004/25/EC of the European Parliament and Council of April 21, 2004 regarding public takeover bids are also cited under the section entitled “Explanatory Report pursuant to Article 4 pars.7-8 of Law 3556/2007” in the Report by the Board of Directors to the Ordinary General Meeting of the Shareholders of HSI SA.

The present statement of Corporate Governance constitutes an integral and special part of the annual Management Report by the Board of Directors of the Company.

**Thessaloniki, September 27, 2012**

**For the Board of Directors**

**The Chairman of the  
Board of Directors**

**CHRYSOSTOMOS ST. GEROUKIS  
ID Card No. AB 281294/2006**

## **C. Independent Chartered Auditors' Report**



**[Translation from the original text in Greek]**

## **Independent Auditor's Report**

To the Shareholders of "HELLENIC SUGAR INDUSTRY S.A."

### **Report on the Separate and Consolidated Financial Statements**

We have audited the accompanying separate and consolidated financial statements of HELLENIC SUGAR INDUSTRY S.A., which comprise the separate and consolidated statement of financial position as of 30 June 2012 and the separate and consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Separate and Consolidated Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate 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 and methods used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate 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 separate and consolidated financial statements present fairly, in all material respects, the financial position of HELLENIC SUGAR INDUSTRY S.A. and its subsidiaries as at 30 June 2012 , and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

## **Reference on Other Legal and Regulatory Matters**

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



PricewaterhouseCoopers SA  
Charter Accountants  
268 Kifissias Avenue,  
152 32 Halandri  
AM SOEL: 113

Athens, 28 September 2012

Chartered Accountant

Marios Psaltis  
AM SOEL: 38081

## **D.** Annual Company and Consolidated Financial Statements



**HELLENIC SUGAR INDUSTRY S.A.**

**ANNUAL CONSOLIDATED AND COMPANY FINANCIAL REPORTS**  
**For the fiscal year from July 1, 2011 until June 30, 2012**

Mitropoleos St. 34, Thessaloniki, Postal Code 54110

[www.ebz.gr](http://www.ebz.gr)

SA Reg. No. 8246/06/B/86/11

## CONTENTS

## PAGE

Financial Position Statement	1
Comprehensive Income Statement	2
Changes in Equity Statement	3
Cash Flow Statement	4
Notes to the Financial Statements	5-50



Notes to the Financial Statements

## Financial Position Statement

As of June 30, 2012

(Sums in Euro)

ASSETS	Note	GROUP		COMPANY	
		30/6/2012	30/6/2011	30/6/2012	30/6/2011
Tangible fixed assets used for own purposes	16	93.773.681	99.260.403	68.482.261	75.090.693
Investments in property	18	23.497.218	26.110.227	23.497.218	26.110.227
Intangible assets	17	7.892.796	7.892.796	0	0
Investments in Subsidiary Enterprises	19	0	0	20.771.085	20.771.085
Deferred Tax Receivables	21	66.737	0	66.737	0
Non-current assets held for sale		59.480	98.566	0	0
Other Long-Term Claims	20	811.917	1.756.497	67.103	744.947
<b>Total Non-Current Assets</b>		<b>126.101.829</b>	<b>135.118.489</b>	<b>112.884.404</b>	<b>122.716.952</b>
Inventories	22	82.415.560	66.380.158	46.463.752	45.242.280
Customers and other Trade Receivables	23	67.789.335	72.960.564	63.601.413	58.805.877
Other Receivables	25	11.197.141	21.205.802	6.297.669	19.676.575
Financial Items at Fair Value through Comprehensive Income Statement		46.374	250.681	46.374	250.681
Cash and cash equivalents	24	1.855.190	11.752.881	1.316.985	1.592.761
<b>Total Current Assets</b>		<b>163.303.600</b>	<b>172.550.086</b>	<b>117.726.193</b>	<b>125.568.174</b>
Assets available for sale		1.205.073	0	1.205.073	0
<b>Total Assets</b>		<b>290.610.502</b>	<b>307.668.575</b>	<b>231.815.670</b>	<b>248.285.126</b>
<b>Net Position</b>					
Share Capital	26	26.826.703	26.826.703	26.826.703	26.826.703
Premium	26	16.888.623	16.888.623	16.888.623	16.888.623
Reserves	27	110.342.196	122.001.462	137.086.911	137.086.911
Revaluation reserves		1.936.246	1.936.246	1.936.246	1.936.246
Accumulated profits (losses)		(66.265.737)	(65.551.148)	(122.251.235)	(124.572.258)
<b>Parent owners' total equity</b>		<b>89.728.031</b>	<b>102.101.886</b>	<b>60.487.248</b>	<b>58.166.225</b>
minority interests		510.753	10.556.074	0	0
<b>Total Equity</b>		<b>90.238.784</b>	<b>112.657.960</b>	<b>60.487.248</b>	<b>58.166.225</b>
Long-term loan liabilities	29	2.193.684	3.632.260	0	0
Deferred Tax Liabilities	21	481.386	7.636.854	0	6.999.059
Past service benefit liabilities	30	4.430.751	6.060.846	3.848.405	5.547.446
Other long-term liabilities	34	2.725.178	1.222.949	969.213	242.126
<b>Total Long-Term Liabilities</b>		<b>9.830.999</b>	<b>18.552.909</b>	<b>4.817.618</b>	<b>12.788.631</b>
Suppliers and other liabilities	31	21.731.004	28.913.535	28.501.983	41.059.743
Current Tax Liabilities		1.548.224	1.862.453	1.028.280	998.775
Short-term loan liabilities	29	147.368.387	141.013.010	133.181.892	132.795.115
Other short-term liabilities	33	19.848.477	4.207.262	3.754.022	2.387.739
Provisions	32	44.627	461.446	44.627	88.898
<b>Total Short-Term Liabilities</b>		<b>190.540.719</b>	<b>176.457.706</b>	<b>166.510.804</b>	<b>177.330.270</b>
<b>Total Liabilities</b>		<b>200.371.718</b>	<b>195.010.615</b>	<b>171.328.422</b>	<b>190.118.901</b>
<b>Total Equity and Liabilities</b>		<b>290.610.502</b>	<b>307.668.575</b>	<b>231.815.670</b>	<b>248.285.126</b>

The attached explanatory notes cited on pages 5 to 48 constitute an integral part of the financial statements.



Notes to the Financial Statements

## Comprehensive Income Statement

For the fiscal year from July 1, 2011 until June 30, 2012

(Sums In Euro).

	Note	GROUP		COMPANY	
		01/07/2011- 30/06/2012	01/07/2010- 30/06/2011	01/07/2011- 30/06/2012	01/07/2010- 30/06/2011
Sales		228.965.927	255.964.152	175.300.451	190.480.316
Cost of goods sold	10	(175.746.557)	(228.926.787)	(146.729.742)	(189.821.987)
<b>Gross Margin</b>		<b>53.219.370</b>	<b>27.037.365</b>	<b>28.570.709</b>	<b>658.329</b>
Other income	9	14.251.490	15.662.703	12.297.993	10.532.181
Distribution expenses	10	(10.181.037)	(10.209.592)	(4.789.308)	(4.546.378)
Administrative expenses	10	(13.870.831)	(18.454.144)	(10.876.937)	(16.016.830)
Other expenses	12	(25.076.855)	(10.194.330)	(20.792.105)	(6.636.599)
<b>Income from operating activities</b>		<b>18.342.137</b>	<b>3.842.002</b>	<b>4.410.352</b>	<b>(16.009.297)</b>
Financial income	13	4.331.201	1.796.414	10.604.327	10.723.650
Financial expenses	14	(22.441.100)	(15.090.126)	(16.008.345)	(12.482.726)
<b>Profits/(Losses) before taxes</b>		<b>232.238</b>	<b>(9.451.710)</b>	<b>(993.666)</b>	<b>(17.768.373)</b>
Income tax	15	2.724.404	108.583	3.314.689	1.315.472
<b>Profits/(Losses) after taxes</b>		<b>2.956.642</b>	<b>(9.343.127)</b>	<b>2.321.023</b>	<b>(16.452.901)</b>
<b>Other comprehensive income</b>					
Exchange rate differences from the conversion of the Financial Statements of business activities abroad		(8.991.908)	2.224.937	0	0
Reserve for the Recognition of Investment Fixed Assets		0	332.857	0	332.857
Income tax for other comprehensive income items		0	16.926	0	16.926
<b>Total other income</b>		<b>(8.991.908)</b>	<b>2.574.720</b>	<b>0</b>	<b>349.783</b>
<b>Profit for the period</b>		<b>(6.035.266)</b>	<b>(6.768.407)</b>	<b>2.321.023</b>	<b>(16.103.118)</b>
<b>Profits/(Losses) corresponding</b>					
parent shareholders		2.822.353	(12.257.202)	2.321.023	(16.452.901)
- minority interests		134.289	2.914.075	0	0
		<b>2.956.642</b>	<b>(9.343.127)</b>	<b>2.321.023</b>	<b>(16.452.901)</b>
<b>Profits/(Losses) corresponding</b>					
parent shareholders		(8.836.913)	(10.041.872)	2.321.023	(16.103.118)
- minority interests		2.801.647	3.273.465		
<b>Total comprehensive income</b>		<b>(6.035.266)</b>	<b>(6.768.407)</b>	<b>2.321.023</b>	<b>(16.103.118)</b>
Basic earnings / (losses) per share (in €)	28	0,0768	(0,3335)	0,0632	(0,4477)

The attached explanatory notes cited on pages 5 to 48 constitute an integral part of the financial statements.



Notes to the Financial Statements

## Consolidated changes in equity statement

For the fiscal year from July 1, 2011 until June 30, 2012  
(Sums in Euro)

CHANGES IN EQUITY	GROUP						
	Share capital	Premium	Reserves	Results carried forward	Total	Minority Rights	Total
<b>Balance of equity as of June 30, 2010</b>	26.826.703	16.888.623	121.722.378	(53.293.946)	112.143.758	9.430.615	121.574.373
<b>Changes in equity for fiscal year 01/07/2010 - 30/06/2011</b>							
Dividends distributed	0	0	0	0	0	(2.148.006)	(2.148.006)
Net profit and loss 01/07/2010-30/06/2011	0	0	0	(12.257.202)	(12.257.202)	2.914.075	(9.343.127)
Adjustment of deferred taxation from 24% to 23%	0	0	83.498	0	83.498	0	83.498
Income Tax for other comprehensive income items	0	0	(66.572)	0	(66.572)	0	(66.572)
Reserve for the Recognition of Investment Fixed Assets	0	0	332.857	0	332.857	0	332.857
Exchange rate differences in the conversion of Financial Statements	0	0	1.865.547	0	1.865.547	359.390	2.224.937
<b>Total comprehensive income after taxes</b>	<b>0</b>	<b>0</b>	<b>2.215.330</b>	<b>(12.257.202)</b>	<b>(10.041.872)</b>	<b>1.125.459</b>	<b>(8.916.413)</b>
<b>Total recognized profit/loss for the period</b>	<b>0</b>	<b>0</b>	<b>2.215.330</b>	<b>(12.257.202)</b>	<b>(10.041.872)</b>	<b>1.125.459</b>	<b>(8.916.413)</b>
<b>Balance of equity as of June 30, 2011</b>	<b>26.826.703</b>	<b>16.888.623</b>	<b>123.937.708</b>	<b>(65.551.148)</b>	<b>102.101.886</b>	<b>10.556.074</b>	<b>112.657.960</b>
	GROUP						
	Share capital	Premium	Reserves	Results carried forward	Total	Minority Rights	Total
<b>Balance of equity as of June 30, 2011</b>	26.826.703	16.888.623	123.937.708	(65.551.148)	102.101.886	10.556.074	112.657.960
<b>Changes in equity for fiscal year 01/07/2011 - 30/06/2012</b>							
Dividends distributed	0	0	0	0	0	(1.850.608)	(1.850.608)
Change in Group Percentages (Note 33)	0	0	0	(3.536.942)	(3.536.942)	(10.996.360)	(14.533.302)
Net profit and loss 01/07/2011-30/06/2012	0	0	0	2.822.353	2.822.353	134.289	2.956.642
Exchange rate differences in the conversion of Financial Statements	0	0	(11.659.266)	0	(11.659.266)	2.667.358	(8.991.908)
<b>Total comprehensive income after taxes</b>	<b>0</b>	<b>0</b>	<b>(11.659.266)</b>	<b>(714.589)</b>	<b>(12.373.855)</b>	<b>(10.045.321)</b>	<b>(22.419.176)</b>
<b>Total recognized profit/loss for the period</b>	<b>0</b>	<b>0</b>	<b>(11.659.266)</b>	<b>(714.589)</b>	<b>(12.373.855)</b>	<b>(10.045.321)</b>	<b>(22.419.176)</b>
<b>Balance of equity as of June 30, 2012</b>	<b>26.826.703</b>	<b>16.888.623</b>	<b>112.278.442</b>	<b>(66.265.737)</b>	<b>89.728.031</b>	<b>510.753</b>	<b>90.238.784</b>

## Company changes in equity statement

For the fiscal year ended on June 30, 2012  
(Sums in Euro)

CHANGES IN EQUITY	COMPANY				Total
	Share capital	Premium	Reserves	Results carried forward	
<b>Balance as of June 30, 2010</b>	26.826.703	16.888.623	138.673.374	(108.119.357)	74.269.343
<b>Changes in equity for fiscal year 01/07/2010 - 30/06/2011</b>					
Reserve for the recognition of investment fixed assets	0	0	332.857	0	332.857
Adjustment of deferred taxation from 24% to 20%	0	0	83.498	0	83.498
Income tax for other comprehensive income items	0	0	(66.572)	0	(66.572)
Net profit or loss for period 01/07/2010-30/06/2011	0	0	0	(16.452.901)	(16.452.901)
<b>Total comprehensive income after taxes</b>	<b>0</b>	<b>0</b>	<b>349.783</b>	<b>(16.452.901)</b>	<b>(16.103.118)</b>
<b>Total recognized profit/loss for the period</b>	<b>0</b>	<b>0</b>	<b>349.783</b>	<b>(16.452.901)</b>	<b>(16.103.118)</b>
<b>Υπόλοιπο των Ιδίων Κεφαλαίων κατά την 30η Ιουνίου 2011</b>	<b>26.826.703</b>	<b>16.888.623</b>	<b>139.023.157</b>	<b>(124.572.258)</b>	<b>58.166.225</b>
	COMPANY				
	Share capital	Premium	Reserves	Results carried forward	Total
<b>Balane as of June 30, 2011</b>	26.826.703	16.888.623	139.023.157	(124.572.258)	58.166.225
<b>Changes in equity for fiscal year 01/07/2011 - 30/06/2012</b>					
Net profit or loss for period 01/07/2011-30/06/2012	0	0	0	2.321.023	2.321.023
<b>Total comprehensive income after taxes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2.321.023</b>	<b>2.321.023</b>
<b>Total recognized profit/loss for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2.321.023</b>	<b>2.321.023</b>
<b>Υπόλοιπο των Ιδίων Κεφαλαίων κατά την 30η Ιουνίου 2012</b>	<b>26.826.703</b>	<b>16.888.623</b>	<b>139.023.157</b>	<b>(122.251.235)</b>	<b>60.487.248</b>

The attached explanatory notes cited on pages 5 to 48 constitute an integral part of the financial statements.



Notes to the Financial Statements

**Cash flow statement**  
**For the fiscal year ended on June 30, 2012**  
**(Sums in Euro)**

	GROUP		COMPANY	
	01/07/2011- 30/06/2012	01/07/2010- 30/06/2011	01/07/2011- 30/06/2012	01/07/2010- 30/06/2011
<b>Operating activities</b>				
Receivables collected	219.128.576	259.100.979	161.007.549	186.713.455
Payments for purchases, corporate expenditures	(206.650.625)	(233.295.643)	(165.195.442)	(174.151.796)
Taxes payable (proceeds from tax return)	(1.266.214)	(1.779.246)	0	(1.493.601)
Tax paid	(17.366.886)	(12.513.443)	(15.293.982)	(11.392.857)
<b>Total cash flow from operating activities (a)</b>	<b>(6.155.149)</b>	<b>11.512.647</b>	<b>(19.481.875)</b>	<b>(324.799)</b>
<b>Investing activities</b>				
Purchases of tangible and intangible assets	(6.372.005)	(8.657.937)	(1.509.862)	(1.499.516)
Dividends received	0	0	20.329.184	3.186.119
Sales of tangible and intangible assets	191.470	468.782	0	0
<b>Total cash flow from investing activities (b)</b>	<b>(6.180.535)</b>	<b>(8.189.155)</b>	<b>18.819.322</b>	<b>1.686.603</b>
<b>Financing activities</b>				
Proceeds from issued/assumed loans	130.626.655	70.362.788	99.636.689	54.633.949
Loan repayment	(124.561.369)	(64.521.087)	(99.249.912)	(55.795.383)
Dividends paid	(3.627.293)	(913.287)	0	0
<b>Total cash flow from financing activities (c)</b>	<b>2.437.993</b>	<b>4.928.414</b>	<b>386.777</b>	<b>(1.161.434)</b>
<b>Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)</b>	<b>(9.897.691)</b>	<b>8.251.906</b>	<b>(275.776)</b>	<b>200.370</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>11.752.881</b>	<b>3.500.975</b>	<b>1.592.761</b>	<b>1.392.391</b>
<b>Cash and cash equivalents at end of period</b>	<b>24 1.855.190</b>	<b>11.752.881</b>	<b>1.316.985</b>	<b>1.592.761</b>

The attached explanatory notes cited on pages 5 to 48 constitute an integral part of the financial statements.



## 1. Information about the company

The “Hellenic Sugar Industry SA” with distinctive title “HSI” was incorporated in 1960 with the objective to establish the conditions for the cultivation of sugar-beet in Greece and the self-sufficiency of the Greek state in sugar. Its reference shareholder is the “Agricultural Bank of Greece SA under Special Liquidation”. The Company is active in Greece and Serbia in the production and trade of white crystal sugar and its byproducts. It is the sole producer of sugar in Greece and operates in the framework of the European Union’s (EU) Common Agricultural Policy and observes the rules instituted by the EU with respect to the production and distribution of sugar.

From its incorporation until today the company has consolidated its position in the domestic market, while on the European level and following the acquisition of two sugar processing companies in Serbia, it constitutes one of the most important sugar industries on account of its productive capacity. Today, most of the domestic needs in sugar are covered by the Hellenic Sugar Industry.

The registered office of the company is in the Municipality of Thessaloniki, Mitropoleos St. no. 34. The Company is listed in Athens Stock Exchange and its shares are included in FTSE 40 index (Index of medium capitalization shares).

On 30.6.2012 the Group employed 1,233 people (2011: 1.079), of whom 679 (2011: 561) work in Greece.

The Consolidated Financial Statements of the Company as of June 30, 2012 include the following financial statements of HSI and its subsidiaries:

<u>Name of subsidiary company</u>	<u>Activity</u>	<b>Participation percentage</b>	
		<u>2011/2012</u>	<u>2010/2011</u>
<b><u>Serbia</u></b>			
AD FABRIKA SECERA “SAJKASKA”	Sugar plant	99,61%	92,32%
AD FABRIKA SECERA “CRVENKA”	Sugar plant	98,39%	80,80%
<b><u>Cyprus</u></b>			
HSI Cyprus LTD.	Trade	100%	100%

All of the subsidiary companies above are included in the consolidated financial statements using the method of full consolidation. In Note 33 of the Annual Financial Statements information is cited regarding the increase of the Group’s participation percentages in subsidiaries AD FABRIKA SECERA “SAJKASKA” and AD FABRIKA SECERA “CRVENKA”.

HSI Group consolidated financial statements are included, using the full consolidation method, in the consolidated financial statements of “Agricultural Bank of Greece SA under Special Liquidation” Group, the registered office of which is in Athens and which holds a participation percentage of 82.33% on HSI Group.



## **2. Basis for the preparation of the financial statements**

### **2.1 Basis of presentation**

The Group's financial statements have been prepared based on the International Financial Reporting Standards (IFRS), including the International Accounting Standards (IAS) and the interpretations which have been published by the Interpretation Committee of the International Financial Reporting Standards, as such have been adopted by the European Union and until June 30, 2012.

Where necessary, comparative data has been reclassified in order to be in-line with possible changes in the presentation of the data for the present fiscal year.

Additionally, the group's and company's financial statements have been prepared based on the principle of the business continuity of its activities, having taken into account all of the macroeconomic and microeconomic factors and their effects on the unhindered operation of the group and the company. Specifically, with respect to short-term bank loans, the Management, following contacts with the credit institutions involved, estimates that the relevant credit limits shall be renewed beyond November 30, 2012 and the Company shall obtain the financing required for the unhindered continuation of its activity in the future (also see notes 35.2 and 38).

The financial statements were approved by the Board of Directors on September 27, 2012, have been posted on the internet at address [www.ebz.gr](http://www.ebz.gr) and are subject to the approval by the Ordinary General Meeting of Shareholders.

### **2.2 Basis of measurement**

The financial statements have been prepared on the basis of the historic cost, save for some items of the assets and liabilities which are presented at fair value, such as the financial instruments at fair values through income statement and the investment real estate.

### **2.3 Operating currency**

The operating currency of the Group is the Euro. The Group's financial statements are presented in Euros, save if stated otherwise in individual notes.

### **2.4 Use of estimates and assumptions**

The preparation of the financial statements in compliance with IFRS requires the performance of estimates and admissions by Management, which may affect both the accounting balances of assets and liabilities, as well as the income and expenses recognized in the course of the reference period. Real results may differ from the assessments above.

Estimates and judgements are regularly re-assessed. Deviations from such accounting estimates are recognized in the reference period in which they are reassessed, provided they regard only the current period or, should they also regard future periods, if they affect the current and future periods.

Estimates performed by the Management at the application of the IFRS which have a considerable impact on the financial statements and estimates which present a significant risk for substantial adjustments in the next fiscal year are cited under Note 5.

## **3. Continuing activity**

The present financial statements have been prepared based on the Company's capacity to be maintained as a continuing activity.



*Notes to the Financial Statements*

The validity for the acceptance of the continuing activity principally depends on the success of the efforts by the Management to ensure additional financing in order to cover the continuous needs of the Company in the visible future.

On June 27, 2012 the “Revocation of the operating license for credit institution by the name ‘Agricultural Bank of Greece SA’”, which is the reference shareholder of HSI SA and the only financial institution with which the Company maintained a loan agreement, was approved and published in Gov. Gaz. 2209 27/7/2012. In parallel the Hellenic Financial Stability Fund notified the Bank of Greece that its Board of Directors, in its meeting on July 27, 2012, decided to grant its consent to “Piraeus Bank SA” for the acquisition of the assets of credit institution by the name “Agricultural Bank of Greece SA”. With respect to the renewal of financing beyond 30.11.2012 (date of expiry of the loan agreement, which is usually renewed for one year from its expiry), and based on the aforementioned decision by the Hellenic Financial Stability Fund, the Management of the Company is anticipating the renewal of its financial limit by “Piraeus Bank SA” and is in continuous contact with the Management of the latter for the finalization of the contract. Until the approval date for the financial statements, the anticipated approval had not been officially received.

#### **4. Major accounting principles**

The accounting principles cited below are been consistently applied for all fiscal periods cited in these financial statements and have been consistently applied by all HSI Group companies.

##### **4.1 Basis for consolidation**

###### **(a) Subsidiary companies**

Subsidiaries are those companies controlled by the Group. Control exists when the Group directly or indirectly controls the business and economic policy of the company. The existence of possible potential voting rights which are exercisable is taken into account in order to ascertain if the parent exercises control on the subsidiaries. In the consolidated financial statements subsidiary companies are included using the full consolidation method from the date their control was acquired.

The acquisition of subsidiary companies is accounted for using the method of takeover. The acquisition cost is calculated at the fair value of the assets transferred, the shares issued or the liabilities assumed on the date of the takeover. The distinct assets and liabilities items and potential obligations acquired in a business merger, are measured at fair value at the takeover, independent of the minority percentage. The difference between the takeover cost and the commensurate to the Company fair value of the net position of the subsidiary acquired appears as good will. Should the takeover cost be less than the commensurate to the Company fair value of the net position of the subsidiary acquired, the difference is directly recognized in the income statement account.

###### **(b) Loss of control for companies**

When the control of a subsidiary company is lost the Group ceases to consolidate this particular company and any surplus or deficit ensuing from the loss of the control of the subsidiary is entered into the income statement for the fiscal year. The remaining sum is measured afresh at fair value. Sums which may have been recorded directly into the net position are transferred to the income statement.

###### **(c) Elimination of intra-corporate transactions**

Inter-company balances as well as profits or losses, income or expenses from inter-company transactions are removed at the preparation of the consolidated financial statements. Losses are removed in the same way as profits under the condition that there is no indication for impairment.



#### **4.2 Transactions in foreign currency**

Transactions in foreign currency are converted to the operational currency of the companies, based on the exchange rates applicable on the date the transactions were undertaken. Cash assets and liabilities in foreign currency which appear in historic cost, are converted to the operational currency based on the applicable exchange rates on the date of the balance sheet. Ensuing exchange rate differences are entered in the income statement. Exchange rate differences from non-cash items valued at fair value are deemed as part of the fair value and, consequently, are entered in the same place as fair value differences. Exchange rate differences of monetary assets and liabilities which ensue from their valuation at the end of the fiscal year are recognized in the income statement, save for those differences which ensue from the valuation of monetary items which constitute part of an investment in a subsidiary company in another country and the financial instruments for the hedging of cash flows which are recognized directly in the net position.

#### **4.3 Businesses abroad**

The Balance Sheets of companies active abroad (Serbia) and which are included in the consolidation are converted to Euro based on the exchange rate on the date the Balance Sheet is closed. Income and expenses of the aforementioned companies are converted to Euro based the average exchange rate for the foreign currency in the course of the fiscal year.

Exchange rate differences are directly recognized in the net position and appear in a special account in the Changes to Equity Statement. When a company abroad is sold, the formed, in the net position, reserve fund is transferred to the income statement.

#### **4.4 Sectorial informing**

The Group implements IFRS 8 to monitor its activities per sector. Sectors are defined based on the structure of the Group's operations, based on the internal briefing to the Group's Management, who is responsible for taking the economic decisions. A sector is a discernible part of the Group's activity and regards either specific services rendered or the production of specific products (business sector) or renders services to a specific economic environment (geographic sector), the subject of which, the risks and benefits differ from the other sectors of activity of the Group. Sectorial informing provided in the financial statements rests on the fact that the geographic sector is the principal sector of activity of the Group.

#### **4.5 Financial instruments**

The Group's investment are classified in the following categories, as such are described below. The classification depends on the purpose for the acquisition of the investment. Management determines the classification at the initial recognition and reassesses the classification at each publication date. The decision for the classification of investments is taken at their acquisition by the Group's Management.

**Customer and other receivables** are financial assets with fixed or predetermined payments. They are included in current assets, save if their collection date exceeds 12 months from the date of the balance sheet, in which case they are included in the non-current assets.

Customer and other receivables are reviewed at each period for the preparation of the financial statements in order to ascertain if there are indications of impairment. Should there be such indications, then the recoverable sum of the claim is established and the difference from the initial claim is recorded as impairment in the income statement.

An impairment of the value of receivables is performed when their book value exceeds the amount of their recoverable value.



*Notes to the Financial Statements*

**Cash and cash equivalents** include cash at hand as well as short-term high liquidity investments, such as money market products and deposits with banks.

**Loans are initially recorded at cost** which is the real value of the loan assumed minus possible direct and immediate expenses for the realization of the transaction. They are a posteriori valued at unamortized cost using the real interest rate method. Possible difference between the loan assumed (net from the corresponding expenses) and the settlement value is recognized in the income statement at the course of the loan based on the real interest rate method.

Loans are classified as short-term liabilities save if the company has the right to postpone the settlement of the liability for at least 12 months from the date of the balance sheet. In such a case they are classified as long-term liabilities.

**Financial assets at fair value through income statement:** This category includes two subcategories: financial assets in the trade portfolio and other financial assets valued at fair value. The items in this category principally regard assets which have been acquired with the intent to be sold in the short-term and those which have been classified in this category by the Management at their acquisition. The purchases and sales of financial assets at fair value through income statement and available for sale are recognized on the trade date, which corresponds to the date on which the Group is committed to purchase or sell the asset.

**Assets available for sale:** These include non-derivative financial assets which are designated to this category are cannot be included in any of the above categories. The available for sale financial assets and the financial assets at fair value through income statement are valued at fair value.

The difference of the valuation for, on the one hand, the available for sale financial assets is recorded in the net position and judged a posteriori for impairment, while, on the other hand, that of financial assets at fair value through income statement is recorded in the income statement.

Financial assets cease to be depicted in the financial statements from the moment that the Group ceases to be entitled to income from them or from the moment the Group has transferred all rights and benefits it has from holding them.

The Group assesses for each period where it publicizes its financial statements if there are objective indications that a financial asset or group of financial assets has been impaired.

In case of the investments in securities which are classified in the portfolio available for sale, an indication of impairment is understood as a significant or protracted decrease of the fair value of the security compared to the initial acquisition cost. Provided such an indication exists for financial assets available for sale the accumulated damage which is calculated as the difference between the acquisition cost and the current fair value, minus possible impairment damages which have been recognized in previous fiscal periods, shall be transferred in income statement from equity. Should at some later period the fair value of a bond classified as available for sale increase and such increase may objectively be attributed to an event which occurred after the recognition of the impairment in income statement , the impairment shall be offset in the income statement . With respect to securities possible later increase of the fair value is directly recognized in equity.

Financial assets and liabilities are offset and the net sum is depicted in the financial statements only if there is a legal right for the offsetting of the amounts entered and simultaneously there is also the will for such offsetting.



#### **4.6 Tangible assets**

Real estate (plots, buildings) is utilized by the Group for either the Group's operating business (production) or for administrative purposes. The tangible assets are valued at acquisition cost minus accumulated amortization. The acquisition cost includes expenditures directly related to their acquisition.

Plots are not amortized. The other tangible assets are amortized based on the straight-line amortization for the duration of their expected useful life, which is as follows:

<b>Type of tangible asset</b>	<b>Useful life in years</b>
Buildings	40
Machinery – technical installations	25
Means of transportation	8
Furniture and other equipment	3-20

“Improvements to third parties real estate” are amortized in the shortest possible duration between the useful life of the improvement and the term of the lease of the leased real estate.

The useful life of assets is reassessed and readjusted provided such is necessitated at the date of the preparation of the financial statements.

Tangible assets are examined when necessary for possible impairment. The book value of the tangible asset is decreased to the recoverable amount in case where the book value is greater. The recoverable amount is the largest between the fair value (minus selling expenses) of the asset and the present value of future net cash flows anticipated from the asset in the course of its use.

Profits or losses at the sale are calculated by comparing the sale price to the unamortized book value and recognized in the comprehensive income statement.

Certain tangible assets which had been readjusted at fair value prior to July 1, 2004, date of adoption of the IFRS, were valued at imputed cost which now is their acquisition value. Their readjusted value is considered to be the imputed cost.

#### **4.7 Investments in property**

Plots and buildings held by the Group for leasing or capital profits or for both are classified as property for investment. Investments in property at their acquisition are recorded at cost and later valued at their fair value, with the changes entered in the comprehensive income statement.

Later expenses are added to the book value of the real estate only when it is possible that future economic benefits, associated with the real estate in question, shall flow into the company and that the relevant costs may be reliably measured. Expenses for repairs and maintenance shall burden the comprehensive income statement of the fiscal year on which they are realized.

When the use of investment property changes and they are transferred to fixed assets their fair value at the transfer date becomes their acquisition value for their future accounting measurement.



#### **4.8 Intangible assets**

The Group has included the good will from company takeovers as well as software to this category, which are monitored at acquisition cost minus accumulated amortizations.

##### **a. Goodwill**

Goodwill represents the difference between the takeover price and the corresponding fair value at the date of the takeover of a subsidiary or affiliated company, namely of the net recognized assets and liabilities acquired. Goodwill must be distributed to the units for the creation of cash flows at the acquisition date. In case where there are difficulties for the determination of the fair value of assets such distribution may be deferred, but for no more than the end of the first annual period which commenced after the acquisition date.

Positive goodwill is a non-amortizable intangible asset which is subject to a check for the impairment of its value at every period for the preparation of the financial statements. The impairment is calculated by an estimation of the recoverable sum of the units for the creation of cash flows which are associated with the goodwill. Should the book value of a unit for the creation of cash flows, inclusive also of the corresponding goodwill, exceeds its recoverable sum, then an impairment loss is recognized. The impairment loss recognized in goodwill cannot be reversed.

The increases of the Group's participation percentage in subsidiary companies are recognized as transactions in net position. The difference between the acquisition cost and the participation in the new net position of the subsidiary acquired is directly recognized in the net position of the Group. Profits or losses from the sale of a participation percentage which does not incur a loss of control for the subsidiary by the Group is also recognized in the Group's net position.

##### **b. Software**

Amortizations are calculated based on the duration of the remaining useful life of software, which the Group has established to be 3 years.

Expenses relating to the maintenance of software are recognized in the comprehensive income statement of the fiscal year in which they are realized. On the contrary, expenses which improve or prolong the performance of software beyond the initial technical specifications or, correspondingly, expenses for the conversion of software are incorporated in the acquisition cost under the necessary condition that they may be reliably measured.

#### **4.9 Inventories**

Inventories are valued at the lowest value between their acquisition cost or production cost and their net liquefiable value. The acquisition cost is determined using the method of average weighted cost. The cost of inventories includes purchase expenditures, materials cost, production expenses and other expenses realized for the inventories to be in their current state. The net liquefiable value of inventories is considered to be their estimated sale price under normal business activity condition minus the estimated selling expenses.

#### **4.10 Cash at hand and equivalents**

Cash at hand and equivalents include cash, sight deposits and short-term, up to 3 months, high liquidity and low risk investments.



#### **4.11 Leases**

(a) Financial leases

Leases of fixed assets where the Company essentially maintains all the risks and benefits associated with ownership are classified as financial leases. Financial leases are capitalized at the commencement of the leasehold at the lowest value between fair value of the fixed asset and the present value of the minimum rents. Each rent is allocated between the liability and the financial expenses so as to achieve a fixed interest rate for the remaining financial liability. The corresponding liabilities from rents, net of financial expenses, are presented under liabilities. The part of the financial expense which regards to financial leasing is recognized in the income statement at the term of the lease. Fixed assets acquired by means of financial leasing are amortized in the course of the useful life of the fixed assets, save for there is a reasonable certainty that the Company shall acquire the ownership of the fixed assets at the end of the lease, where they are amortized in the shortest period between their useful life and the term of the lease.

(b) Operating leases

The leases where the lessor transfers the right to use of an asset for an agreed term, without, however, also transferring the risks and benefits of the ownership of the fixed asset are classified as operating leases. Payments performed for operating leases (rents which correspond to the use of the leased fixed asset, net of possible motives offered by the lessor) are recognized in the profit or loss for the period, proportionately in the course of the lease.

#### **4.12 Share Capital**

The share capital comprises of common nominal shares and appears in net position. The expenses directly associated with the increase of the Group's share capital are deducted from the product of the issue and decrease equity by an equal amount. Dividends of common shares are recognized as a liability for the period when they have been approved by the shareholders. The acquisition cost of own stock, inclusive of the various expenses, appears as decreasing equity, until own stock is sold or cancelled. In case where own stock is sold or reissued, the price shall be directly entered in net position.

#### **4.13 Difference from the issue of shares at a premium**

The share capital includes Company common shares. The difference between the nominal price of the shares and their price of issue is entered in the account "Reserve premium". Expenses directly associated with the issue of shares appear after the deduction of the corresponding income tax, decreasing the product of the issue, that is, they are subtracted from the difference of the premium.

#### **4.14 Provisions**

Provisions are recognized when the Group has present legal or implicit liabilities as a result of past events, their settlement is possible, through resources outflow and the estimation of the precise amount of the liability can be reliably performed. Provisions are reviewed at the date of preparation of every balance sheet and adjusted in order to reflect the present value of the expenditure anticipated to be required for the settlement of the liability. Potential claims are not recognized in the financial statements but are rather disclosed provided the inflow of economic benefits is possible.

A provision for restructuring is recognized when the Group has approved a detailed restructuring programme and the restructuring has already commenced or has been publicly announced. Future operating costs are not recognized for the forming of a provision.



#### **4.15 Liabilities for past-service benefits**

Past-service benefits include both defined contribution as well as defined benefit plans.

(a) Defined contribution benefits

Liabilities relating to contributions in defined contribution plans are entered as expenses on the profit or loss at the time they are realized.

(b) Defined benefit plans

Defined benefit plans of the Group regard its legal obligation to pay to personnel a lump sum compensation at the date every employee leaves service due to retirement.

The liability entered in the balance sheet for defined benefits plans is the present value of the commitment for the defined benefit and the changes which ensure from non-recognized actuarial profits or losses and the cost of past service. The commitment of defined benefit is annually calculated by an independent actuary using the projected unit credit method.

Actuarial profits and losses ensuing from the adjustments based on historic data and which over or below the 10% of the accumulated liability margin are entered in the profit or loss within the anticipated average insured time of those participating in the plan. The past service cost is entered directly in the profit or loss with the exception of the case where the changes of the plan depend on the remaining service time of personnel. In such case the past service cost is entered in the profit or loss using the fixed method with the maturity period.

#### **4.16 Subsidies**

A subsidy is the assistance granted by the State in the form of the transfer of resources to a business and in reciprocation that the latter has kept or intends to keep some resources associated with its operation. Not falling under this notion are those state subsidies which, due to their form, do not admit of valuation, as well as transactions with the State which cannot be distinguished from the usual transactions of the company.

The Group recognizes state subsidies which accumulatively satisfy the following criteria:

- a) There is grounded certainty that the company has complied or intends to comply with the terms of the subsidy and
- b) The sum of the subsidy has been collected or is possible that it will be collected.

They are entered at fair value and are recognized in a systemic manner in income, based on the principle of the association of subsidies with the corresponding expenses which they subsidize.

Subsidies which regard items of the assets are included in long-term liabilities as income of future fiscal years and are systematically and rationally recognized in income in the course of the useful life of the fixed asset.

#### **4.17 Income**

- a) Sales of products: Income from the sales of products and merchandise include the fair value of their sale, net of Value Added Tax, discounts and returns. The sales of goods are recognized when the Group delivers the goods to the customers, the goods are accepted by them and the collection of the receivable is reasonably ensured.



*Notes to the Financial Statements*

- b) Provision of services: Income from the provision of services are entered in the period where such services have been rendered, based on the stage of completion of the service provided in relation to the total of the rendered services.
- c) Income from interest: Income from interest is recognized based on pro rate temporis and the use of real interest rate. When there is an impairment of receivables, their book value is decreased to their recoverable sum which is the present value of anticipated future cash flows discounted with the initial real interest rate. Interest is then calculated with the same interest rate on the impaired (new book) value.
- d) Income from dividends: Income from dividends are recognized in the Income Statement, as income, on the date of the approval of their distribution by the Ordinary General Meeting of Shareholders.

#### **4.18 Financial income/expenses**

Net financial expenses comprise of debit interest on borrowings which are calculated using the real interest rate, the credit interest from invested reserve assets, income from dividends, exchange rate profits and losses and the profits and losses from hedging instruments which are entered in the income statement.

Accrued credit interest is entered in the income statement based on the real interest rate method. Income from dividends are entered in the income statement on the date of the approval for the distribution of dividends.

#### **4.19 Income tax**

Income tax in the income statement comprises of the tax for the current fiscal year and deferred tax. Deferred tax is recognized in the income statement save if it is associated with items directly recognized in the net position, in which case it is also recognized in the new position. The tax for the current fiscal year is the anticipated tax liability on the taxable income, using the current tax rates and any adjustment which relates to a tax liability of previous fiscal years.

Deferred tax is calculated using the balance sheet method, based on provisional differences which ensue between the book value of assets and liabilities included in the Financial Statements and the tax value attributed to such in compliance with tax legislation. For the flowing provisional differences deferred tax is not calculated: goodwill ensuing from takeovers which is not deductible for taxation purposes; initial recognition of assets or liabilities which do not affect either book or taxable profits and differences associated with investments in subsidiaries to the extent that such shall not be reversed in the immediate future. To determine deferred taxation the instituted tax rates are employed, or the tax rates which have been instituted on the date the balance sheet was prepared and apply on a later date.

A deferred tax receivable is recognized only in the case where it is possible that future taxable profits will be sufficient to offset provisional differences. The deferred tax receivable decreases in case where it is possible that the tax benefit not be realized.

The Group offsets deferred tax receivables and deferred tax liabilities if and only if:

- a) there is a legally applicable right to offset current tax receivables against current tax liabilities;
- b) the deferred tax liabilities regard taxable incomes which are imposed by the same tax authority.

#### **4.20 Earnings per share**

The Groups presents in the financial statements information on basic and reduced earnings per share for its common shares. The basic earnings per share are calculated by dividing the net profit, or loss, which corresponds to each share with the weighted average of common shares.



## **5. Important Subjective Judgments and Estimates**

### **5.1 Fair value**

For the presentation of assets and liabilities at fair values current market prices were employed for every financial item. For those assets and liabilities of the Group where current market prices are unavailable, the values ensued based on valuation methods and do not differ considerably from the values by which they appear in the accounting statements. More specifically:

- Investments tradable in organized money markets are valued at their fair value, which is designated based on the current stock-market price on the date the financial statements are closed.
- Investment in non-listed titles are valued at acquisition value minus possible existing impairment.
- The fair value of investment real estate was determined by two independent surveyors and taken into account was the average of the prices which ensued from their valuations.

### **5.2 Goodwill impairment**

The Group annually audits the existing goodwill for possible impairment and surveys the events or conditions which render the existence of their impairment possible, such as, for example, a significant adverse change in business climate or a decision for the sale or disposal of a unit or an operating sector. The determination of the existence of impairment requires the valuation of the corresponding unit which is valued using the cash-flow discount method. At the application of this methodology the Group rests on a series of factors, which include the real operating results, future business plans, economic projections as well as market data (statistic and not).

Should the need for the impairment of the goodwill arise from this analysis, the measurement of impairment requires an estimate of the fair value for each recognized tangible or other asset. In such case, the approach to cash-flows is employed, which is cited above, by independent surveyors, when deemed appropriate.

### **5.3 Reserves**

Reserves are valued at the lowest price between the historic cost and the net liquid value. To estimate the net liquid value, management takes into account the most reliable proof available at the time the estimate is made.

### **5.4 Impairment of receivables**

At each date for the preparation of the financial statements the Group assesses if there are grounded indications that a receivable or group of receivables is subject to the impairment of its value. Should such indications exist, the recoverable sum of the receivable or group of receivables is calculated and a provision for the impairment of the value of receivables is formed. The sum of the provision is entered in the income statement. The estimates, admissions and methodology used are regularly examined, in order for deviations from the estimated impairments and the real losses from the inability to collect what has been granted not to be substantial.

### **5.5 Useful life of amortizable items**

The Group assesses the useful lives of amortizable assets at each reference period. At the end of the reference period of the attached financial statements the Group's management estimates that the useful lives of amortizable assets represent the anticipated usefulness of the items in question.



## 5.6 *Sub judice cases*

The Group recognizes a provision for sub judice cases, based on information of the Group's Legal Service.

## 5.7 *Income Tax*

The Group is subject to income tax, pursuant to standing tax legislation in Greece. The Group's tax liabilities shall be deemed final only after the conduct of an audit by the competent tax authorities.

In Greece taxable results are considered provisional until the tax authorities audit the books and records of the companies and the corresponding tax returns. Therefore, companies remain potentially liable for additional taxes and penalties which may be imposed following such an audit. Due to the fact that tax unaudited fiscal years 2005/2010 were loss incurring and due to the high accumulated losses, the parent company deems that a future possible liability will not ensue and has not formed a corresponding provision.

## 5.8 *State subsidies*

For the book-keeping of the state subsidy for the restructuring of sugar production the Management of the Group takes the position that:

- (a) there is reasonable certainty that the parent company is in a position to comply with the terms and conditions posed by the European Union regulation and
- (b) the subsidy will be collected.

## 6. **New International Financial Reporting Standards**

New standards, amendments of standards and interpretations: Specific new standards, amendment of standards and interpretations have been issued which are mandatory for accounting reference periods which commence in the course of the present fiscal year or later. The estimation of the Group with respect to the effects from the adoption of these new standards, amendments and interpretations is cited below.

Standards and Interpretations which are mandatory for the current fiscal year

### **IAS 24 (Amendment) "Related Party Disclosures"**

The present amendment attempts to reduce the disclosures of transactions between government-related entities and clarify the concept of the related party. Specifically, the obligation of government-related parties to disclose the details of all transactions with the state and with other government-related parties is abolished, while it also clarifies and simplifies the definition of related party and imposes the disclosure not only of the relations, transactions and balances between related parties but also of the commitments both on the separate as well as the consolidated financial statements. This amendment is not applicable in the case of the Group.

### **IFRIC 14 (Amendment) "The limit on a defined benefit asset, minimum funding requirements and their interaction"**

The amendments are applicable in limited cases: when the economic entity is subject to a minimum funding requirement and makes an early payment of contributions to cover those requirements. These amendments allow such an economic entity to treat the benefit from such an early payment as an asset. The interpretation is not applicable for the Group.

### **IFRS 7 (Amendment) "Financial Instruments: Disclosures" – transfers of financial assets**



*Notes to the Financial Statements*

The present amendment provides entities to provide disclosures for transfers of financial assets not fully derecognized as well as transferred financial assets which may have been fully derecognized but in which the Group has a continued involvement. It also provides guidance for the implementation of the required disclosures. The amendment shall be applied on the annual financial statements for the fiscal year.

**Standards and Interpretations which are mandatory for fiscal years commencing on or after July 1, 2012**

**IAS 12 (Amendment) “Income taxes” (applicable for annual accounting periods commencing on or after January 1, 2012)**

The amendment of IAS 12 provides with a practical method for the measurement of deferred tax liabilities and deferred tax assets when investment property is measured using the fair value method, in compliance with IAS 40 “Investment Property”. This amendment has not yet been adopted by the European Union and, consequently, has not been implemented by the Group.

**IFRS 9 “Financial Instruments” (applicable for annual accounting periods commencing on or after January 1, 2015)**

IFRS 9 is the first phase of the IASB project for the replacement of IAS 39 and refers to the classification and measurement of financial assets and liabilities. The IASB, on the coming phases of the project, shall extend IFRS 9 in order to add new requirements for the impairment of value and offset accounting. The Group is assessing the effects of IFRS 9 on its financial statements. IFRS 9 cannot be applied at an earlier stage by the Group for it has not been adopted by the European Union. Only when adopted, will the Group decide if it will apply IFRS 9 earlier than January 1, 2015.

**IFRS 13 “Fair Value Measurement” (applicable for annual accounting periods commencing on or after January 1, 2013)**

IFRS 13 provides new guidance regarding the measurement of fair value and the required disclosures. The requirements of the standard do not expand the use of fair values but provide clarifications regarding their application in case where their use is mandatorily imposed by other standards. IFRS 13 provides with an accurate definition of fair value, as well as guidance regarding the measurement of fair value and the necessary disclosures independent of the standard based on which use of fair values is made. Additionally, the required disclosures have been expanded and cover all assets and liabilities measured at fair value and not only financial ones. The Standard has not yet been adopted by the European Union.

**IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine” (applicable for annual accounting periods commencing on or after January 1, 2013)**

This interpretation provides with guidance for the accounting of expenditures related to the removal of barren incumbents (“stripping”) at the production phase of a mine. Based on this interpretation mining economic entities may possibly need to write-off in the results carried forward at the commencement of the period already capitalized stripping expenses for the mines which cannot be attributed to a recognized ingredient of an ore body. The interpretation is only applicable for expenses of open mines and not underground mines or oil and gas excavation activities. The interpretation has not yet been adopted by the European Union.

**IAS 1 (Amendment) “Presentation of Financial Statements” (applicable for annual accounting periods commencing on or after January 1, 2012)**

This amendment requires economic entities to separate the date presented under other comprehensive income in two groups, based on if it is possible for these to be transferred to the profit or loss in the future or not.

**IAS 19 (Amendment) “Employee Benefits” (applicable for annual accounting periods commencing on or after January 1, 2013)**

This amendment brings considerable changes in the recognition and measurement of the cost of defined benefit plans and post retirement service benefits (abolition of the margin method), as well as to the



*Notes to the Financial Statements*

disclosures for all employee benefits. The key changes principally regard the recognition of actuarial profits and losses, the recognition of past service / cuts cost, the measurement of retirement exit, the required disclosure for the treatment of expenses and taxes associated with defined benefit plans, as well as the distinction between short-term and long-term benefits.

**IFRS 7 (Amendment) “Financial Instruments: Disclosures”** (applicable for annual accounting periods commencing on or after January 1, 2013)

The IASB published this amendment in order to include additional informing which would help users of the financial statements of an economic entity to evaluate the effect or possible effect of agreements for the settlement of financial assets and liabilities, including the right to offset associated with recognized financial assets and liabilities to the financial position of an economic entity. The amendment has not yet been adopted by the EU.

**IAS 32 (Amendment) “Financial Instruments: Presentation”** (applicable for annual accounting periods commencing on or after January 1, 2014)

This amendment to the application guidelines for IAS 32 provides clarifications regarding some requirements for the set-off of financial assets and liabilities in the financial position statement. The amendment has not yet been adopted by the EU.

**Group of standards regarding consolidation and joint agreements (applicable for annual accounting periods commencing on or after January 1, 2013).**

The IASB published five new standards regarding consolidation and joint agreements: IFRS 10, IFRS 11, IFRS 12, IFRS 27 (Amendment), IAS 28 (Amendment). These standards are applicable for annual accounting periods which commence on or after January 1, 2013. Their provisional application is permitted only if all five standards are simultaneously applied. The standards have not yet been adopted by the EU. The Group is assessing the effects of these new standards on its consolidated financial statements. The principal terms of the standards are the following:

**IFRS 10 “Consolidated Financial Statements”**

IFRS 10 replaces in their entirety the directives regarding control and consolidation provided in IAS 27 and SIC 12. The new standard changes the definition of control as the determinative factor in order to rule if an economic entity must be consolidated. The standard provides extensive clarifications which dictate the different manners by which an economic entity (investor) may control some other economic entity (investment). The revised definition of control focuses on the need for there to be simultaneously the right (the capacity to direct the activities which significantly influence performance) and the variable performance (positive, negative, or both) in order for there to be control. The new standard also provides clarifications regarding participatory rights and veto-protective rights.

**IFRS 11 “Joint Agreements”**

IFRS 11 provides a more realistic treatment of joint agreements focusing on the rights and obligations, rather than on their legal form. The types of agreements are limited to two: jointly controlled activities and joint ventures. The member of proportional consolidation is no longer admissible. Those participating in joint ventures shall mandatorily apply consolidation using the net position method. The economic entities which participate in jointly controlled activities shall apply a similar accounting treatment with what is currently applied by those participating in jointly controlled assets or jointly controlled activities. The standard also provides clarifications regarding the participants in joint agreement without there being joint control.

**IFRS 12 “Disclosure of participation in other economic entities”**

IFRS 12 regards the necessary disclosures of an economic entity including important judgments and estimates which allow the readers of the financial statements to evaluate the nature, risks and economic effects associated with the participation of the economic entity in subsidiaries, associates, joint agreements and structured entities. An economic entity has the capacity to proceed with some or all of the disclosures above without being obliged to implement IFRS 12 in its entirety, or IFRS 10 or 11 or amended IAS 27 or 28.



**IFRS 10, IFRS 11 and IFRS 12 (Amendment) “Consolidated Financial Statements, joint agreements and disclosure of participation in other economic entities: Transition Directives”**

The amendment to the transition directives for IFRS 10, 11 and 12 provides with clarifications regarding the transition directives to IFRS 10 and limits the requirements for the provision of comparative briefing in the disclosures of IFRS 12 only for the period immediately preceding the initial annual period for which IFRS 12 will be applied. Comparative briefing for disclosures regarding participations to structured entities is not required.

**IAS 27 (Amendment) “Separate Financial Statements”**

This standard was published simultaneously with IFRS 10 and combined the two standards replace IAS 27 “Consolidated and Separate Financial Statements”. The amended IAS 27 defines the accounting treatment and necessary disclosures regarding participations in subsidiaries, joint-ventures and associates when an economic entity prepares its separate financial statements. In parallel the Board transferred to IAS 27 terms of IAS 28 “Investments in Associates” and IAS 31 “Participations in Joint-Ventures” which regard the separate financial statements.

**IAS 28 (Amendment) “Investments in Associates and Joint Ventures”**

IAS 28 “Investments in Associates and Joint Ventures” replaces IAS 28 “Investments in Associates”. The objective of this standard is to define the accounting treatment regarding investments in associates and cite the requirements for the application of the net position method at the accounting of investments in associates and joint ventures as ensues from the publication IFRA 11.

**Amendments to standards which constitute part of the programme of annual improvements for 2011 by the IASB.**

The following amendments describe the most important changes to the IFRS as a result of the annual improvement programme by the International Accounting Standards Board (IASB) which was published in May 2012. These amendments are applicable for annual financial periods which commence on or after January 1, 2013 and have not yet been adopted by the European Union.

**IAS 1 “Presentation of financial statements”**

The amendment provides clarifications regarding the required disclosures for comparative briefing when an economic entity prepares an additional balance sheet either (a) as required by IAS 8 “Accounting policies, changes in accounting estimates and errors” or (b) voluntarily.

**IAS 16 “Tangible Assets”**

The amendment clarifies that spare parts and other maintenance equipment are classified as tangible fixed assets and not as inventories when they meet the definition of tangible fixed assets, namely when they are utilized for more than one period.

**IAS 32 “Financial Instruments: Presentation”**

The amendment clarifies that the income tax associated with the distribution is recognized in profit or loss and the income tax associated with transaction expenses directly in net position is recognized in net position, in compliance with IAS 12.

**IAS 34 “Interim financial reporting”**

The amendment clarifies the necessary disclosures for sector assets and liabilities in the interim financial report, in compliance with IFRS 8 “Operating Sectors”.

## **7. Financial Risk Management**

### **General**

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

- Credit risk



*Notes to the Financial Statements*

- Liquidity risk
- Market risk

The paragraph discloses information on the exposure of the Group to each one of the risks above, the Group's objective, the policies and procedures implemented to measure and manage the risks, as well as the Group's capital management. More quantitative data for these disclosures are included across all of the financial statements.

The Board of Directors is overall responsible for the establishment and supervision of the risk management framework for the Group. The risk management policies of the Group are applied in order to recognize and analyze the risks that the Group faces, to place check points and risk assumption limits. Risk management policies and systems are audited on a regular basis in order to account for changes in the market conditions and the Group's activities.

The Internal Audit Department implements regular and extraordinary audits regarding the implementation of check points and risk management procedures, the findings of which are disclosed to the Board of Directors.

**Credit risk**

The Group is exposed to credit risk, which constitutes in the inability by the counterparty to fully pay the amounts due as these ensue. Specifically, the risk in question focuses more on the risk of the inability to collect by the Group of its receivables vis-à-vis its customers and its investments in securities.

Trade and other receivables

The exposure of the Group to credit risk is principally affected by the special characteristics of each customer. The demographic data of the Group's customer base, including the risk for (payment) default which characterizes this specific market and the country in which the customers operate, influence credit risk.

Based on its credit policy the Group assesses every new customer on an individual basis with respect to its credit-worthiness, before the terms and conditions for payments and deliveries are proposed to them. The check of the credit-worthiness performed by the Group also includes the assessment of customers from banking sources.

For each customer credit limits are designated, which represent the maximum open balance which a customer may have without requiring an approval by the Board of Directors and which are reassessed every trimester. Customers who do not abide by the average of the creditworthiness criteria of the Group may do transactions with the Group based only on prepayments or letters of credit.

To monitor the customers' credit risk, customers are grouped depending of their credit features, including the fact whether they are natural persons or legal entities, if they are wholesale or retail customers, their geographic area, the market in which they are active, the characteristics of the maturity of their receivables and the existence of prior economic difficulties. Trade and other receivables principally include wholesale customers of the Group.

The Group forms an impairment provision which represents its estimation for losses which it has suffered with respect to trade and other receivables and investments. Such provision comprises of the special provision which regards specific cases of risk exposure as well as a general provision for categories of similar receivables which have been realized by have not been disclosed yet. The general provision is determined based on historic data of payments for similar receivables.

Investments

Investments are classified by the Group based on the purpose for which they were acquired. Management decides the appropriate classification of the investment at the time of its acquisition and



*Notes to the Financial Statements*

reassesses the classification at every preparation date. The Management apprizes that there shall be no payment default phenomena for such investments.

**Liquidity risk**

Liquidity risk comprises of the risk for the Group not to be able to meet its financial obligations on time. The Group's approach to liquidity management is to ensure, to the extent possible, that it shall always have sufficient liquidity to fulfill its obligations on time, both under normal, but also under adverse conditions, without realizing unacceptable losses or risking the Group's reputation.

The Group uses activity-based costing for its products and services, which assists in the monitoring of the required cash flows and the maximization of the cash yield of investments.

The monitoring of liquidity risk focuses on the management of cash inflows and outflows on a permanent basis so as for the Group to have the capacity to respond to its cash obligations. Liquidity management is performed by keeping cash at hand and approved bank credits. At the date of the preparation of the financial statement there were unused approved bank credits to the Group which are deemed sufficient for the Group's operational needs for the immediate future.

**Market risk**

Market risk comprises in the risk that changes in market prices, such as exchange rates, interest rates and raw materials prices shall affect the results of the Group or the value of the financial instruments it holds. The objective of market risk management is to control the exposure of the Group to this risk, in the context of acceptable parameters, with a parallel optimization of the performance of such risk management.

**Exchange rate risk**

The Group is exposed to exchange rate risk in the sales, purchases and loans expressed in currencies other than the operating currency of the Group, principally the Euro and Serbian Dinar.

The main bank loans of the Group are in Euro and Dinar which have been assumed by Group companies which use the Euro and the Dinar as their operating currency. Loan interest is in currencies which does not differ from that of the cash flows ensuing from the operating activities of the Group, principally the Euro and Dinar. With respect to other financial assets and liabilities expressed in foreign currencies, the Group ensures that its exposure to exchange rate risk is maintained at acceptable levels by purchasing or selling foreign currencies at current exchange rates when deemed necessary in order to face short-term imbalances. The Group's investments in subsidiaries are not offset since such foreign currency positions are deemed to be of a long-term nature.

**Interest rate risk**

The Group finances its investments as well as its need in revolving capital through bank loans and as a result burdens its results with debit interest.

Trend rises in interest rates shall have a negative impact in the profit or loss, since the Group shall be burdened with additional borrowing costs.

**Capital management**

The policy of the Board of Directors constitutes in the maintenance of a strong capital base, in order to preserve the investors, creditors and market trust in the Group and to ensure the future development of its activities. The Board of Directors monitors the performance of equity, which is defined as the ratio of net profits divided by total equity. There were no changes to the approach of the Group regarding capital management in the course of the fiscal year.

The total borrowing of the Group and the Company in relation to its net position at the reference date is as follows:



Notes to the Financial Statements

(Sums in Euro)

	GROUP		COMPANY	
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
Total Loans	147.368.387	141.013.010	133.181.892	132.795.115
Cash at hand	1.855.190	11.752.881	1.316.985	1.592.761
<b>Net Borrowing</b>	<b>145.513.197</b>	<b>129.260.129</b>	<b>131.864.907</b>	<b>131.202.354</b>
Total Net Position	90.238.784	112.657.960	60.487.248	58.166.225
<b>Loans to Equity Ratio</b>	<b>1,61</b>	<b>1,15</b>	<b>2,19</b>	<b>2,25</b>

## 8. Sectorial informing

The sectors which are deemed to better represent the business activity of the Group are the operating sectors, which regard the production of sugar, molasses, sugar pie etc. and the production of the products above in Greece and Serbia.

### 8.1 Operational Sectors

(Sums in Euros)

	01/07/2011-30/06/2012			01/07/2010-30/06/2011		
	Sugar	Others	Total	Sugar	Others	Total
Sales	207.585.370	21.380.557	228.965.927	226.864.808	29.099.344	255.964.152
Cost of sales	(155.207.376)	(20.539.181)	(175.746.557)	(202.663.344)	(26.263.443)	(228.926.787)
<b>Gross profit</b>	<b>52.377.994</b>	<b>841.376</b>	<b>53.219.370</b>	<b>24.201.464</b>	<b>2.835.901</b>	<b>27.037.365</b>
Other income	12.920.703	1.330.787	14.251.490	13.882.085	1.780.618	15.662.703
Other expenses	(44.541.143)	(4.587.580)	(49.128.723)	(34.440.478)	(4.417.588)	(38.858.066)
<b>Operating P&amp;L</b>	<b>20.757.554</b>	<b>(2.415.417)</b>	<b>18.342.137</b>	<b>3.643.071</b>	<b>198.931</b>	<b>3.842.002</b>
Financial income/expenses	(16.418.819)	(1.691.080)	(18.109.899)	(11.782.413)	(1.511.299)	(13.293.712)
<b>Profits (losses) before taxes</b>	<b>4.338.735</b>	<b>(4.106.497)</b>	<b>232.238</b>	<b>(8.139.342)</b>	<b>(1.312.368)</b>	<b>(9.451.710)</b>
Income Tax			2.724.404			108.583
<b>Profits (Losses) after taxes</b>			<b>2.956.642</b>			<b>(9.343.127)</b>

### 8.2 Secondary briefing per geographic area

(Sums in Euros)

	01/07/2011-30/06/2012			
	Greece	Eurozone	Serbia	Total
Sales	170.592.021	11.275.821	47.098.085	228.965.927
Cost of sales	(143.929.717)	(7.655.701)	(24.161.139)	(175.746.557)
<b>Gross profit</b>	<b>26.662.304</b>	<b>3.620.120</b>	<b>22.936.946</b>	<b>53.219.370</b>

	01/07/2010-30/06/2011			
	Greece	Eurozone	Serbia	Total
Sales				
Cost of sales				
<b>Gross profit</b>				



Notes to the Financial Statements

Sales	185.392.535	5.087.780	65.483.837	<b>255.964.152</b>
Cost of sales	(184.088.696)	(5.282.970)	(39.555.121)	<b>(228.926.787)</b>
<b>Gross profit</b>	<b>1.303.839</b>	<b>(195.190)</b>	<b>25.928.716</b>	<b>27.037.365</b>

### 8.3 Secondary informing per product-services

(Sums in Euros)

	GROUP		COMPANY	
	01/07/2011-30/06/2012	01/07/2010-30/06/2011	01/07/2011-30/06/2012	01/07/2010-30/06/2011
Sales of products - merchandise	207.585.370	226.864.808	164.753.205	178.123.436
Sales of other stock	20.374.026	27.080.149	9.540.715	10.337.685
Income from services	1.006.531	2.019.195	1.006.531	2.019.195
	<b>228.965.927</b>	<b>255.964.152</b>	<b>175.300.451</b>	<b>190.480.316</b>

Most of the Group's income originates from the sale of sugar and its byproducts. The Group has established discounts based on the receivables' collection policy.

### 9. Other income

(Sums in Euros)

	Note	GROUP		COMPANY	
		01/07/2011-30/06/2012	01/07/2010-30/06/2011	01/07/2011-30/06/2012	01/07/2010-30/06/2011
Income from subsidies		889.708	1.375.554	889.708	1.074.381
Income from the provision of services to third parties		750.204	1.761.795	746.990	1.742.348
Income from the sale of emission rights		1.044.500	4.546.147	1.044.500	4.546.147
Collected expenses for the dispatch of goods		1.556.377	1.238.494	1.545.422	955.323
Fixed asset investment subsidies		301.841	88.932	0	88.932
Discounts from suppliers		124.278	480.715	0	
Profits from the sale of materials - spare parts		1.187.840	1.926.230	131.103	0
Reversal of the loss from written-off claims		228.379	1.462.699	0	0
Usable spare parts from the dismantling of equipment	16	7.560.547	0	7.560.547	0
Income from unused-used previous years provisions		83.277	2.037.425	44.271	2.037.425
Other		524.538	744.712	335.451	87.625
		<b>14.251.490</b>	<b>15.662.703</b>	<b>12.297.993</b>	<b>10.532.181</b>

### 10. Expenses per kind

(Sums in Euros)

	GROUP		COMPANY	
	01/07/2011-30/06/2012	01/07/2010-30/06/2011	01/07/2011-30/06/2012	01/07/2010-30/06/2011
Personnel salaries	31.754.291	42.147.495	23.543.079	33.958.822
Cost of inventories recognized as expense	105.035.906	153.102.865	98.496.409	139.628.583
Third party fees	20.451.179	11.517.663	19.213.105	10.424.621
Transportation	9.425.925	11.521.121	4.816.788	7.029.212



Notes to the Financial Statements

Amortization of fixed and intangible items	5.288.627	6.023.942	3.604.817	3.602.807
Third party supplies (natural gas, PPC etc)	24.264.143	31.187.448	10.168.006	14.410.215
Other	3.578.354	2.089.989	2.553.783	1.330.935
<b>Total Cost of sales, Administration and Distribution expenses</b>	<b>199.798.425</b>	<b>257.590.523</b>	<b>162.395.987</b>	<b>210.385.195</b>

### 11. Personnel expenses

(Sums in Euros)

	GROUP		COMPANY	
	01/07/2011-30/06/2012	01/07/2010-30/06/2011	01/07/2011-30/06/2012	01/07/2010-30/06/2011
Salaries and wages	22.700.608	30.433.719	16.612.185	23.374.096
Contributions to insurance funds	5.441.126	6.887.769	4.465.430	5.947.557
Retirement benefits	1.914.941	3.035.930	1.798.915	2.952.740
Other employee benefits	1.697.615	1.790.077	666.548	1.684.429
	<b>31.754.291</b>	<b>42.147.495</b>	<b>23.543.079</b>	<b>33.958.822</b>

### 12. Other expenses

(Sums in Euros)

	Note	COMPANY		COMPANY	
		01/07/2011-30/06/2012	01/07/2010-30/06/2011	01/07/2011-30/06/2012	01/07/2010-30/06/2011
Provisions for extraordinary risks and extraordinary expenses		1.250.771	0	124.000	0
Losses from the sale - destruction of fixed assets	16	10.461.408	1.597.367	10.461.408	0
Cost of OAED Special Subsidy Program	36	920.000	0	920.000	0
Provision for customer bad debts	23	6.695.436	1.973.838	5.618.477	1.243.598
Expenses from the revaluation of Investment Fixed Assets	18	2.613.009	3.093.025	2.613.009	3.093.025
Endowments - grants		119.718	36.366	0	0
Expenses for the dismantling of fixed assets		365.603	2.140.000	365.603	2.140.000
Other		2.650.910	1.353.734	689.608	159.976
		<b>25.076.855</b>	<b>10.194.330</b>	<b>20.792.105</b>	<b>6.636.599</b>

### 13. Financial income

(Sums in Euros)

	GROUP		COMPANY	
	01/07/2011-30/06/2012	01/07/2010-30/06/2011	01/07/2011-30/06/2012	01/07/2010-30/06/2011
Income from securities	2.575	651	2.575	651
other credit interest	573.283	629.901	188.290	75.142
other capital income	9.229	142.983	270	129.782
participation income	0	0	10.325.070	10.518.075
profits from exchange rate differences	3.746.114	1.022.879	88.122	0
	<b>4.331.201</b>	<b>1.796.414</b>	<b>10.604.327</b>	<b>10.723.650</b>



Notes to the Financial Statements

## 14. Financial expenses

(Sums in Euros)

	GROUP		COMPANY	
	01/07/2011- 30/06/2012	01/07/2010- 30/06/2011	01/07/2011- 30/06/2012	01/07/2010- 30/06/2011
Interest and expenses of other long-term liabilities	5.460	7.167	5.460	7.167
Interest and expenses of other short-term bank financing	17.559.305	12.341.687	15.301.623	11.392.857
Procurements of Letters of Credit	94.308	161.293	94.308	161.293
Other expenses relating to financing	778.053	681.087	342.890	429.293
Loss from the sale of participations and securities	0	33.537	0	33.537
Loss from foreign exchange rate differences	4.003.974	1.865.355	264.064	458.579
	<b>22.441.100</b>	<b>15.090.126</b>	<b>16.008.345</b>	<b>12.482.726</b>

## 15. Income tax at the comprehensive income statement

(Sums in Euros)

	Note	GROUP		COMPANY	
		01/07/2011- 30/06/2012	01/07/2010- 30/06/2011	01/07/2011- 30/06/2012	01/07/2010- 30/06/2011
Current income tax		(4.469.596)	(2.628.139)	(3.751.107)	(1.541.310)
Deferred taxation	21	7.194.000	2.736.722	7.065.796	2.856.782
		<b>2.724.404</b>	<b>108.583</b>	<b>3.314.689</b>	<b>1.315.472</b>

No income tax ensues for the parent, due to the losses of the fiscal year as well as the accumulated losses. Income tax for the Serbian companies was calculated based on the taxation factor applicable there, i.e. 10% (2010: 10%).

The agreement of tax on the profits for the year is as follows:

	GROUP		COMPANY	
	01/07/2011- 30/06/2012	01/07/2010- 30/06/2011	01/07/2011- 30/06/2012	01/07/2010- 30/06/2011
<b>Profits / (Losses) before taxes</b>	<b>232.238</b>	<b>(9.451.710)</b>	<b>(993.666)</b>	<b>(17.768.373)</b>
Tax calculated at the current tax rates	(953.905)	1.749.740	198.733	3.553.675
Tax of expenses which have not been tax recognized	(1.010.575)	(1.502.431)	(747.857)	(1.117.998)
Tax of tax-free income	832.703	769.295	-	-
Effect of the offset of previous years' tax losses with this fiscal year's profits	7.614.920	421.105	7.614.920	421.105
Other non incorporated taxes	(4.288.452)	(104.629)	(3.751.107)	-
Differences of the tax audits of previous fiscal years	-	(1.541.310)	-	(1.541.310)
Others	529.713	316.813	-	-
<b>Fiscal year tax</b>	<b>2.724.404</b>	<b>108.583</b>	<b>3.314.689</b>	<b>1.315.472</b>



*Notes to the Financial Statements*

In Greece taxable results are considered provisional until the tax authorities audit the books and records of the companies and the corresponding tax returns. Therefore, companies remain potentially liable for additional taxes and penalties which may be imposed following such an audit. HSI and its subsidiary companies have not been audited by the tax authorities for the following fiscal years:

Tax authority		
HSI SA	Greece	From 1/7/2005 until 30/6/2010
AD FABRIKA SECERA "SAJKASKA"	Serbia	From 1/1/2004 until 30/6/2012
AD FABRIKA SECERA "CRVENKA"	Serbia	From 1/1/2004 until 30/6/2012
HSI Cyprus LTD	Cyprus	From 1/9/2003 until 30/6/2012

In Greece taxable results are considered provisional until the tax authorities audit the books and records of the companies and the corresponding tax returns, as opposed to Serbia where fiscal years are not closed, for taxation purposes, and the tax authorities reserve the right of repeated audits. Therefore, companies remain potentially liable for additional taxes and penalties which may be imposed following such an audit. Due to the fact that tax unaudited fiscal years 2005/2010 were loss incurring and due to the high accumulated losses, the parent company deems that a future possible liability will not ensue and has not formed a corresponding provision.

From fiscal year 2011 and forward, Greek Public Limited Companies and Limited Liability Companies whose annual financial statements are compulsory audited by Statutory Auditors, registered in the public Records of Law 3693/2008 must receive an Annual Certificate, as provided for in par. 5 of article 82 of Law 2238/1994. The certificate above is issued following a tax audit carried out by the Statutory Auditor himself or the auditing firm which audits the annual financial statements. Following the completion of the tax audit, the Statutory Auditor or auditing firm issues to the company a Tax Compliance Report, accompanied by the Analytical Informational Data Annex. In ten days by the latest after the final date for the approval of the financial statements of the company by its General Meeting of Shareholders, the aforementioned Report and the Annex are digitally submitted to the Ministry of Economics by the Statutory Auditor or the auditing firm. The Ministry of Economics will then select a sample of companies, at least 9%, for a tax countercheck by the competent services of the Ministry. Such countercheck must be completed in a period no greater than eighteen months from the date of the submission of the "Tax Compliance Report" to the Ministry.

Tax unaudited fiscal years until and including 2010 shall be audited by the tax authorities based on the rules and procedures which were in force until the enforcement of the aforementioned law. The deadline for the submission of the Tax Compliance Report was extended until March 30, 2012 while parallel to the implementation of the medium-term fiscal strategy framework 2012-2015, at the end of paragraph 5 of article 82 of the Income Tax Code, a paragraph was added which explicitly cites the imposition of penalty to those companies for which a tax certificate has not been issued.

A special tax audit was undertaken by the Statutory Auditors, in compliance with article 82 par. 5 of Law 2238/1994, as in force and applicable, in order to ascertain the tax compliance of the Company for managerial fiscal year from 01/07/2010 until 30/06/2011 (fiscal year 2011).

Based on the work performed, nothing devolved to the attention of the Statutory Auditors which would lead them to the conclusion that the Company was not compliant, in all material respects, with the tax provisions in force with respect to the tax subjects which are designated in the programme for the audit of tax compliance as provided for in decision no.POL.1159/22.7.2011 by the Minister of Economics.

Following these, the company received an Independent Chartered Auditor-Accountant Tax Compliance Report for the managerial year from 01/07/2010 until 30/06/2011 (fiscal year 2011), in compliance with



Notes to the Financial Statements

article 82 par. 5 of Law 2238/1994 without reservations. The Certificate in question was timely submitted to the GSIS by the Statutory Auditors.

For fiscal year 2011-2012 the company has been subsumed to the tax audit by the Chartered Auditors Accountants which is provided for by the provisions of article 82 par. 5 of Law 2238/1994. Such audit is underway and the relevant tax certificate is anticipated to be issued following the publication of the financial statements for the current fiscal year. Additional tax liabilities are not anticipated to ensue from the audit in question.

## 16. Tangible fixed assets used for own purposes

(Sums in Euros)

	THE GROUP				
	Plots & Buildings	Means of transportation & mechanical equipment	Furniture & Other equipment	Fixed assets under construction	Total
<i>Acquisition value</i>					
<b>Balance June 30 2010</b>	<b>89.275.617</b>	<b>148.206.894</b>	<b>5.185.160</b>	<b>2.318.697</b>	<b>244.986.369</b>
	96.157	1.322.382	80.978	7.158.421	<b>8.657.938</b>
Deductions	(548.622)	(2.556.388)	(9.280)	-	<b>(3.114.290)</b>
Transfer to investment property	(170.395)	-	-	-	<b>(170.395)</b>
Exchange rate differences	276.834	383.526	-	(11.506)	<b>648.854</b>
Transfers	71.650	5.024.007	-	(5.095.657)	-
<b>Balance June 30 2011</b>	<b>89.001.242</b>	<b>152.380.420</b>	<b>5.256.859</b>	<b>4.369.955</b>	<b>251.008.476</b>
Additions	1.915.748	5.872.243	96.077	6.470.661	<b>14.354.730</b>
Deductions-dismantling	(2.329.131)	(24.598.598)	(72.849)	-	<b>(27.000.578)</b>
Transfer to investment property	-	-	-	-	-
Exchange rate differences	(2.685.637)	(8.910.396)	-	(225.851)	<b>(11.821.884)</b>
Transfers	341.127	4.680.254	-	(5.021.381)	-
<b>Balance June 30 2012</b>	<b>86.243.349</b>	<b>129.423.924</b>	<b>5.280.087</b>	<b>5.593.384</b>	<b>226.540.744</b>
<i>Amortization / Impairments</i>					
<b>Balance June 30 2010</b>	<b>(42.205.625)</b>	<b>(100.398.496)</b>	<b>(4.236.367)</b>	-	<b>(146.840.488)</b>
Fiscal year amortization	(1.099.227)	(4.190.140)	(114.179)	-	<b>(5.403.546)</b>
Impairment	-	704.268	(9.279)	-	<b>694.989</b>
Transfer to investment property	-	-	-	-	-
Exchange rate differences	(180.134)	(18.894)	-	-	<b>(199.028)</b>
Sales / write-offs of fixed assets	-	-	-	-	-
<b>Balance June 30 2011</b>	<b>(43.484.985)</b>	<b>(103.903.263)</b>	-	-	<b>(151.748.073)</b>
Fiscal year amortization	(1.023.837)	(4.139.541)	(177.948)	-	<b>(5.341.326)</b>
Deductions-dismantling	1.608.522	14.276.906	53.956	-	<b>15.939.384</b>
Transfer to investment property	-	-	-	-	-
Exchange rate differences	2.020.545	6.362.407	-	-	<b>8.382.952</b>
Sales / write-offs of fixed assets	-	-	-	-	-
<b>Balance June 30 2012</b>	<b>(40.879.755)</b>	<b>(87.403.491)</b>	-	-	<b>(132.767.063)</b>
<i>Unamortized value</i>					
<b>On 30/6/2010</b>	47.069.993	47.808.397	948.794	2.318.697	<b>98.145.881</b>
<b>On 30/06/2011</b>	45.516.256	48.477.158	897.034	4.369.955	<b>99.260.403</b>
<b>On 30/06/2012</b>	45.363.594	42.020.432	796.270	5.593.384	<b>93.773.681</b>



THE COMPANY

	Plots & Buildings	Means of transportation & mechanical equipment	Furniture & Other equipment	Fixed assets under construction	Total
<b><u>Acquisition value</u></b>					
<b>Balance June 30 2010</b>	<b>59.288.700</b>	<b>80.008.214</b>	<b>5.185.160</b>	<b>1.809.223</b>	<b>146.291.297</b>
	96.157	1.322.382	80.978		<b>1.499.517</b>
Deductions	(501.000)	(1.647.364)	(9.280)		<b>(2.157.644)</b>
Transfer to investment property	(170.395)				<b>(170.395)</b>
Exchange rate differences					-
Transfers					-
<b>Balance June 30 2011</b>	<b>58.713.462</b>	<b>79.683.232</b>	<b>5.256.858</b>	<b>1.809.223</b>	<b>145.462.775</b>
Additions	1.707.542	5.849.980	96.077		<b>7.653.600</b>
Deductions-dismantling	(2.329.131)	(23.320.465)	(72.849)		<b>(25.722.445)</b>
Transfer to investment property					-
Exchange rate differences					-
Transfers					-
<b>Balance June 30 2012</b>	<b>58.091.873</b>	<b>62.212.747</b>	<b>5.280.086</b>	<b>1.809.223</b>	<b>127.393.930</b>
<b><u>Amortization / Impairments</u></b>					
<b>Balance June 30 2010</b>	<b>(18.081.187)</b>	<b>(44.469.365)</b>	<b>(4.236.367)</b>		<b>(66.786.918)</b>
Fiscal year amortization	(647.389)	(2.805.954)	(114.179)		<b>(3.567.522)</b>
Impairment		(8.363)	(9.279)		<b>(17.642)</b>
Transfer to investment property					-
Exchange rate differences					-
Sales / write-offs of fixed assets					-
<b>Balance June 30 2011</b>	<b>(18.728.575)</b>	<b>(47.283.682)</b>	<b>(4.359.825)</b>		<b>(70.372.082)</b>
Fiscal year amortization	(639.792)	(2.787.078)	(177.948)		<b>(3.604.818)</b>
Deductions-dismantling	1.608.523	13.402.753	53.956		<b>15.065.232</b>
Transfer to investment property					-
Exchange rate differences					-
Sales / write-offs of fixed assets					-
<b>Balance June 30 2012</b>	<b>(17.759.844)</b>	<b>(36.668.007)</b>	<b>(4.483.817)</b>		<b>(58.911.668)</b>
<b><u>Unamortized value</u></b>					
<b>On 30/6/2010</b>	41.207.513	35.538.849	948.793	1.809.223	<b>79.504.379</b>
<b>On 30/06/2011</b>	39.984.887	32.399.550	897.033	1.809.223	<b>75.090.693</b>
<b>On 30/06/2012</b>	40.332.029	25.544.739	796.270	1.809.223	<b>68.482.261</b>

Regulation (EC) no. 672/2011 of 13.7.2011 designated March 31, 2012 as the completion date for the Reconstructing plan for the Hellenic Sugar Industry SA, and imposed the dismantling of the equipment in the unit of Larisa and Xanthi not utilized in the new activity and their removal from the production sites as well as the environmental restoration of these sites.

The parent company has completed all procedures within the deadline posed, observing the time-schedule to the letter. Following a relevant document by HSI SA to the Ministry of Development, the competent bodies of the Ministry proceeded with on-site visits and autopsies of the areas in the units in Larisa and Xanthi on May 24, 2012 and June 15, 2012 correspondingly, in the course of which no objections or remarks were recorded. Following this, it is deemed that the certification of the Reconstruction Plan and the acceptance of the project by the Work Group of the Ministry have been completed.



Notes to the Financial Statements

The result of the procedures above, as depicted in the financial statements of the Company is analyzed as follows:

**DISMANTLING RESULTS (IAS)**

	<b>HSI SA</b>	<b>Platy</b>	<b>Serres</b>	<b>Orestiada</b>
Write-offs of fixed assets	-10,440,723.62	-8,092,966.75	-2,347,756.87	0.00
Sale of obsolete materials	2,036,501.67	1,094,723.61	941,778.06	0.00
Manageable spare parts	7,560,546.85	6,385,999.90	1,072,220.20	102,326.75
Dismantling expenses	-2,505,602.78	-1,154,430.54	-1,351,172.24	0.00
<b>RESULTS</b>	<b>-3,349,277.88</b>	<b>-1,766,673.78</b>	<b>-1,684,930.85</b>	<b>102,326.75</b>

**Financial lease**

The fixed assets of the company include three trucks which the company leases with a non-annullable financial lease contract. The term of the lease is set at six years, while the company reserves the right to purchase the trucks at the end of the lease. The unamortized value of these fixed assets amounted to €114.118 on 30/6/2012.

**Assets available for sale**

Assets of the company available for sale of total value €1.205.073 regard mechanical equipment from the dismantling performed by the company. The sale of the mechanical equipment was completed in August 2012.

**17. Intangible assets**

(Sums in Euros)

	<b>GROUP</b>
	<b>Goodwill</b>
<b><u>Acquisition value</u></b>	
Balance 1/7/2010	<b>7 892 796</b>
Exchange rate differences	-
<b>Balance 30/6/2011</b>	<b>7 892 796</b>
Balance 1/7/2011	<b>7 892 796</b>
Exchange rate differences	-
<b>Balance 30/6/2012</b>	<b>7 892 796</b>
<b><u>Amortizations/Impairments</u></b>	
Balance 1/7/2010	-
Exchange rate differences	-
Fiscal year amortizations	-
<b>Balance 30/6/2011</b>	-
Balance 1/7/2011	-
Exchange rate differences	-
Fiscal year amortizations	-
<b>Balance 30/6/2012</b>	-
<b><u>Current value</u></b>	
<b>On 1/7/2010</b>	<b>7 892 796</b>
<b>On 30/6/2011</b>	<b>7 892 796</b>
<b>On 1/7/2011</b>	<b>7 892 796</b>
<b>On 30/6/2012</b>	<b>7 892 796</b>



Notes to the Financial Statements

The item of goodwill on the consolidated balance sheet (€ 7.892.796) followed from the gradual acquisition of the subsidiary companies in Serbia (AD FABRIKA SECERA “SAJKASKA “ και AD FABRIKA SECERA “CRVENKA”) in previous fiscal years and is assessed on an annual basis for impairment. The total sum of the goodwill is analyzed as follows:

<b>(Sums in Euros)</b>		
	<b>30.6.2012</b>	<b>30.6.2011</b>
SAJKASKA	6 421 843	6 421 843
CRVENKA	1 470 953	1 470 953
<b>TOTAL</b>	<b>7 892 796</b>	<b>7 892 796</b>

The company carried out on June 30, 2012 an annual check for the impairment of the goodwill above, in compliance with IAS 36.

The recoverable value was approached based on the value in use. The value in use follows as the present value of the anticipated future cash flows of the companies discounted by an interest rate which reflects the temporal value of money and the risk associated with the companies. Such a calculation uses forecasts of cash flows which have been approved by the management and cover a five year period with perpetual reduction. The calculation of the value in use was based on the following key assumptions:

- Constant growth rate 2%, (1.7.2010-30.6.2011: 2%), based on the anticipated change in the Gross Domestic Product of the country where the subsidiary companies (Serbia).
- Discount rate before tax 15,28% (1.7.2010-30.6.2011: 10,8% and 11,2% correspondingly) applied for the determination of recoverable sums.

The key assumptions described above may change as the economic and market conditions change. The Group estimates that possible reasonable changes to these assumptions are not anticipated to cause a decrease of the recoverable sums for each one of the subsidiaries rendering such less than their book value.

In compliance with the audit carried out the recoverable value of the companies exceeds their book value and, therefore, the goodwill corresponding to them has not suffered impairment.

## 18. Investments in real estate

(Sums in Euros)

	<b>GROUP / COMPANY</b>		
	<b>Plots</b>	<b>Buildings</b>	<b>Total</b>
<b>Acquisition value</b>			
<b>Balance 30/6/2011</b>	<b>25.295.541</b>	<b>814.686</b>	<b>26.110.227</b>
Additions	0	0	0
Change of Fair Value (Note 12)	(2.578.562)	(34.447)	(2.613.009)
<b>Balance 30/6/2012</b>	<b>22.716.979</b>	<b>780.239</b>	<b>23.497.218</b>

	<b>GROUP / COMPANY</b>		
	<b>Plots</b>	<b>Buildings</b>	<b>Total</b>
<b>Acquisition value</b>			
<b>Balance 1/7/2010</b>	<b>28.450.000</b>	<b>250.000</b>	<b>28.700.000</b>
Additions	119.252	384.000	503.252
Change of Fair Value (Note 12)	(3.273.711)	180.686	(3.093.025)
<b>Balance 30/6/2011</b>	<b>25.295.541</b>	<b>814.686</b>	<b>26.110.227</b>

Company investment real estate regard plots (Larisa, Xanthi, Serres and Thessaloniki), 1 apartment and 1 plot with a building (Sindos, Thessaloniki) and have been evaluated by independent surveyors who possess recognized and relevant vocational qualifications and have recent experience of the area and the category of the investment under appraisal. Investment properties have been evaluated at their fair value.



Notes to the Financial Statements

The calculation of the fair value was performed by an independent surveyor based on specific guidelines and rules instituted by the Royal Institution of Chartered Surveyors (R.I.C.S.), regarding the valuation of real estate in Europe. Taken into account were also the directives by the International Valuation Standards Committee (I.V.S.C.), regarding the valuation of real estate..

Changes to the fair value of Investment Fixed Assets of HSI SA € (2.613.009) which were recorded at their revaluation on June 30, 2012, following the calculation of the corresponding tax liability, were entered, in compliance with IAS 40 to the loss for the fiscal year, namely on June 30, 2012.

## 19. Investments in subsidiary companies

Investments in subsidiary companies on the separate balance sheet appear at their acquisition cost and are analyzed as follows:

	30/6/2012	30/6/2011
SAJKASKA	9.229.827	9.229.827
CRVENKA	11.524.150	11.524.150
HSI Cyprus	17.108	17.108
<b>TOTAL</b>	<b>20.771.085</b>	<b>20.771.085</b>

The two companies active in Serbia hold a significant percentage of the local market, approximately 40%, while a significant part of their production is absorbed in Greece.

## 20. Other long-term receivables

	<u>GROUP</u>		<u>COMPANY</u>	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Customer long-term receivables	1.102.836	1.807.127	0	0
Receivables from building loans to employees	179.512	155.161	0	0
Other long-term receivables	67.103	70.850	67.103	744.947
Impairments	(537.534)	(276.641)	0	0
	<b>811.917</b>	<b>1.756.497</b>	<b>67.103</b>	<b>744.947</b>

## 21. Deferred taxes

Deferred tax claims and liabilities originate from the following:  
(Sums in Euros)

	<u>GROUP</u>		<u>COMPANY</u>	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
<b>Deferred Tax Claim</b>				
Intangible assets	5.831	5.889	5.831	5.889
Deferred claim for anticipated profits	4.200.000	-	4.200.000	-
Other deferred claims	699.882	-	699.882	-
Post service compensation	774.875	1.068.469	669.403	1.009.211
	<b>5.680.588</b>	<b>1.074.358</b>	<b>5.575.116</b>	<b>1.015.100</b>
<b>Deferred Tax Liability</b>				
Readjustment of fixed assets	6.095.237	8.711.212	5.508.379	8.014.159
	<b>6.095.237</b>	<b>8.711.212</b>	<b>5.508.379</b>	<b>8.014.159</b>
<b>Net Liabilities/Claims from deferred taxes</b>	<b>414.649</b>	<b>7.636.854</b>	<b>(66.737)</b>	<b>6.999.059</b>

GROUP



Notes to the Financial Statements

**Movement of provisional fiscal year differences**

(Sums in Euros)

	<b>Balance July 1, 2011</b>	<b>Recognized in P&amp;L</b>	<b>Recognized in equity</b>	<b>Balance 30/6/2012</b>
Intangible assets	5.889	(58)	0	5.831
Post service compensation	1.068.469	(293.594)	0	774.875
Deferred claim for anticipated profits	0	4.200.000	0	4.200.000
Other deferred claims	0	699.882	0	699.882
Readjustment of fixed assets	(8.711.212)	2.587.770	28.205	(6.095.237)
	<b>(7.636.854)</b>	<b>7.194.000</b>	<b>28.205</b>	<b>(414.649)</b>

**Movement of provisional fiscal year differences**

COMPANY

(Sums in Euros)

	<b>Balance July 1, 2011</b>	<b>Recognized in P&amp;L</b>	<b>Recognized in equity</b>	<b>Balance 30/6/2012</b>
Intangible assets	5.889	(58)	0	5.831
Post service compensation	1.009.211	(339.808)	0	669.403
Compensation for removal of quota	0	4.200.000	0	4.200.000
Deferred claim for anticipated profits	0	699.882	0	699.882
Other deferred claims	(8.014.159)	2.505.780	0	(5.566.527)
	<b>(6.999.059)</b>	<b>7.065.796</b>	<b>0</b>	<b>66.737</b>

**22. Inventories**

(Sums in Euros)

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

	<u>GROUP</u>		<u>COMPANY</u>	
	<b>30/6/2012</b>	<b>30/6/2011</b>	<b>30/6/2012</b>	<b>30/6/2011</b>
Raw, auxiliary materials, spare parts & consumables	23.504.651	20.844.212	18.918.499	17.392.394
Products & semi-finished	44.249.001	34.329.605	13.711.071	17.519.920
Byproducts	250.301	1.380.728	250.301	1.380.728
Merchandise	14.411.607	9.825.614	13.583.881	8.949.239
	<b>82.415.560</b>	<b>66.380.158</b>	<b>46.463.752</b>	<b>45.242.280</b>

**23. Customers and other trade receivables**

(Sums in Euros)

	<u>GROUP</u>		<u>COMPANY</u>	
	<b>30/6/2012</b>	<b>30/6/2011</b>	<b>30/6/2012</b>	<b>30/6/2011</b>
Customer receivables	27.514.011	34.244.876	19.854.666	17.763.901
Cheques collectible (post-dated)	50.943.761	45.501.764	50.943.761	45.501.764
Cheques overdue	3.490.306	3.362.033	3.490.306	3.362.033
Receivables from the State	14.035.108	11.282.130	14.035.108	11.282.130
	<b>95.983.187</b>	<b>94.390.803</b>	<b>88.323.842</b>	<b>77.909.828</b>
Impairments	(28.193.851)	(21.430.239)	(24.722.428)	(19.103.951)
<b>Net receivables</b>	<b>67.789.335</b>	<b>72.960.564</b>	<b>63.601.413</b>	<b>58.805.877</b>



Notes to the Financial Statements

Most of the formed provision (14 mil. Euro) regards receivable from the Greek State which was formed in previous fiscal years. The company has negotiating with the Greek State for the collection of part of this sum. The receivables regarding other currencies except Euro regard Serbian Dinars and correspond to 4,187,922 Euros.

	<u>GROUP</u>		<u>COMPANY</u>	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Balance July 1	21.430.239	20.015.532	19.103.951	17.952.073
Fiscal year impairment	8.077.625	1.437.968	6.601.159	1.151.878
Offsetting entry	(1.314.013)	(23.261)	(982.682)	0
<b>Balance June 30</b>	<b>28.193.851</b>	<b>21.430.239</b>	<b>24.722.428</b>	<b>19.103.951</b>

## 24. Cash and cash equivalents

(Sums in Euros)

	<u>GROUP</u>		<u>COMPANY</u>	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Cash at hand	33.545	59.017	32.604	53.466
Bank deposits				
Sight	1.520.803	4.013.864	1.284.381	1.539.295
Time	300.842	7.680.000	0	0
	<b>1.855.190</b>	<b>11.752.881</b>	<b>1.316.985</b>	<b>1.592.761</b>

From the sums above 941 Euros in cash and 379.720 Euros in Bank deposits regard a Foreign Currency (DINAR) and have been valued in the exchange rate Euro/Foreign Currency on 30/6/2012. Possible exchange rate differences were entered in the P&L. The analysis of foreign currency per case is as follows:

	<u>GROUP</u>	<u>COMPANY</u>
	<u>Euro</u>	<u>Euro</u>
Cash at hand		
-DINAR	<b>941</b>	<b>0</b>
Bank deposits		
-DINAR	379.720	16.432
	<b>379.720</b>	<b>16.432</b>



Notes to the Financial Statements

## 25. Other receivables

(Sums in Euros)

	GROUP		COMPANY	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Sundry debtors	7.845.652	15.666.548	2.290.355	2.821.115
Sub-judice sundry debtors	60.867	42.940	60.867	42.940
Affiliated companies short-term liabilities	0	0	565.000	10.094.920
Packaging goods guarantees	387	387	387	387
Greek government - prepaid and retained taxes	5.261.230	3.614.650	4.035.763	3.525.446
Fiscal year income collectible	3.888.782	3.853.379	3.863.541	3.782.329
Future fiscal year expenses	27.716	255.462	27.716	204.291
Impairments	(5.887.492)	(2.227.563)	(4.545.959)	(794.852)
	<b>11.197.141</b>	<b>21.205.802</b>	<b>6.297.669</b>	<b>19.676.575</b>

## 26. Share capital and reserves

(Sums in Euros)

	Number of shares	Share Capital	Premium	Total
Balance on 30/6/2011	36.748.909	26.826.703	16.888.623	<b>43.715.326</b>
Issue of new shares	0	0	0	<b>0</b>
Write-off of own shares	0	0	0	<b>0</b>
<b>Balance on 30/6/2012</b>	<b>36.748.909</b>	<b>26.826.703</b>	<b>16.888.623</b>	<b>43.715.326</b>

Company shares are bearer and are traded in the Athens Stock Exchange. The premium is considered complementary to the share capital and has ensued in past fiscal years from the issue of shares for cash at a value greater than their nominal one.

## 27. Reserves

(Sums in Euros)

	GROUP		COMPANY	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Statutory reserve	7.451.862	7.451.862	7.451.862	7.451.862
Tax-free reserves	46.830.688	46.830.688	46.830.688	46.830.688
Fixed assets revaluation difference Law 3229/2004	45.981.636	45.981.636	45.981.636	45.981.636
Taxed reserves	3.039.766	3.039.766	3.039.766	3.039.766
Reserve for the recognition of investment fixed assets	1.936.246	1.936.246	1.936.246	1.936.246
Currency exchange conversion differences	(28.414.308)	(16.755.042)	0	0
Others	35.452.552	35.452.552	33.782.959	33.782.959
	<b>112.278.442</b>	<b>123.937.708</b>	<b>139.023.157</b>	<b>139.023.157</b>

**Statutory reserve:** In compliance with the Greek corporate law companies must retain 5% of their net annual profits for the formation of the statutory reserve, until the balance of the statutory reserve is



*Notes to the Financial Statements*

equal or reaches at least 1/3 of their share capital. This reserve is not available for distribution but may be utilized to offset losses.

**Tax-free reserves:** Tax-free reserves have been formed based on special provisions in previous fiscal years and originate from tax-exempt income. In case where such reserves are distributed they shall be taxed using the tax rate applicable at that time.

**Difference from the revaluation of fixed assets:** The difference from the revaluation of the acquisition value of fixed assets (land, plots and buildings) was created from the valuation of such fixed assets at fair values at the first implementation of the IFRS.

**Currency exchange conversion differences:** The currency exchange conversion differences regard the differences which ensue from the conversion of the financial statements of subsidiary companies which are expressed in foreign currency (DINAR) to the currency of the parent Company, which is the Euro.

## 28. Earnings – Losses after tax per share – basic (in €)

(Sums in Euros)

	<u>GROUP</u>		<u>COMPANY</u>	
	01/07/2011- 30/06/2012	01/07/2010- 30/06/2011	01/07/2011- 30/06/2012	01/07/2010- 30/06/2011
Profits - Losses after taxes corresponding to the Owners of the Parent	2.822.353	(12.257.202)	2.321.023	(16.452.901)
Weighted average of shares	36.748.909	36.748.909	36.748.909	36.748.909
<b>Profits - Losses after taxes per share - basic (in €)</b>	<b>0,0768</b>	<b>(0,3335)</b>	<b>0,0632</b>	<b>(0,4477)</b>

## 29. Loan obligations

The analysis of long-term and short-term loan liabilities is as follows:

(Sums in Euros)

	<u>GROUP</u>		<u>COMPANY</u>	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
<b>Long-term liabilities</b>				
Guaranteed bank loans	2.193.684	3.632.260	0	0
	<b>2.193.684</b>	<b>3.632.260</b>	<b>0</b>	<b>0</b>
<b>Short-term liabilities</b>				
Guaranteed bank loans	14.186.495	8.217.895	0	0
Loans from affiliated company	133.181.892	132.795.115	133.181.892	132.795.115
	<b>147.368.387</b>	<b>141.013.010</b>	<b>133.181.892</b>	<b>132.795.115</b>
<b>Total Loan Obligations</b>	<b>149.562.071</b>	<b>144.645.270</b>	<b>133.181.892</b>	<b>132.795.115</b>

### Terms and time-schedule for the repayment of loans



<b>GROUP</b>					
	Currency	Average nominal interest rate	Repayment year	30/6/2012	30/6/2011
Loan 1 - Short-term	Euro	10,20%	2012	133.181.892	132.795.115
Loan 2 - Long-term	Euro	3m eurib +5,75%	2016	1.146.065	2.017.613
Loan 3 - Short-term	Euro	12,25%	2011	0	2.105.970
Loan 4 - Short-term	Euro	3m eurib +5,75%	2012	582.341	0
Loan 5 - Short-term	Dinar	11,50%	2011	0	936.786
Loan 6 - Short-term	Euro	3m eurib +6,5%	2012	5.029.804	0
Loan 7 - Short-term	Dinar	3m belib +2,2%	2012	32.637	0
Loan 8 - Short-term	Dinar	3m belib +3,2%	2012	2.590.220	0
Loan 9 - Short-term	Dinar	repo+1,5%	2012	293.429	0
Loan 10 - Long-term	Euro	6,77%	2015	1.047.619	1.614.647
Loan 11 - Short-term	Dinar	3m belib +0,55%	2012	1.938.562	2.862.818
Loan 12 - Short-term	Euro	3m eurib +5,75%	2012	580.296	379.919
Loan 13 - Short-term	Euro	3m eurib +6,5%	2012	8.240	0
Loan 14 - Short-term	Euro	7,95%	2012	2.686.984	0
Loan 15 - Short-term	Dinar	2w repo +1,5%	2012	443.982	0
Loan 16 - Short-term	Dinar	12,25%	2011	0	1.932.402
				<b>149.562.071</b>	<b>144.645.270</b>

The Group and parent company have possible liabilities with respect to banks, other guarantees and other issues which may arise in the context of their usual activity. Mortgages have been registered on the real estate and installations of the parent company amounting to a total of € 102.660 thousand and the securities of its subsidiary companies have been pledged to guarantee short-term financing. There are no liens on the fixed assets of the other companies in the Group, which to cover their borrowing pledge part of their reserves.

### 30. Liabilities for personnel benefits

According to the IFRS the Company's liabilities to the insurance funds of its employees are distinguished between defined contribution plans and defined benefit plans.

Based on labor law the employees are entitled to compensation in case of dismissal or retirement the amount of which is related to the employees' salaries, their term of service and the way they left (dismissal or retirement). Employees resigning or justifiably laid-off are not entitled to compensation. The compensation due in case of retirement is equal to 50% of the sum which would have been paid in case of unjustified dismissal. The amount of the compensation ultimately paid by the Company is determined after taking into account the employees' past service and their salary.

A liability is considered to regard a defined contribution plan when its accrued part is taken into account on a regular basis. This practice is similar to the practice provided for by current Greek legislation, namely the payment to the Insurance Funds of employer contributions for the employees' offered service.

For plans classified in the category of defined benefit the IFRS have instituted certain requirements with respect to the valuation of the existing liability, as well as the principles and actuarial hypotheses which must be followed for the estimation of the liability ensuing from such plans. The liability entered is based on the projected unit credit method, which calculates the present value of the accrued liability.

Regarding the companies of the Group abroad it is noted that based on the current legislation there, compensation due to retirement to its workers is exhausted by the payment to them of three salaries.



Notes to the Financial Statements

Liabilities for the compensation of personnel have been determined using an actuarial method. The tables that follow present the composition of the net expenditure for the relevant provision which was entered in the P&L of fiscal years July 1, 2011 – June 30 2012 and July 1, 2010 – June 30, 2011, correspondingly.

Provision for personnel compensation recognized in the P&L:

	<u>GROUP</u>		<u>COMPANY</u>	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Current service cost	416.655	565.078	387.892	485.836
Financial cost	351.756	372.517	307.674	372.517
Actuarial (profits)/losses	72.286	247.254	70.769	243.306
Effect of cuts or voluntary termination of service arrangement	1.074.244	1.851.081	1.032.580	1.851.081
<b>Total recognized in P&amp;L</b>	<b>1.914.941</b>	<b>3.035.930</b>	<b>1.798.915</b>	<b>2.952.740</b>

The development of the relevant provision is as follows:

	<u>GROUP</u>	<u>COMPANY</u>
Balance of liabilities on 1.7.2010	6.605.021	6.174.811
Provision for fiscal year	3.035.930	2.952.740
Payments of fiscal year	(3.580.105)	(3.580.105)
<b>Balance on 30.6.2011</b>	<b>6.060.846</b>	<b>5.547.446</b>

Balance of liabilities on 1.7.2011	6.060.846	5.547.446
Provision for fiscal year	1.914.941	1.798.915
Payments of fiscal year	(3.545.035)	(3.497.955)
<b>Balance on 30.6.2012</b>	<b>4.430.751</b>	<b>3.848.405</b>

	<u>GROUP</u>		<u>COMPANY</u>	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Current value of liability	4.393.845	7.562.105	3.755.315	6.992.590
Accumulative non recognized actuarial loss	36.906	(1.501.259)	93.090	(1.445.144)
<b>Provision in Balance Sheet</b>	<b>4.430.751</b>	<b>6.060.846</b>	<b>3.848.405</b>	<b>5.547.446</b>

Key actuarial study assumptions

	<u>GROUP</u>		<u>COMPANY</u>	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Time-preference rate	2,60% - 7,50%	5,20%	2,60%	5,20%
Percentage of future salaries increases	4,52% - 7,50%	4,52%	4,52%	4,52%

### 31. Suppliers and other liabilities

(Sums in Euros)

	<u>GROUP</u>		<u>COMPANY</u>	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Suppliers	20.475.146	28.846.595	27.540.989	41.033.582
Customer advances	1.255.858	66.940	960.994	26.161
	<b>21.731.004</b>	<b>28.913.535</b>	<b>28.501.983</b>	<b>41.059.743</b>

### 32. Provisions

(Sums in Euros)

	<u>GROUP</u>		<u>COMPANY</u>	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Balance on 1/7/2011	461.446	2.509.335	88.898	2.188.113
Fiscal year provisions	0	51.326	0	0
Used provisions	(416.819)	(2.099.215)	(44.271)	(2.099.215)
Balance on 30/06/2012	<b>44.627</b>	<b>461.446</b>	<b>44.627</b>	<b>88.898</b>

### 33. Other short-term liabilities

(Sums in Euros)

	<u>GROUP</u>		<u>COMPANY</u>	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Accrued expenses	786.498	420.300	786.318	420.300
Next fiscal year income	848.537	639.666	478.670	399.083
Insurance organizations	275.375	501.292	275.375	368.245
Dividends payable	81.638	49.181	45.632	49.181
Compensation due to dismissed staff	1.004.450	766.099	857.511	766.099
Obligation for the redemption of minority shares	14.895.681	0	0	0
Short-term liabilities from Greek Manpower Employment Organization (OAED) programmes	143.000	0	143.000	0
Anticipated cost for the redemption of revenue stamps	120.000	0	120.000	0
Discounts on fiscal year sales under arrangement	230.000	0	230.000	0
Other liabilities	1.463.299	1.830.724	817.517	384.831
	<b>19.848.477</b>	<b>4.207.262</b>	<b>3.754.022</b>	<b>2.387.739</b>

The Law for Legal Entities as amended and in force since 01/01/2012 in Serbia (Gov. Gaz. No. 36/2011 & Gov. Gaz. No. 99/2011), provides, amongst other, in articles 470-472 the following: "Should a company devolve assets (sale or purchase) of which the purchase price is greater than 30% of its share capital based on the book value of shares, then it is deemed that the company has devolved assets of great value. The term 'devolve' includes the following: rent, mortgage, pledging and receipt of loans or borrowing agreements etc. Various business deeds based on the above which take place in the year are considered as an act of devolvement. The devolvement of assets of great value must be approved either de novo or a posteriori by the General Meeting of the SA".

Due to the fact that the borrowing and provision of guarantees by subsidiary companies AD FABRIKA SECERA "SAJKASKA" and AD FABRIKA SECERA "CRVENKA" exceeded 30% of their share



Notes to the Financial Statements

capital, in implementation of the law above extraordinary General Meetings of the shareholders were held on 28.06.2012 in which the approval of such transgressions was decided.

The Law extends to the shareholders which do not agree with such decisions the right to submit an application for the redemption of their shares by the Company within 15 days from the date of the General Meeting.

In accordance with the redemption applications submitted, the budgeted amount which the subsidiaries in question are called to pay as the buying off price for approximately 7.29% of SAJKASKA and 17.59% for CRVENKA amounts to a total of € 14,895,681.

### 34. Other long-term liabilities

(Sums in Euros)

	GROUP		COMPANY	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Long-term liabilities from leasing contracts	68.213	158.248	68.213	158.248
Long-term liabilities from Greek Manpower Employment Organization (OAED) programmes	777.000	0	777.000	0
Various Organizations - Chambers	0	83.878	0	83.878
Liabilities from commitments for the repayment of farmer loans	367.750	976.314	0	0
Other legal cases liabilities	1.512.215	4.509	124.000	0
<b>TOTAL</b>	<b>2.725.178</b>	<b>1.222.949</b>	<b>969.213</b>	<b>242.126</b>

### 35. Financial instruments

#### 35.1 Credit risk

Exposure to credit risk

The book value of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk on the reference date was:

(Sums in Euros)

	GROUP		COMPANY	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Financial Assets available for sale	59.480	0	0	0
Financial assets at fair value through P&L	46.374	250.681	46.374	250.681
Trade and other receivables	78.986.476	94.166.366	69.899.082	78.482.452
Monetary assets and equivalents	1.855.190	11.752.881	1.316.985	1.592.761
<b>TOTAL</b>	<b>80.947.520</b>	<b>106.169.928</b>	<b>71.262.441</b>	<b>80.325.894</b>

Maximum exposure to credit risk for trade receivables at the date of the balance sheet and per geographic region were:

(Sums in Euros)

	GROUP		COMPANY	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Domestic	58.054.769	54.798.771	58.054.769	54.798.771
Serbia - Third Nations	4.260.443	12.513.239	413.655	482.338



Notes to the Financial Statements

European Union	5.411.508	4.906.469	5.132.989	3.524.768
Other areas	62.615	742.085	0	0
<b>TOTAL</b>	<b>67.789.335</b>	<b>72.960.564</b>	<b>63.601.413</b>	<b>58.805.877</b>

The maturity of trade receivables at the reference date was:

(Sums in Euros)

	GROUP		COMPANY	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Up-to-date	16.581.906	18.457.225	14.406.816	15.838.983
Overdue up to 90 days	17.860.053	25.540.165	17.486.575	18.542.398
Overdue from 91 to 180 days	21.244.046	18.170.877	20.734.775	16.596.719
Overdue from 181 to 360 days	16.167.689	9.100.225	15.130.592	5.776.432
Overdue more than 360 days	24.129.492	23.122.311	20.565.083	21.155.296
<b>TOTAL</b>	<b>95.983.186</b>	<b>94.390.803</b>	<b>88.323.841</b>	<b>77.909.828</b>
Impairments	(28.193.851)	(21.430.239)	(24.722.428)	(19.103.951)
<b>Net claims</b>	<b>67.789.335</b>	<b>72.960.564</b>	<b>63.601.413</b>	<b>58.805.877</b>

The increase of the maturity days for trade receivables reflects the general developments noted in recent years in the Greek economy and principally the special operating conditions for the real economy which are characterized by serious liquidity issues in the Greek market. At any event, the Group strives to take the necessary guarantees and warranties in order to mitigate or eliminate credit risk. In parallel, the Group forms an impairment provision which represents its estimates for losses which it may suffer regarding trade and other receivables and investments. This provision comprises of the special provision which regards specific cases of exposure to risk and a general provision for categories of similar receivables which it is estimated that will present problems at their settlement. The general provision is determined based on historic payment figures for similar claims.

Against receivables overdue for more than 360 days, as well as receivables which are overdue for a lesser term but their collection is deemed problematic also due to the special conditions prevailing in the Greek market, a provision amounting to 28.19 million Euros has been formed for the Group and amounting to approximately 24.72 million Euros for the Company. Further analysis of the credit risk is provided in Note 7 to the Annual Financial Statements.

On 30.6.2012 most of the trade receivables represents the balance of two domestic sugar trading companies, important Group customers.

### 35.2 Liquidity Risk

The following are the contractual expiry dates for financial liabilities, inclusive of the commensurate interests:

(Sums in Euros)

	Value on Balance Sheet 30.06.2012	The Group				
		UP TO 6 MONTHS	FROM 6 MONTHS UP TO 1 YEAR	FROM 1 YEAR UP TO 2 YEARS	FROM 2 YEARS UP TO 5 YEARS	OVER 5 YEARS
Bank Loans	149.562.069	140.275.139	7.093.247	1.146.495	1.047.188	0



Notes to the Financial Statements

Suppliers and other liabilities	21.731.004	21.731.004	0	0	0	0
Other liabilities	22.298.280	18.374.328	1.261.910	2.662.042	0	0
<b>Total</b>	<b>193.591.353</b>	<b>180.380.471</b>	<b>8.355.157</b>	<b>3.808.537</b>	<b>1.047.188</b>	<b>0</b>

**The Company**

	Value on Balance Sheet 30.06.2012	UP TO 6 MONTHS	FROM 6 MONTHS UP TO 1 YEAR	FROM 1 YEAR UP TO 2 YEARS	FROM 2 YEARS UP TO 5 YEARS	OVER 5 YEARS
Bank Loans	133.181.892	133.181.892	0	0	0	0
Suppliers and other liabilities	28.501.983	28.501.983	0	0	0	0
Other liabilities	4.447.860	3.478.647	0	969.213	0	0
<b>Total</b>	<b>166.131.735</b>	<b>165.162.522</b>	<b>0</b>	<b>969.213</b>	<b>0</b>	<b>0</b>

(Sums in Euros)

**The Group**

	Value on Balance Sheet 30.06.2011	UP TO 6 MONTHS	FROM 6 MONTHS UP TO 1 YEAR	FROM 1 YEAR UP TO 2 YEARS	FROM 2 YEARS UP TO 5 YEARS	OVER 5 YEARS
Bank Loans	144.645.270	140.728.070	1.142.900	1.142.900	1.631.400	
Suppliers and other liabilities	30.733.058	29.346.086	0	1.386.972		
Other liabilities	3.610.688	1.705.518	766.099	980.823	158.248	
<b>Total</b>	<b>178.989.016</b>	<b>171.779.674</b>	<b>1.908.999</b>	<b>3.510.695</b>	<b>1.789.648</b>	<b>0</b>

**The Company**

	Value on Balance Sheet 30.06.2011	UP TO 6 MONTHS	FROM 6 MONTHS UP TO 1 YEAR	FROM 1 YEAR UP TO 2 YEARS	FROM 2 YEARS UP TO 5 YEARS	OVER 5 YEARS
Bank Loans	132.795.115	132.795.115				
Suppliers and other liabilities	41.059.743	41.059.743				
Other liabilities	2.629.865	1.705.518	766.099		158.248	
<b>Total</b>	<b>165.795.274</b>	<b>175.560.376</b>	<b>766.099</b>	<b>0</b>	<b>158.248</b>	<b>0</b>

Bank loans payable within 6 months regard a joint credit account for revolving capital and are due principally to parent company ATE BANK, while they are usually renewed for one year at their expiry.

On June 27, 2012 the “Revocation of the operating license for credit institution by the name ‘Agricultural Bank of Greece SA’”, which is the reference shareholder of HSI SA and the only financial institution with which the Company maintained a loan agreement, was approved and published in Gov. Gaz. 2209 27/7/2012. In parallel the Hellenic Financial Stability Fund notified the Bank of Greece that its Board of Directors, in its meeting on July 27, 2012, decided to grant its consent to “Piraeus Bank SA” for the acquisition of the assets of credit institution by the name “Agricultural Bank of Greece SA”. With respect to the renewal of financing beyond 30.11.2012 (date of expiry of the loan agreement, which is usually renewed for one year from its expiry), and based on the aforementioned decision by the Hellenic Financial Stability Fund, the Management of the Company is anticipating the renewal of its financial limit by “Piraeus Bank SA” and is in continuous contact with the Management of the latter for the finalization of the contract. Until the approval date for the financial statements, the anticipated approval had not been officially received.



### 35.3 Exchange rate risk

The Group is exposed to exchange rate risk in the sales, purchases and loans in currencies different from the operating currency of the Group's companies, which is principally the Euro and the Serbian Dinar.

The main bank loans of the Group are in Euros and Dinars, which have been assumed by Group companies which use the Euro and Dinar as their operating currency. Loan interest are in currencies which do not differ from that of the cash flows ensuing from the Group's operating activities, principally Euro and Serbian Dinar.

Compared to the other financial assets and liabilities expressed in foreign currencies, the Group ensures that its exposure to exchange rate risk is maintained at acceptable levels, buying and selling foreign currency at current exchange rates, where deemed necessary, to counter short-term imbalances.

The Group's investments in its subsidiaries in Serbia are not offset, for such positions in foreign currency are considered to be of long-term nature.

#### *Exposure to exchange rate risk*

The Group's exposure to exchange rate risk is as follows:

(Sums in Euros)

#### GROUP

30/6/2012	EURO	DINAR	USA DOLLAR	TOTAL
Customer receivables	63.942.547	3.846.788	0	67.789.335
Other receivables	5.774.017	5.423.124	0	11.197.141
Bank Loans	(144.261.206)	(5.300.863)	0	(149.562.069)
Suppliers	(15.975.226)	(5.755.778)	0	(21.731.004)
Other liabilities	(4.029.568)	(18.268.712)	0	(22.298.280)
Cash at hand	1.480.182	375.008	0	1.855.190
<b>Total</b>	<b>(93.069.254)</b>	<b>(19.680.433)</b>	<b>0</b>	<b>(112.749.687)</b>

(Sums in Euros)

#### COMPANY

30/6/2012	EURO	DINAR	USA DOLLAR	TOTAL
Customer receivables	63.601.413	0	0	63.601.413
Other receivables	6.297.669	0	0	6.297.669
Bank Loans	(133.181.892)	0	0	(133.181.892)
Suppliers	(28.501.983)	0	0	(28.501.983)
Other liabilities	(4.447.860)	0	0	(4.447.860)
Cash at hand	1.300.553	16.432	0	1.316.985
<b>Total</b>	<b>(94.932.100)</b>	<b>16.432</b>	<b>0</b>	<b>(94.915.668)</b>

(Sums in Euros)

#### GROUP

30/6/2011	EURO	DINAR	USA DOLLAR	TOTAL
Customer receivables	60.929.663	12.030.901	0	72.960.564
Other receivables	9.625.471	11.580.331	0	21.205.802



Notes to the Financial Statements

Bank Loans	(132.795.115)	(11.850.155)	0	(144.645.270)
Suppliers	(7.525.359)	(23.207.699)	0	(30.733.058)
Other liabilities	(2.629.865)	(980.823)	0	(3.610.688)
Cash at hand	1.265.148	10.157.739	329.994	11.752.881
<b>Total</b>	<b>(71.130.057)</b>	<b>(2.269.706)</b>	<b>329.994</b>	<b>(73.069.769)</b>

(Sums in Euros)

COMPANY

30/6/2011	EURO	DINAR	USA DOLLAR	TOTAL
Customer receivables	58.805.877	0	0	58.805.877
Other receivables	19.676.575	0	0	19.676.575
Bank Loans	(132.795.115)	0	0	(132.795.115)
Suppliers	(41.059.743)	0	0	(41.059.743)
Other liabilities	(2.629.865)	0	0	(2.629.865)
Cash at hand	1.262.767	0	329.994	1.592.761
<b>Total</b>	<b>(96.739.504)</b>	<b>0</b>	<b>329.994</b>	<b>(96.409.510)</b>

Exchange rates used in the fiscal year are as follows:

EURO	AVERAGE PRICE		EXCHANGE RATE ON	
	01/07/2011- 30/06/2012	01/07/2010- 30/06/2011	30/6/2012	30/6/2011
Serbian Dinar	106,39	102,96	115,82	102,46
USA Dollar	1,34	1,36	1,26	1,45

*Sensitivity Analysis*

An increase by 10% of the Euro against the following currencies on June 30 would increase (decrease) equity and profit or loss by the sums cited below. This analysis presupposes that all other variables, and interest rates in particular, would remain fixed.

GROUP	PROFIT OR LOSS		EQUITY	
	01/07/2011- 30/06/2012	01/07/2010- 30/06/2011	30/6/2012	30/6/2011
Serbian Dinar	1.789.130	206.337	1.789.130	206.337
USA Dollar	0	(29.999)	0	(29.999)

COMPANY	PROFIT OR LOSS		EQUITY	
	01/07/2011- 30/06/2012	01/07/2010- 30/06/2011	30/6/2012	30/6/2011
Serbian Dinar	(1.494)	0	(1.494)	0
USA Dollar	0	(29.999)	0	(29.999)

A fall of the Euro by 10% against the aforementioned currencies on June 30, would have an equal in amount but opposite effect on the currencies above with the sums cited above, based on the supposition that all other variables remain fixed.



### 35.4 Interest rate risk

The Group finances its investments as well as its needs in revolving capital through bank loans and as a result its profit or loss are burdened with debit interest. Trend rises in interest rates shall have a negative impact in the profit or loss, since the Group shall be burdened with additional borrowing costs. The Group does not utilize financial instruments (Interest Rate Swaps) to lessen the risk of interest rate changes. At the reference data the interest bearing financial instruments of the Group were as follows with respect to interest rate risk:

(Sums in Euros)	GROUP		COMPANY	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
<b><u>FIXED INTEREST RATE</u></b>				
Assets	0	0	0	0
Liabilities	0	0	0	0
<b><u>FLOATING INTEREST RATE</u></b>				
Liabilities	149.562.069	144.645.270	133.181.892	132.795.115
<b>TOTAL</b>	<b>149.562.069</b>	<b>144.645.270</b>	<b>133.181.892</b>	<b>132.795.115</b>

#### *Analysis of the sensitivity of cash flows for floating interest rate financial instruments*

A change by 0.25% in interest rates at the reference date would increase (decrease) equity and profit or loss as per the amounts cited below. This analysis presupposes that all other variables, exchange rates in particular, shall remain fixed.

#### GROUP

Effect in thousands of Euro on 30.6.2012	Profit or loss		Equity	
	Increase by 0,25%	Decrease by 0,25%	Increase by 0,25%	Decrease by 0,25%
Floating interest rate financial instruments	373.905	(373.905)	373.905	(373.905)

#### COMPANY

Effect in thousands of Euro on 30.6.2012	Profit or loss		Equity	
	Increase by 0,25%	Decrease by 0,25%	Increase by 0,25%	Decrease by 0,25%
Floating interest rate financial instruments	332.955	(332.955)	332.955	(332.955)

#### GROUP

Effect in thousands of Euro on 30.6.2011	Profit or loss		Equity	
	Increase by 0,25%	Decrease by 0,25%	Increase by 0,25%	Decrease by 0,25%
Floating interest rate financial instruments	361.613	(361.613)	361.613	(361.613)

#### COMPANY

Effect in thousands of Euro on 30.6.2011	Profit or loss		Equity	
	Increase by 0,25%	Decrease by 0,25%	Increase by 0,25%	Decrease by 0,25%
Floating interest rate financial instruments	331.987	(331.987)	331.987	(331.987)



### **35.5 Fair against book values**

The fair values of financial items in the assets and liabilities approximate their book values, as such are depicted in the balance sheet as of June 30, 2012.

### **36. Commitments and potential liabilities**

Article 33 of Law 3762/2009 and Joint Ministerial Decision by the Ministers of the Economy and Economics and Employment and Protection no. 2510/815/4.8.2009 instituted a programme for the Special Subsidy of Unemployment eligible for inclusion to which were employees who satisfied the conditions for retirement within the next five years. Due to the very stringent deadlines provided for by the programme, its implementation was not possible. The programme was updated by Law 3996/2011, Gov. Gaz. 170/5.8.2011 according to which employees who fulfill the conditions for full or reduced retirement until 31/12/2016 reserve the right to be included in the programme for the special subsidy for unemployment. Following the issuance of Joint Ministerial Decision 1117/52 and its publication in Gov. Gaz. 35/B on 20/1/2012, the contract of 52 HSI SA employees was terminated in order for the latter to be included in the Special Unemployment Subsidy programme for HSI SA employees.

The company has budgeted the liability that will ensue until the completion of the programme and has formed a corresponding provision (see Note 12).

The Law for Legal Entities as amended and in force since 01/01/2012 in Serbia (Gov. Gaz. No. 36/2011 & Gov. Gaz. No. 99/2011), provides, amongst other, in articles 470-472 the following: "Should a company devolve assets (sale or purchase) of which the purchase price is greater than 30% of its share capital based on the book value of shares, then it is deemed that the company has devolved assets of great value. The term 'devolve' includes the following: rent, mortgage, pledging and receipt of loans or borrowing agreements etc. Various business deeds based on the above which take place in the year are considered as an act of devolvement. The devolvement of assets of great value must be approved either de novo or a posteriori by the General Meeting of the SA".

Due to the fact that the borrowing and provision of guarantees by subsidiary companies AD FABRIKA SECERA "SAJKASKA" and AD FABRIKA SECERA "CRVENKA" exceeded 30% of their share capital, in implementation of the law above extraordinary General Meetings of the shareholders were held on 28.06.2012 in which the approval of such transgressions was decided.

The Law extends to the shareholders which do not agree with such decisions the right to submit an application for the redemption of their shares by the Company within 15 days from the date of the General Meeting.

In accordance with the redemption applications submitted, the budgeted amount which the subsidiaries in question are called to pay as the buying off price for approximately 7.29% of SAJKASKA and 17.59% for CRVENKA amounts to a total of € 14,895,681.

### **37. Transactions with affiliated parties**

The subsidiary companies of the Group are considered as affiliated parties, as such are cited in Note 1 to the Financial Statements and the executive members of the Board of Directors. Since the Group is included in the consolidated financial statements of the Agricultural Bank of Greece (ATE), ATE and the companies in ATE Group are considered as affiliated parties. The balances of the transactions between the Company and its subsidiaries or cognates as well as the results corresponding to such transactions are as follows:



Notes to the Financial Statements

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30/6/2012</u>	<u>30/6/2011</u>	<u>30/6/2012</u>	<u>30/6/2011</u>
<b>I. Subsidiary Companies</b>				
Receivables			978.655	11.111.046
Liabilities			13.124.508	23.895.610
Inflow			3.625.415	307.666
			30.155.243	27.151.846
<b>II. Transactions with ATE Group companies</b>				
	<u>30/6/2012</u>	<u>30/6/2011</u>	<u>30/6/2012</u>	<u>30/6/2011</u>
Receivables	782.085	679.550	782.085	679.550
Liabilities	133.349.113	133.015.312	133.349.113	133.015.312
Inflow	79.508	23.464	79.508	23.464
Outflow	16.221.636	12.907.363	16.221.636	12.907.363
<b>BoD Members</b>				
Total salaries and transactions	378.836	441.000	240.189	250.248

All transactions with affiliated parties have been performed in compliance with the generally accepted commercial terms and are intended to be arranged in cash within a reasonable deadline. All transactions with affiliated parties (subsidiary companies) have been removed at the preparation of the consolidated financial statements.

<b>HELLENIC SUGAR INDUSTRY SA</b>					
<b>30/6/2012</b>					
		<b>Sales of goods and services</b>	<b>Purchases of goods and services</b>	<b>Receivables</b>	<b>Liabilities</b>
<b>Agricultural Bank of Greece SA</b>	<i>Parent</i>	<b>7.980</b>	<b>15.524.057</b>	<b>781.157</b>	<b>133.181.892</b>
<b>DODONI SA</b>	<i>ATE Group Company</i>	<b>32.980</b>	<b>0</b>	<b>-172</b>	<b>0</b>
<b>ATE LEASING</b>	<i>ATE Group Company</i>	<b>0</b>	<b>111.954</b>	<b>0</b>	<b>114.118</b>
<b>ATE RENT</b>	<i>ATE Group Company</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>ATE INSURANCE SA</b>	<i>ATE Group Company</i>	<b>38.548</b>	<b>585.625</b>	<b>1.100</b>	<b>44.403</b>
<b>ATExelixa SA</b>	<i>ATE Group Company</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8.700</b>
<b>AD FABRIKA SECERA SAJKASKA</b>	<i>Subsidiary</i>	<b>255.000</b>	<b>14.365.377</b>	<b>727.455</b>	<b>3.199.024</b>
<b>AD FABRIKA SECERA CVRENKA</b>	<i>Subsidiary</i>	<b>3.370.415</b>	<b>15.789.866</b>	<b>251.200</b>	<b>9.925.484</b>
<b>HSI CYPRUS LTD</b>	<i>Subsidiary</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>		<b>3.704.923</b>	<b>46.376.879</b>	<b>1.760.740</b>	<b>146.473.621</b>

The sales appearing in the table above regard sales of mechanical equipment and seeds by the company to its subsidiaries and the purchases regard purchases of sugar from its subsidiaries in Serbia and debit interest from parent ATE. Liabilities principally regard the loan agreement with ATE and liabilities



Notes to the Financial Statements

from the purchase of sugar from its subsidiaries in Serbia. Receivables principally regard receivables from the sale of seed, from sales of mechanical equipment and subsidiaries' dividends.

The corresponding intra-company transactions and balances for the previous fiscal year were as follows:

<b>HELLENIC SUGAR INDUSTRY SA</b>					
<b>30/6/2011</b>					
		Sales of goods and services	Purchases of goods and services	Receivables	Liabilities
<b>Agricultural Bank of Greece SA</b>	<i>Parent</i>	<b>3.908</b>	<b>11.860.029</b>	<b>577.460</b>	<b>132.795.115</b>
ATE LEASING	<i>ATE Group Company</i>	<b>0</b>	<b>87.837</b>	<b>0</b>	<b>0</b>
ATE RENT	<i>ATE Group Company</i>	<b>0</b>	<b>13.068</b>	<b>0</b>	<b>0</b>
ATE INSURANCE SA	<i>ATE Group Company</i>	<b>0</b>	<b>930.229</b>	<b>0</b>	<b>211.497</b>
ELVIZ SA	<i>ATE Group Company</i>	<b>19.556</b>	<b>0</b>	<b>102.090</b>	<b>0</b>
ATExelixa SA	<i>ATE Group Company</i>	<b>0</b>	<b>16.200</b>	<b>0</b>	<b>8.700</b>
AD FABRIKA SECERA SAJKASKA	<i>Subsidiary</i>	<b>305.983</b>	<b>10.524.554</b>	<b>3.022.832</b>	<b>3.874.728</b>
AD FABRIKA SECERA CVRENKA	<i>Subsidiary</i>	<b>1.683</b>	<b>16.627.292</b>	<b>8.088.214</b>	<b>20.020.882</b>
HSI CYPRUS LTD	<i>Subsidiary</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>		<b>331.130</b>	<b>40.059.209</b>	<b>11.790.596</b>	<b>156.910.922</b>

### 38. Reclassification of items

The reclassifications of items that follow were performed in order to render certain items from the previous fiscal year uniform and comparable to the corresponding ones in the fiscal year closed and do not incur any change in the turnover, the income statement after taxes and minority rights, as well as to the net position of the shareholders of the company for the previous annual fiscal year as well as the one compared. In particular the following reclassifications were performed on the items of the previous fiscal year of the group:

- Sum of Euro 1.819.523 which was included in item "Suppliers and other Liabilities" is included, after the reformation, in the item "Other Short-Term Liabilities" which regards various short-term liabilities of the subsidiaries of the company in Serbia.

An analytical table with the items of the relevant reclassifications is cited below:

<b>Group Financial Position Statement</b>	<b>Published on 30.6.2011</b>	<b>Increase</b>	<b>(Decrease)</b>	<b>Reformed balances 30.6.2011</b>
Suppliers	30.733.058	-	(1.819.523)	28.913.535
Other Short-Term Liabilities	2.387.739	1.819.523	-	4.207.262
<b>Total</b>	<b>33.120.797</b>	<b>1.819.523</b>	<b>(1.819.523)</b>	<b>33.120.797</b>



**39. Events after the reference period**

- a) On July 27, 2012 the “Revocation of the operating license for Financial Institution by the name “Agricultural Bank of Greece SA”, which is the reference shareholder of HIS SA and the sole financial institution with which the Company maintained a loan agreement was approved and disclosed in Gov. Gaz. Bulletin 2209 27/7/2012. In parallel, the Hellenic Financial Stability Fund disclosed to the Bank of Greece that its Board of Directors, in its meeting on July 27, 2012, decided to grant its consent to “Piraeus Bank SA”, as regards the acquisition of the assets of Financial Institution by the name “Agricultural Bank of Greece SA”. With respect to the renewal of financing beyond 30/11/2012 (when the expiration of the loan agreement, which is renewed usual for one year from its expiry) and based on the decision by the Hellenic Financial Stability Fund above, the Management of the Company anticipates the renewal of its financing limit by “Piraeus Bank SA” and is in constant contact with the latter’s Management for its finalization. Until the date of the approval of the financial statements, the anticipated renewal has not been officially received.
  
- b) On September 18, 2012 it was announced that the Ministries of Rural Development and Food, Development, Competitiveness, Infrastructures, Transportation and Networks and Economics had signed the Joint Ministerial Decision by which the cultivation of sugar-beet is subsumed to a status of Integrated Management, fact which will result to a 30 euros per stremma additional income for sugar-beet farmers. Besides the improvement on the income of producers, the implementation of Integrated Management shall also have a positive environmental impact, while it shall also improve the operation of HSI SA for the benefit of domestic consumption with respect to a key nutrient such as sugar. HSI SA shall supervise the implementation of Integrated Management with the subscription of suitable certification bodies. The procedures for the organization of the supervision system for the implementation of Integrated Management will be set in motion immediately.
  
- c) On September 21, 2012, the “Agricultural Bank of Greece SA under Special Liquidation” announced that the international competition for the sale of its stake in Hellenic Sugar Industry SA was declared fruitless. The sale of the stake above remains a principal objective of the Special Liquidator, who shall inform the investing public regarding the procedure to be followed.

There are no other significant events after the date of the preparation of the financial standards, for which a relevant reference is necessitated.

\*\*\*\*\*

The financial statements cited on pages 1 to 48 have been prepared in compliance with the International Financial Reporting Standards (IFRS), as such have been adopted by the European Union, and were approved by the Board of Directors on **September 27, 2012** and are undersigned by the persons responsible for their preparation:

**THE CHAIRMAN OF THE  
BOARD OF DIRECTORS**

**THE CEO**

**CHIEF FINANCIAL OFFICER**

**CHRYSOSTOMOS St. GEROUKIS**  
ID Card No. AB 281294/2006

**LAMBROS A.  
CHARALAMBOUS**  
ID Card No. AI 160312/2009

**CHARALAMPOS Ch. RALLIS**  
ID Card No. AZ 162920/2007  
FChG A’ CLASS Reg. No.43407



## **E. Additional Data and Information of the Annual Financial Report**



# HELLENIC SUGAR INDUSTRY S.A.

S.A REG. No : 8246/06/B/86/11  
Mitsopoleos 34, 54110 Thessaloniki

## FINANCIAL DATA AND INFORMATION

from July 1st, 2011 to June 30th, 2012  
(According to the Law 2190/20 art. 135 for Companies publishing their Annual Consolidated

The following data and information that accrue from the financial statements aim to provide a general overview about the financial position and the financial results of HSI SA and the Group. Consequently, we strongly advise readers that before making any investment decision or engage in any other transaction with the company to visit its website, where the financial statements are available, as well as the review report by the auditor, where such is necessitated.

COMPANY INFORMATION				COMPOSITION OF THE BOARD OF DIRECTORS																																					
Supervising Authority : Ministry of Development Website : <a href="http://www.hsi.gr">www.hsi.gr</a> Date of approval by the Board of Directors : September 27, 2012 Statutory Auditors : Marinos Psaltis (Reg. No: 38008) Auditing Company : PriceWaterhouseCoopers S.A. Type of Review Report : With comment				Chairman – Executive Member : Chrysostomos Geroukis Vice Chairman – Non Executive Member : Adamantini Lazarou Managing Director – Executive Member : Lambros Haralampous Executive Member : Asterios Tzamas Non Executive Member : Spyridon Kollias Independent Non Executive Member : Manassis Konstantinidis Independent Non Executive Member : Pavlos Roumelis																																					
1.1. FINANCIAL POSITION STATEMENT (consolidated and non consolidated) amounts in €				1.2. COMPREHENSIVE INCOME STATEMENT (consolidated and non consolidated) amounts in €																																					
ASSETS	GROUP		COMPANY		GROUP	COMPANY																																			
	30/6/2012	30/6/2011	30/6/2012	30/6/2011		01/07/2011-30/06/2012	01/07/2010-30/06/2011	01/07/2011-30/06/2012	01/07/2010-30/06/2011																																
Tangible fixed assets used for own purposes	93.773.681	99.260.403	68.482.261	75.090.693	Turnover	228.965.927	255.964.152	175.300.451	190.480.316																																
Investments in property	23.497.218	26.110.227	23.497.218	26.110.227	Gross profit	53.219.370	27.037.365	28.570.709	658.329																																
Intangible assets	7.892.796	7.892.796	0	0	Profits / (losses) before taxes, financial and investment results	20.955.146	6.935.027	7.023.361	(12.916.272)																																
Other non-current assets	878.654	1.758.497	20.904.925	21.516.032	Profits / (losses) before taxes	232.238	(9.451.710)	(993.666)	(17.768.373)																																
Inventories	82.415.560	66.380.158	46.463.752	45.242.280	Profits / (losses) after taxes (A)	2.956.642	(9.343.127)	2.321.023	(16.452.901)																																
Trade receivables	67.789.335	72.960.864	63.601.413	58.805.877	Parent company owners	2.822.353	(12.257.202)	2.321.023	(16.452.901)																																
Other current assets	13.098.705	33.209.364	7.661.028	21.520.017	- Minority interests	134.289	2.914.075	0	0																																
Non-current assets held for sale	59.480	98.585	0	0	Other comprehensive income after taxes (B)	(8.991.908)	2.574.720	0	349.783																																
Current assets available for sale	1.205.073	0	1.205.073	0	Total comprehensive income after taxes (A) + (B)	(6.035.266)	(6.768.407)	2.321.023	(16.103.118)																																
<b>TOTAL ASSETS</b>	<b>290.610.502</b>	<b>307.668.575</b>	<b>231.815.670</b>	<b>248.285.126</b>	Parent company owners	(8.836.913)	(10.041.872)	2.321.023	(16.103.118)																																
<b>EQUITY &amp; LIABILITIES</b>					- Minority interests	2.801.647	3.273.465	0	0																																
Share capital	26.826.703	26.826.703	26.826.703	26.826.703	Basic earnings / (losses) after taxes per share (in €)	0,0768	(0,3335)	0,6532	(0,4477)																																
Other equity items	62.901.328	75.275.183	33.660.545	31.339.522	Earnings / (losses) before taxes, financial and investment results and depreciation	26.254.101	12.958.968	10.628.178	(9.315.466)																																
Equity attributable to parent company shareholders (a)	89.728.031	102.101.886	60.487.248	58.166.225																																					
Minority interests (b)	510.753	10.556.074	0	0																																					
Total Equity (c) = (a) + (b)	90.238.784	112.657.960	60.487.248	58.166.225																																					
Long-term debt	2.193.684	3.632.260	0	0																																					
Provisions and other long-term liabilities	7.637.315	14.920.649	4.817.618	12.788.611																																					
Short-term debt	147.368.387	141.013.010	133.181.892	132.795.115																																					
Other short-term liabilities	43.172.332	35.444.696	33.328.912	44.535.155																																					
Total Liabilities (d)	200.371.718	195.010.615	171.328.422	190.118.901																																					
<b>TOTAL EQUITY AND LIABILITIES (c) + (d)</b>	<b>290.610.502</b>	<b>307.668.575</b>	<b>231.815.670</b>	<b>248.285.126</b>																																					
ADDITIONAL DATA AND INFORMATION				1.3. STATEMENT OF CHANGES IN EQUITY (consolidated and non consolidated) amounts in €																																					
1. The name and country of the registered seat for each one of the companies included in the consolidated financial statements, the percentages by which parent company HSI SA directly or indirectly participates in their share capital, as well as the consolidation method applied for each one are disclosed in Note 1 of the Annual Financial Report. 2. The consolidated financial statements of the Group are included, using the full consolidation method, in the consolidated financial statements of "AGRICULTURAL BANK OF GREECE S.A. under special liquidation", that holds 82,3% of the share capital of HSI's group and is registered in Athens-Greece. 3. The companies included in the consolidated financial statements have been audited by the competent tax authorities for the fiscal years cited in Note 15 of the Annual Financial Report. 4. There are mortgages amounting to a total of € 102.660 thousand on parent company's real estate and facilities and the shares of subsidiary companies have been pledged to secure short-term financing. There are no encumbrances on the assets of the other group companies. 5. At the end of the period no shares of the parent company were possessed by the parent company or by any subsidiary company of the group. 6. Other comprehensive income after taxes for the group and the parent company are as follows:				<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">GROUP</th> <th colspan="2">COMPANY</th> </tr> <tr> <th>30/6/2012</th> <th>30/6/2011</th> <th>30/6/2012</th> <th>30/6/2011</th> </tr> </thead> <tbody> <tr> <td>Total equity at start of period (01.07.2011 and 01.07.2010, respectively)</td> <td>112.657.960</td> <td>121.574.373</td> <td>58.166.225</td> <td>74.269.343</td> </tr> <tr> <td>Total comprehensive income after taxes</td> <td>(6.035.266)</td> <td>(6.768.407)</td> <td>2.321.023</td> <td>(16.103.118)</td> </tr> <tr> <td>Distributed dividends</td> <td>(1.850.608)</td> <td>(2.148.006)</td> <td>0</td> <td>0</td> </tr> <tr> <td>Change in Group's Percentages</td> <td>(4.533.302)</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td><b>Total equity at end of period (30.06.2012 and 30.06.2011, respectively)</b></td> <td><b>90.238.784</b></td> <td><b>112.657.960</b></td> <td><b>60.487.248</b></td> <td><b>58.166.225</b></td> </tr> </tbody> </table>					GROUP		COMPANY		30/6/2012	30/6/2011	30/6/2012	30/6/2011	Total equity at start of period (01.07.2011 and 01.07.2010, respectively)	112.657.960	121.574.373	58.166.225	74.269.343	Total comprehensive income after taxes	(6.035.266)	(6.768.407)	2.321.023	(16.103.118)	Distributed dividends	(1.850.608)	(2.148.006)	0	0	Change in Group's Percentages	(4.533.302)	0	0	0	<b>Total equity at end of period (30.06.2012 and 30.06.2011, respectively)</b>	<b>90.238.784</b>	<b>112.657.960</b>	<b>60.487.248</b>	<b>58.166.225</b>
	GROUP		COMPANY																																						
	30/6/2012	30/6/2011	30/6/2012	30/6/2011																																					
Total equity at start of period (01.07.2011 and 01.07.2010, respectively)	112.657.960	121.574.373	58.166.225	74.269.343																																					
Total comprehensive income after taxes	(6.035.266)	(6.768.407)	2.321.023	(16.103.118)																																					
Distributed dividends	(1.850.608)	(2.148.006)	0	0																																					
Change in Group's Percentages	(4.533.302)	0	0	0																																					
<b>Total equity at end of period (30.06.2012 and 30.06.2011, respectively)</b>	<b>90.238.784</b>	<b>112.657.960</b>	<b>60.487.248</b>	<b>58.166.225</b>																																					
7. Other provisions, which relate to possible claims by third parties, amounted to €1.384.000 for the Group & €124.000 for the Company. 8. The accounting principles adopted by the Group for the preparation of the financial statements as of June 30, 2012 are the same as those described in the published annual financial statements for the fiscal year ended on June 30, 2011. 9. The number of employees is as follows:				<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">GROUP</th> <th colspan="2">COMPANY</th> </tr> <tr> <th>30 June 2012</th> <th>30 June 2011</th> <th>30 June 2012</th> <th>30 June 2011</th> </tr> </thead> <tbody> <tr> <td>Permanent</td> <td>675</td> <td>784</td> <td>281</td> <td>384</td> </tr> <tr> <td>Seasonal</td> <td>558</td> <td>295</td> <td>398</td> <td>177</td> </tr> <tr> <td><b>Total</b></td> <td><b>1.233</b></td> <td><b>1.079</b></td> <td><b>679</b></td> <td><b>561</b></td> </tr> </tbody> </table>					GROUP		COMPANY		30 June 2012	30 June 2011	30 June 2012	30 June 2011	Permanent	675	784	281	384	Seasonal	558	295	398	177	<b>Total</b>	<b>1.233</b>	<b>1.079</b>	<b>679</b>	<b>561</b>										
	GROUP		COMPANY																																						
	30 June 2012	30 June 2011	30 June 2012	30 June 2011																																					
Permanent	675	784	281	384																																					
Seasonal	558	295	398	177																																					
<b>Total</b>	<b>1.233</b>	<b>1.079</b>	<b>679</b>	<b>561</b>																																					
10. Any type of transactions (income and expenses) cumulatively since the beginning of the fiscal year as well as the balances of the receivables and liabilities of the company and the group at the end of the current fiscal year which have ensued from transactions with related parties, as such are defined in IAS 24, with discernible citation of the total salaries of company executives and members of its BoD, their transactions and their claims and liabilities, are as follows:				<table border="1"> <thead> <tr> <th></th> <th>Group</th> <th>Company</th> </tr> </thead> <tbody> <tr> <td>a) Income</td> <td>79.508</td> <td>3.704.923</td> </tr> <tr> <td>b) Expenses</td> <td>16.221.636</td> <td>46.376.879</td> </tr> <tr> <td>c) Receivables</td> <td>782.085</td> <td>1.760.740</td> </tr> <tr> <td>d) Payables</td> <td>133.349.113</td> <td>146.473.621</td> </tr> <tr> <td>e) Transactions and salaries of general managers and BoD members</td> <td>378.836</td> <td>240.189</td> </tr> </tbody> </table>					Group	Company	a) Income	79.508	3.704.923	b) Expenses	16.221.636	46.376.879	c) Receivables	782.085	1.760.740	d) Payables	133.349.113	146.473.621	e) Transactions and salaries of general managers and BoD members	378.836	240.189																
	Group	Company																																							
a) Income	79.508	3.704.923																																							
b) Expenses	16.221.636	46.376.879																																							
c) Receivables	782.085	1.760.740																																							
d) Payables	133.349.113	146.473.621																																							
e) Transactions and salaries of general managers and BoD members	378.836	240.189																																							
1.4. CASH FLOW STATEMENT (consolidated and non consolidated) amounts in €																																									
1st alternative - Direct method																																									
	GROUP		COMPANY		GROUP	COMPANY																																			
	01/07/2011-30/06/2012	01/07/2010-30/06/2011	01/07/2011-30/06/2012	01/07/2010-30/06/2011		01/07/2011-30/06/2012	01/07/2010-30/06/2011																																		
<b>Operating activities</b>																																									
Receivables collected	219.128.576	259.100.979	161.007.549	186.713.455																																					
Payments to suppliers, employees, etc.	(206.650.623)	(233.295.643)	(165.195.442)	(174.151.796)																																					
Taxes payable (proceeds from tax return)	(1.266.214)	(1.779.246)	0	(1.493.601)																																					
Tax paid	(17.366.886)	(12.513.443)	(15.293.982)	(11.392.857)																																					
<b>Total cash flow from operating activities (a)</b>	<b>(6.155.149)</b>	<b>11.512.647</b>	<b>(19.481.875)</b>	<b>(324.799)</b>																																					
<b>Investing activities</b>																																									
Purchases of tangible and intangible assets	(6.372.005)	(8.657.937)	(1.509.862)	(1.499.516)																																					
Dividends received	0	0	20.329.184	3.186.119																																					
Sales of tangible and intangible assets	191.470	468.782	0	0																																					
<b>Total cash flow from investing activities (b)</b>	<b>(6.180.535)</b>	<b>(8.189.155)</b>	<b>18.819.322</b>	<b>1.686.603</b>																																					
<b>Financing activities</b>																																									
Proceeds from issued/assumed loans	130.626.655	70.362.788	99.636.689	54.633.949																																					
Loans repayment	(124.561.369)	(64.821.087)	(99.249.912)	(65.795.383)																																					
Dividends paid	(3.627.293)	(913.287)	0	0																																					
<b>Total cash flow from financing activities (c)</b>	<b>2.437.993</b>	<b>4.928.414</b>	<b>386.777</b>	<b>(1.161.434)</b>																																					
<b>Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)</b>	<b>(9.897.691)</b>	<b>8.251.906</b>	<b>(275.776)</b>	<b>200.370</b>																																					
<b>Cash and cash equivalents at beginning of the period</b>	<b>11.752.881</b>	<b>3.500.975</b>	<b>1.592.761</b>	<b>1.392.391</b>																																					
<b>Cash and cash equivalents at the end of the period</b>	<b>1.855.190</b>	<b>11.752.881</b>	<b>1.316.985</b>	<b>1.592.761</b>																																					

Thessaloniki, September 27th, 2012

THE CHAIRMAN OF THE BoD

THE MANAGING DIRECTOR

THE CHIEF FINANCIAL OFFICER

Chrysostomos Geroukis  
ID.No AB 281294/2006

Lambros A. Haralampous  
ID.No AI 160312/2009

Charalampos Ch. Rallis  
ID.No AZ 162920/2007



## Information required by article 10 of Law 3401/2005

The following Announcements-Disclosures have been sent to the Daily Price Bulletin and are published on the website of the Athens Stock Exchange as well as on the company's website at [www.ebz.gr](http://www.ebz.gr).

31/05/2012	PRESS RELEASE – FINANCIAL RESULTS FOR THE PERIOD FROM 01/07/2011 – 31/03/2012
29/02/2012	NOTICE of comments on the Financial Statements/Reports
28/02/2012	DISCLOSURE of changes in the composition of the Board of Directors
05/12/2011	NOTICE on the resolutions of the General Meeting
30/11/2011	NOTICE of comments on the Financial Statements/Reports
29/11/2011	NOTICE regarding amendments to the Articles of Association of the Company
04/11/2011	NOTICE on the ANNOUNCEMENT IN ADVANCE OF THE GENERAL MEETING
30/09/2011	NOTICE of comments on the Financial Statements/Reports (Corrected)
30/09/2011	NOTICE of comments on the Financial Statements/Reports

## Availability of Financial Statements

The Annual Financial Statements of the company on a consolidated and non-consolidated basis, the Review report by the Chartered Auditor-Accountants as well as the Report by the Board of Directors on a consolidated and non-consolidated basis can be found on the internet at address [www.ebz.gr](http://www.ebz.gr).

Also on our company's website, [www.ebz.gr](http://www.ebz.gr) one can find the annual financial statements, the Review reports by the Chartered Auditor-Accountants and the Reports by the Board of Directors of the companies consolidated in the consolidated financial statements.

Finally, the shareholders and investors interested in more information and clarifications regarding the company may contact the company during working days and hours (Mitropoleos 34, Postal Code 54110, Thessaloniki, Contact Person: Mr. Rallis Charalampos, Tel.: 00302310 296547, e-mail: [rallis@ebz.gr](mailto:rallis@ebz.gr) ). Furthermore, the present Annual Financial Report and the Annual Bulletins for previous fiscal years, as well as other important information regarding the company can be found in digital form on the company's website <http://www.ebz.gr>.