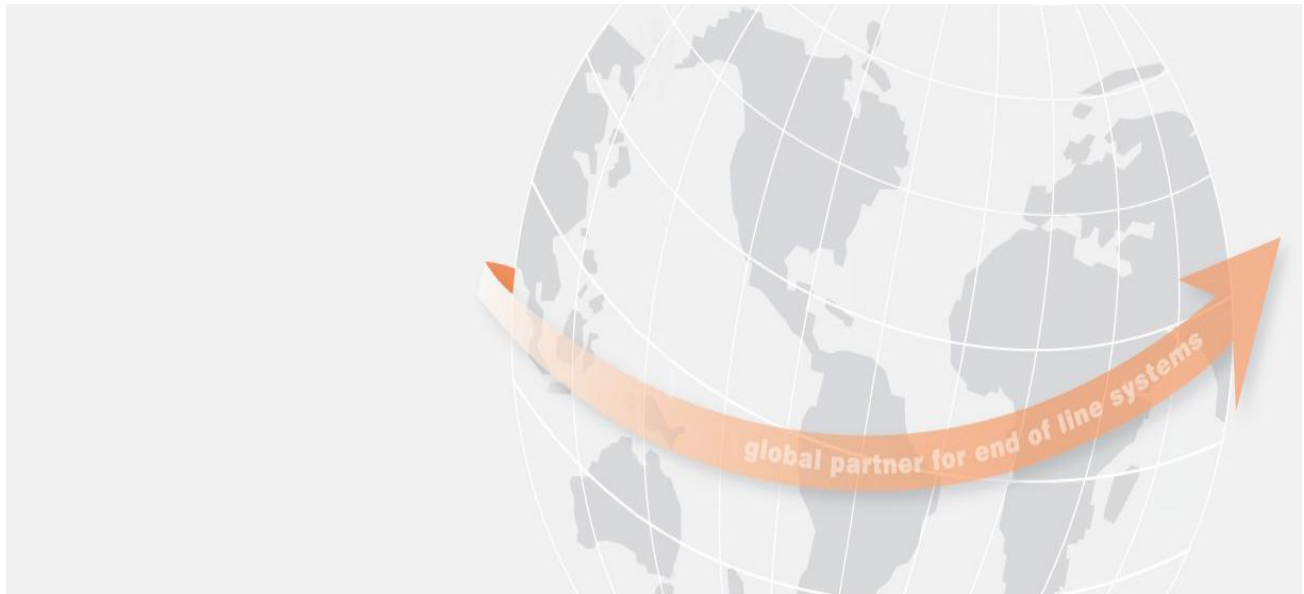


**Annual Financial Statements  
For the year ended 31 December 2012**



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

**M.J.MAILLIS S.A.  
INDUSTRIAL PACKAGING  
SYSTEMS & TECHNOLOGIES  
P.C.S.A.2716/06/B/86/43  
TAKI KAVALIERATOU 7  
145 64 KIFISSIA, ATHENS**

**M.J.MAILLIS GROUP**  
**Annual Financial Statements**  
**For the period from 1 January to 31 December 2012**

It is confirmed that the present Annual Financial Statements are compiled according to the article 5 of the Law 3556/2007 and the decision 7/448/29.10.2007 of the Hellenic Capital Market Commission and is the one approved by the Board of Directors of “M.J. MAILLIS S.A” on the 28<sup>th</sup> of March 2013. The present Annual Financial Statements are available on the company’s website [www.maillis.com](http://www.maillis.com) where it will remain at the disposal of the investing public for at least 5 years from the date of its publication.

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**A) Board of Directors Statement  
Regarding the Annual Financial Statements of 2012  
According to the article 4 of the Law 3556/2007**

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

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

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

1. The Annual Financial Statements of the Company and the Group of "M.J. MAILLIS S.A." for the period 01.01.2012 – 31.12.2012, which were compiled according to the standing accounting standards, describe in a truthful way the assets and the liabilities, the equity and the results of the Group and the Company, as well as the businesses included in Group Consolidation taken as a whole.
2. The report of the Board of Directors reflects in a true manner the development, performance and financial position of M.J. MAILLIS S.A. Industrial Packaging Systems and technologies, and of the businesses included in Group Consolidation, taken as a whole, including the description of the principal risks and uncertainties.

**Kifissia, 28<sup>th</sup> March 2013**

**CHAIRMAN OF THE  
BOARD OF DIRECTORS**

**MICHAEL J. MAILLIS**

**Id. No. Φ 020206**

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

**MARKUS  
KÖLLMANN**

**PASS. No. NR5R5RB18**

**THE MEMBER OF  
THE BOARD OF  
DIRECTORS**

**IOANNIS LENTZOS**

**Id. No. Σ 370477**

**B1) Annual Board of Directors Report of the M.J. MAILLIS S.A  
on the consolidated and company Financial Statements  
for the period from 1<sup>st</sup> January to 31<sup>st</sup> December 2012**

Dear Shareholders,

According to Law 3556/2007 and the decision 7/448/11.10.2007 of the Hellenic Capital Market Commission we submit the Annual Board of Directors Report of M.J. MAILLIS S.A on the Consolidated and Company Financial Statements for the period ending 31<sup>st</sup> of December 2012.

The present report contains information on the financial position and performance of the Group and the Company for the year ending 31.12.2012, a description of significant events that took place during the previous year, their impact on the annual financial statements, a description of the most significant transactions between the Company, the Group and related parties, a description of the most important risks and uncertainties for the current year as well as qualitative information and estimates on the evolution of the Group's and the Company's activities in the current year.

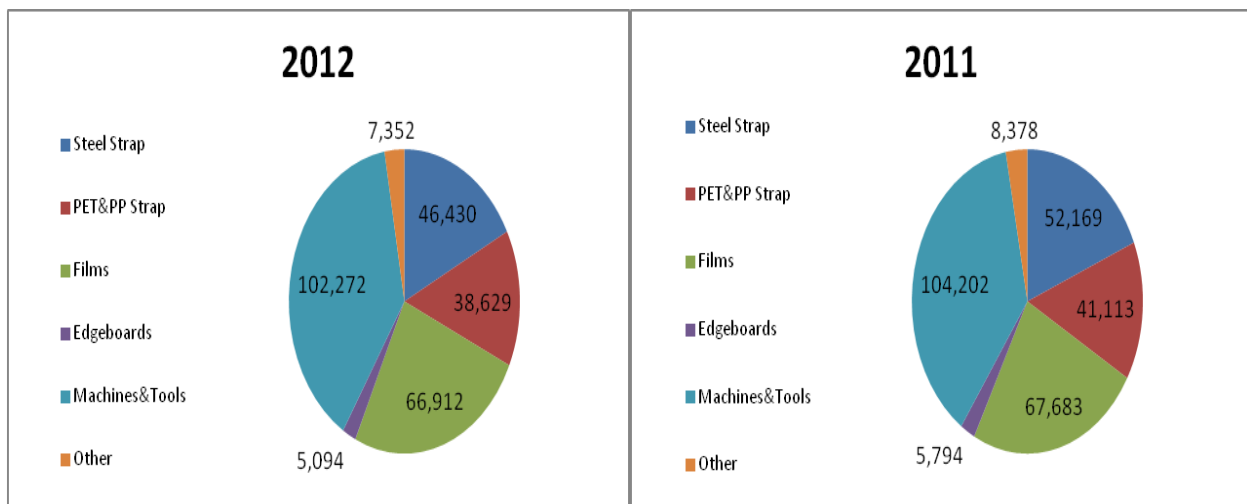
**1. Significant events that took place during 2012, and their impact on the Annual Financial Statements**

The Group's turnover during 2012 was negatively affected by the decrease in the demand of consumables and machines for industrial packaging as a result of the European recession and the reduced industrial activity in Europe.

Turnover reached 266.7 m€ while in the respective period of 2011 reached 279.3 m€ reduced by 4.5%

**Sales Revenue per product (th.€)**

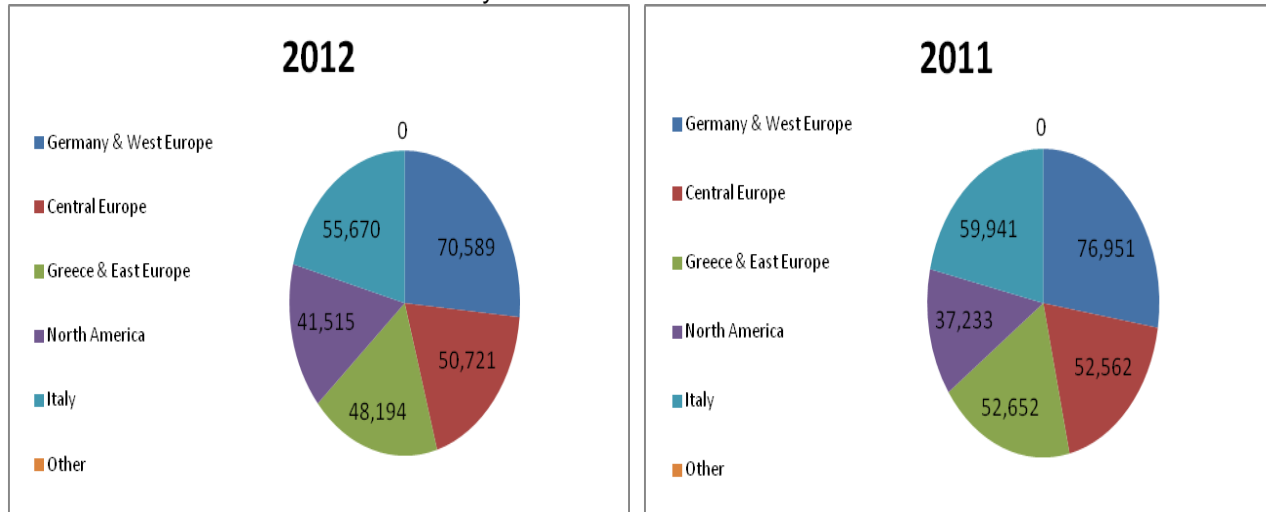
As it seems from the charts below, the higher impact on the annual sales comes from the reduced sales of consumables while the sales of machines remained stable.



Sales of consumables accounted for 62% of total sales, while the sales of machines, which are higher margin products, accounted for 38% compared to 37% in the corresponding period of 2011.

**Sales Revenue per geography (th.€)**

By geographical area, the greatest impact on total turnover was related to the sales in Europe while the sales in North America have substantially increased.



**Earnings before Tax, Interest and Depreciation (EBITDA)**

Despite the decrease in sales, the Group generated positive EBITDA amounting to 9.6 m€ compared to 6.9 m€ in the same period of 2011 as a result of improved gross profit margin by 0.4 percentage points and the decrease in administrative and selling expenses by 7.7%.

**Results after Tax**

Losses after tax amounted to 49.2 m€ compared to profit of 1.7 m€ in 2011.

Losses of this year are due to higher impairment of goodwill compared to 2011 by 6.4 m€, write off of deferred tax asset of the Parent company and lower income from exchange differences.

Also, the profitability of 2011 was mainly the result of one off income due to debt restructuring amounting to 42.5 m€.

In th €	2012	2011
<b>Profit/(Loss) for the year</b>	<b>(49,247)</b>	<b>1,670</b>
Loss on impairment of goodwill and investments	(16,085)	(9,730)
Gain on the extinguishment of financial liabilities by the issue of common equity shares	-	42,457
Write off of Deferred Tax Asset	(7,872)	-
<b>Adjusted Profit/(Loss)</b>	<b>(25,291)</b>	<b>(31,058)</b>

At the balance sheet date 31.12.2012 the Group is not in compliance with the required covenant of minimum consolidated results before interest, tax and depreciation / amortization not including restructuring costs (EBITDA)(for further details refer to notes 2&19 of annual financial statements) while is in compliance with the minimum liquidity level and maximum capital expenditure.

The company has already submitted a request for waiver to the bondholders, as provided by the respective loan agreements.

At December 31, 2012, total shareholders' equity is less than the one half (1/2) of the share capital and as a result the conditions of Article 47 of Law 2190/1920 apply. The company intends to convene the General Assembly, within six months from the end of the year in order to proceed with the appropriate measures.

## 2. Group Financial Review

### A) Income Statement (p.28 of the Financial Statements)

#### Sales revenue

Group consolidated sales revenue for the year 2012 amounted to 266.7 m€, decreased by 4.5% compared to 2011.

Annual change by geographic region is as follows:

	2012	2011	Variance %
West Europe	70.6	77.0	-8.3%
Central Europe	50.7	52.6	-3.5%
Greece & East Europe	48.2	52.7	-8.5%
North America	41.5	37.2	11.5%
Italy	55.7	59.9	-7.1%
Other	0.0	0.0	0.0%
<b>Total</b>	<b>266.7</b>	<b>279.3</b>	<b>-4.5%</b>

#### Cost of Sales

Consolidated cost of sales of the Group in 2012 was 216.7 m€, lower compared to 2011 by 5.0%.

Gross profit margin increased by 0.4 percentage points compared to 2011. The increase was mainly driven by better pricing policy, increased sales of machines and lower depreciation expenses.

#### Operating Expenses

The administrative and distribution expenses decreased by 7.7% as a result of the ongoing emphasis put on cost reduction and the implementation of restructuring programme.

#### Other Income and Expenses

The other income of the Group amounted to 14.5 m€ an increase of 1.8 m€ or 14.7% compared to 2011. This increase is primarily due to currency differences arising from the valuation of assets and liabilities in foreign currency in its subsidiary in Poland and the lower income from exchange difference in Parent Company.

The other expenses of the Group amounted to 19.4 m€ increased by 3.8% compared to 2011. This increase is primarily due to currency differences arising from the valuation of assets and liabilities in foreign currency of its subsidiary in UK.

The net effect from Other Income/Expenses was 1.2 m€ positive for the Group.

#### Provisions

Additional provisions were formed for inventory write-offs amounting to € 0.7 m, for bad debts amounting to € 1.4 m and other provisions amounted to € 0.7 m.

## EBITDA

Published EBITDA: Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) of 2012 amounted to 9.6 m€ (vs. 6.9 m€ in 2011).

Operating EBITDA: Excluding one-off income and non recurring expenses mainly due to exchange differences, impairment of assets and restructuring costs, operating EBITDA for 2012 amounted to 11.1 m€ (vs. operating EBITDA for 2011 of 8.9 m€).

The EBITDA adjustments are set out in the following table:

mio €	December 2012	December 2011
<b>Published EBITDA</b>	<b>9.57</b>	<b>6.91</b>
FX Differences	0.01	0.33
Restructuring Expense	(0.12)	(1.24)
Non-Recurring Operating Expense	(2.87)	(2.53)
Non-Recurring Operating Income	1.45	1.48
	(1.54)	(1.96)
<b>Operating EBITDA</b>	<b>11.11</b>	<b>8.87</b>

Change in EBITDA per geographic region is as follows:

	2012	2011	Variance %
West Europe	-1.5	-2.1	-30.4%
Central Europe	3.8	3.6	3.8%
Greece & East Europe	-4.0	-5.8	-31.1%
North America	6.8	6.0	13.8%
Italy	4.5	5.3	-16.2%
Other	0.0	-0.1	-84.7%
<b>Total</b>	<b>9.6</b>	<b>6.9</b>	<b>38.8%</b>

## Impairment Losses

Impairment losses amounted to 16.1 m€ in 2011 vs. 9.7 m€ in 2011 due to the impairment of goodwill in affiliates in West Europe and Italy.

## Net Financial Expenses

Net financial expenses of 2012 were 18.7 m€ compared to 28.6 m€ in 2011. The decrease is due to lower FX differences amounting to 4.5 m€ as in 2011 the result of loan valuation in our subsidiary in Poland and valuation of derivatives for FX risk and interest rate risk held by Maillis SA were included. Also, other financial expenses were reduced as a result of the completion of debt restructuring.

## Deferred Tax

Following a prudent approach, the Group does not create further deferred tax assets in subsidiaries which continue to report losses in 2012.

In 2012 there were losses from deferred tax compared to gains in 2011 as a result of write off of deferred tax asset created due to cumulative tax losses in Parent company. Moreover, in 2011 our subsidiaries in Poland and Italy formed deferred tax asset following their return to profitability.

#### Losses after Tax

Losses after tax amounted to 49.2 m€ compared to profit of 1.7 m€ in 2011.

Losses of this year are due to higher impairment of goodwill compared to 2011 by 6,4 m€, write off of deferred tax asset of the Parent company and lower income from exchange differences.

Also, the profitability of 2012 was mainly the result of one off income due to debt restructuring amounting to 42,5 m€.

In th €	2012	2011
<b>Profit/(Loss) for the year</b>	<b>(49,247)</b>	<b>1,670</b>
Loss on impairment of goodwill and investments	(16,085)	(9,730)
Gain on the extinguishment of financial liabilities by the issue of common equity shares	-	42,457
Write off of Deferred Tax Asset	(7,872)	-
<b>Adjusted Profit/(Loss)</b>	<b>(25,291)</b>	<b>(31,058)</b>

## **B) Financial Position (p.27 of the Financial Statements)**

### Working Capital

Inventories and trade receivables decreased by 3.7% and 9.7% respectively due to decrease in sales in Europe, the improved management of working capital and the forming of additional provisions for bad debts. The short term liabilities decreased by 3.1%.

As a result, the Group's working capital decreased in absolute amount by 6.4 m€ vs. 2011 while it decreased by 1.3 pp. over sales.

<i>mio</i> €			Variance
	31.12.2012	31.12.2011	(%)
Inventories	52.2	54.2	-3.7%
Trade and other receivables	55.2	61.1	-9.7%
Short term liabilities	47.4	48.9	-3.1%
<b>Reported Working Capital</b>	<b>60.0</b>	<b>66.4</b>	<b>-9.6%</b>
<i>Sales(annual basis*)</i>	266.7	279.3	-4.5%
<i>% on Sales</i>	<b>22.5%</b>	<b>23.8%</b>	<b>-1.3pp</b>

### 3. Important transactions with related parties

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

	1/1 - 31/12/2012		1/1 - 31/12/2011	
	Sales of Goods and Services	Purchases of Goods and Services	Sales of Goods and Services	Purchases of Goods and Services
<i>Amounts in Euro '000</i>				
Combi	2,581	111	2,393	56
<b>Total</b>	<b>2,581</b>	<b>111</b>	<b>2,393</b>	<b>56</b>

	31/12/2012		31/12/2011	
	Receivables balance	Payables balance	Receivables balance	Payables balance
<i>Amounts in Euro '000</i>				
Combi	978	27	392	8
<b>Total</b>	<b>978</b>	<b>27</b>	<b>392</b>	<b>8</b>

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

	31/12/2012		31/12/2011	
	Receivables balance	Payables balance	Receivables balance	Payables balance
<i>Amounts in Euro '000</i>				
M.J. MAILLIS UK	12,925	4	12,761	27
SANDER GMBH & Co KG	14,384	7	12,356	196
STRAPTECH	859	411	1,604	-
M.J. MAILLIS SPAIN	2,889	117	3,699	117
M.J. MAILLIS ROMANIA	9,655	-	8,617	-
EUROPACK SA	52,489	-	52,951	-
M.J. MAILLIS POLAND	4,801	80	3,431	-
MAILLIS STRAPPING SYSTEMS	18,371	81	18,655	53
M.J. MAILLIS SLOVAKIA	2,368	3	2,055	-
M.J. MAILLIS FRANCE	533	-	1,341	-
Other	10,183	1,244	11,285	1,125
<b>Total</b>	<b>129,457</b>	<b>1,947</b>	<b>128,754</b>	<b>1,517</b>

	1/1 - 31/12/2012		1/1 - 31/12/2011	
	Sales of Goods and Services	Purchases of Goods and Services	Sales of Goods and Services	Purchases of Goods and Services
<i>Amounts in Euro '000</i>				
M.J. MAILLIS UK	7,187	(23)	9,426	65
SANDER GMBH & Co KG	7,249	7	8,326	48
STRAPTECH	4,512	1,290	4,985	1,361
M.J. MAILLIS SPAIN	5,758	-	7,979	39
M.J. MAILLIS ROMANIA	5,584	-	5,714	3
EUROPACK SA	3,780	-	944	-
M.J. MAILLIS POLAND	7,720	627	4,193	32
MAILLIS STRAPPING SYSTEMS	1,282	28	1,355	-
M.J. MAILLIS SLOVAKIA	3,607	3	4,126	-
M.J. MAILLIS FRANCE	2,370	-	3,317	-
Other	4,592	442	6,153	686
<b>Total</b>	<b>53,641</b>	<b>2,374</b>	<b>56,518</b>	<b>2,235</b>

The parent company has given guarantees for a total of 2.5 m€ towards obligations of the Group's subsidiary companies.

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

The Group operates in 18 countries, without including Greece, through subsidiaries and in other markets through exports or distributors. The major part of Group sales comes from sales outside Greece. Since the Group's strategy is to maintain and possibly strengthen its multinational activity, these sales represent a very significant proportion of total income.

The risks of the international activity include indicatively:

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

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

a) Market risk

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

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

(b) Risk of raw material prices

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

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

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

(c) Credit risk

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

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

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

(d) Cash flow risk

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

Managing the liquidity risk remains important, even though the performance of the Group improved, due to the continuance of the Group restructuring and the domestic debt and financial crisis.

(e) Foreign exchange risk

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

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

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

(f) Fair value interest rate risk

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

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

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

During 2013 the Group's performance is expected to continue being affected by the slowdown in the industrial activity. Emphasis will continue to be placed on the optimization of production costs, the control of expenses and the improvement of liquidity.

The present Annual Report of the Board of Directors for the period from 1 January to 31 December 2012 has been posted on the Internet, on the website of the Company [www.maillis.com](http://www.maillis.com).

## **B2) Corporate Governance Statement**

### **I. Introduction**

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

The company has adopted the Code with certain deviations.

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

This statement presents how the Company applies corporate governance and identifies and explains any cases of non compliance with the provisions of the "**Code**" during the year 2012.

### **II. Complying with the Code**

The Company complies with the General Principles of the Code.

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

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

#### **a. Shareholders' General Assembly**

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

The invitation to the Annual General Assembly of 2012 had been posted 20 days before the Meeting on the Company's website ([www.maillis.com](http://www.maillis.com)) to ensure participation of all shareholders either they attend in person at the meeting or vote through an authorized representative. The decisions are made by vote. The decisions were reported in the Athens Stock Exchange and published in the Company's website in the next working day.

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

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

#### **b. The Board of Directors**

The Company is managed by the Board of Directors, consisting of seven (7) to nine (9) members elected by the General Assembly for four years running from the date of election until the date of the Annual General Meeting of the year which their term expires. The outgoing members, shareholders or not, can be always re-elected and revoked.

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

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

The Board of Directors meets at the headquarters of the company, regularly at least once each calendar month and extraordinarily whenever there is a need or is required by two Board members at their request to the President. The Board of Directors may meet by teleconference. In this case, the invitation to members of the Board should include information necessary for participation in these meetings. Moreover, the Board of Directors shall have a quorum and shall be lawfully met when half plus one of the Directors are present or represented and in all events the number of Directors present may be three minimum. In calculating this number any fractions shall be omitted.

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

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

The Board of Directors is also responsible for issuing bonds apart from those convertible to shares or with a participation in the profits, for which the General Meeting of Shareholders alone has competence in accordance with Article 14 sentence (e) of the Articles of Association. As part of its responsibility the Board may determine the terms of the bond and authorize certain members or member to determine the specific terms other than the amount and kind.

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

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

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

#### **Executive members**

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

### **Non-executive and independent members**

Non-executive and independent members are involved in the promotion of general corporate issues, devise guidelines for all corporate issues and recommend these guidelines to the Council. Among the non-executive members must be at least two independent directors within the meaning of Article 4 of Law 3016/2002. The independent Board members may submit, individually or everyone together, essays and special reports other than those of the Board of Directors to the ordinary or extraordinary Shareholders' General Assembly, if they deem it necessary. Furthermore, the Company has established and maintains an Audit Committee, consisting of two independent non-executive members and one non-executive Board member. All members of the Audit Committee are appointed by the General Assembly. The independent non-executive member, who chairs the Audit Committee, has demonstrated proficiency in accounting and auditing. The obligations and responsibilities of the Audit Committee include, indicatively, monitoring the financial reporting process, the internal control & risk management system. Audit Committee monitors also the proper functioning of the internal auditors of the Company, the statutory audit of individual and consolidated financial statements of the Company, the existence and maintenance of the objectivity and independence of the statutory auditors or of the audit firm, particularly when they provide other services to the Company.

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

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

<b>ACTIVE UP TO 31.12.2012</b>					
<b>Title</b>	<b>Name</b>	<b>Executive / Non-Executive Member</b>	<b>Independent Member</b>	<b>Start of Duty</b>	<b>End of Duty</b>
President	Michael Maillis	Non-Executive		10/1/2011	Annual General Meeting 2015
Vice-Chairman & Managing Director	Markus Petrus Heinrich Kollmann	Executive		1/3/2011	Annual General Meeting 2015
Member	Alexandros I. Tasopoulos	Executive		8/4/2011	Annual General Meeting 2015
Member	Stylios Stavridis	Non-Executive	Independent	10/1/2011	Annual General Meeting 2015
Member	Lito Ioannidou	Non-Executive	Independent	10/1/2011	Annual General Meeting 2015
Member	Menelaos A. Tasopoulos	Non-Executive	Independent	10/1/2011	Annual General Meeting 2015
Member	Petros T. Tzannetakis	Non-Executive	Independent	10/1/2011	Annual General Meeting 2015
Member	Michail A. Kokkinos	Non-Executive	Independent	10/1/2011	Annual General Meeting 2015
Member	Michail N. Panagis	Non-Executive		19/7/2011	Annual General Meeting 2015

**c.1. Meetings and participation by members in 2012**

The following table shows the number of Board of Directors meetings as well as the various committees held by the management in 2012, and the frequency of participation of each member.

	<b>Board of Directors</b>	<b>Audit Committee</b>	<b>Remuneration Committee</b>
<b>Total Board meetings on 2012</b>	16	8	6
Michael Maillis	16/16		
Markus Kollmann	16/16		
Lito Ioannidou	16/16	8/8	6/6
Stylios Stavridis	15/16	8/8	6/6
Menelaos Tasopoulos	13/16		
Petros Tzanetakis	15/16	7/8 <i>Represented by an authorized person in 1/8</i>	
Michael Kokkinos	16/16		
Michael Panagis	14/16		6/6

## **c.2 Curriculum Vitae of the Board of Directors**

### **Michael J. Maillis, Chairman**

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

### **Markus Kollmann, Vice President & CEO**

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

### **Alexandros I. Tasopoulos, Board Member**

Graduate of economics and business administration from the University of Strasbourg. He has worked in the past for Hellenic Bottling Company S.A., and was then Financial Manager for SC Johnson Hellas S.A., Financial and Administrative Manager for Oracle Hellas S.A. and Financial Services and Management Control Manager for L' Oreal Hellas S.A. He has been the Company's Chief Financial Officer since April 2011.

### **Stelios K. Stavridis, Board of Directors Member**

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

### **Lito A. Ioannidou, Board of Directors Member**

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

### **Menelaos Tassopoulos, Board of Directors Member**

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

### **Petros Tzanettakis, Board of Directors Member**

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

### **Michael Kokkinos, Board of Directors Member**

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

### **Michail N. Panagis, Board Member**

Holds a degree in Chemical Engineering from the National Technical University of Athens and a MBA from the Imperial College of Science and Technology/University of London. He began his career with the M.J. MAILLIS Group in 1988. He initially worked as Exports Sales Director and then as Group Sales, Marketing & Business Development Director. In March 2005 he collaborated with Global Finance on a project to acquire the EURODRIP Group. Following completion of that acquisition in September 2005, he took up the post of CEO of the EURODRIP Group and the post of Vice Chairman of the Board of that Company.

## **c.3 Board Committees**

The Board is assisted by the following committees:

### **• Audit Committee**

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

The Audit Committee has a four-year term.

The Committee met 8 times during the year 2012. The president of the Committee, the internal auditor and the audit firm PricewaterhouseCoopers («PwC») meet to discuss issues of their responsibility.

## **External Audit**

### ***Independence***

The Audit Committee is responsible for developing, implementing and monitoring processes regarding the Company's external audit. These procedures have been designed to ensure the independence and objectivity of external auditors and setting an appropriate framework for moving staff from the external audit

firm to management positions in the Company. Also, it determines the actions required when using non-audit services by external auditors.

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

### ***Effectiveness and reappointment***

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

### **Internal Audit**

In 2012, the Audit Committee:

- Reviewed the results of audits conducted by the internal audit and examined the responses of management on the issues highlighted, including the implementation of the recommendations.
- Reviewed and approved the internal audit plan for 2012.

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

### **Audit Committee Members**

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

President: Lito Ioannidou  
Member: Petros Tzanetakos  
Member: Stylianos Stavridis

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

### **• Remuneration Committee**

The Remuneration Committee appointed by the Board of Directors pursuant to the Corporate Governance Code of the Company, except those specified in the Code of Corporate Governance of SEV, to submit recommendations to the Board of Directors about the remuneration policy, benefits and financial incentives for senior executives of the Company, in accordance with market conditions in order to attract, retain and mobilize the appropriate executive staff. The Remuneration Committee comprises three members, all non-executive and two of them independent.

### **Remuneration Committee Members**

The Remuneration Committee members, who are appointed by the Board of Directors, are the following 3 non-executive Directors:

President: Stelios Stavridis  
Member: Lito Ioannidou  
Member: Michail Panagis

The Remuneration Committee had 6 meetings during the year 2012.

#### **d. System of Internal Control and Risk Management**

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

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

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

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

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

#### **d.1 The review process**

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

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

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

These include:

- Creating, developing and applying uniform accounting practices and procedures.
- Reviewing periodically the accounting policies applied and ensure that they are updated and communicated to appropriate personnel.
- Procedures to ensure that transactions are recognized in accordance with International Financial Reporting Standards.
- The existence of policies, both for the Company and its departments, to govern the maintenance of accounts, presentation of transactions and the principal financial control procedures.
- Monitoring monthly internal financial reporting issues and financial control procedures.
- Ongoing training and staff development.
- Procedures for closing, which include deadlines, responsibilities, classification of accounts and information on required disclosures.
- The implementation of a single form of corporate reporting for both financial reporting purposes and for purposes of administrative information.
- Making write offs and formation of reserves / provisions clearly and consistently.
- The performance on a monthly basis, an analysis and comparison of discrepancies between the actual results vs. budgeted, detecting unusual transactions and ensuring the accuracy and completeness of results.
- The existence of policies and procedures for each major area such as major agreements, stock inventory procedures, payment procedures, etc.
- The establishment by the Company on an annual basis, on a consolidated and individual level, of every business / subsidiary of the Company's budgets for the next financial year, approved by the Board.

- Drawing up monthly detailed information for each activity / affiliate, both on individual and consolidated basis for the management.
- The implementation and monitoring of consolidation and eliminations entries by different individuals in terms of the segregation of duties principle.

#### **d.2 Information Systems**

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

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

#### **d.3 Security Procedures**

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

#### **Protection Procedures:**

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

#### **d.4 Code of Conduct**

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

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

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

#### **e. Communication with Shareholders**

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

### **III. Compliance with the Code**

During the year 2012:

1. The Company according to the Annex I of the Code, it is exempted from the BoD President evaluation. For the purpose of equal treatment among the BoD members, it has not adopted any evaluation procedure of the rest of the members of the BoD. However it is in the process of evaluating the need for a relevant practice during the next year.
2. The Board of Directors didn't elect independent Vice President (where according to the Code (ΣΕΒ), there is "executive", Chairman of the Board), because in the process of restructuring followed by the Company it is considered more effective the assignment of this qualification to the Chief Executive Officer.
3. The Company due to the reorganization process has not adopted the existence of Nomination Committee candidates members of the Board but is in the process of evaluating the necessity of such a committee.
4. The Board, by the processes of reorganization, has adopted 12-month action plan, but considering the adoption of relevant practice, although the statute provides for the Company convened on a monthly basis at least.
5. The Company, because it applies in total the requirements of L.3340/2005 for "market abuse" and the relevant decisions of the Securities Exchange Commission, has not adopted the practice where the staff could in confidence, to express its concerns about potential illegalities and irregularities in financial reporting or other matters relating to the operation, but is considering the adoption of a relevant practice.
6. The Company, due to the restructuring process, has not posted on the website of the Regulation of the Audit Committee but looks to implement it.
7. According to the Code, the publication of BoD members' remuneration is being postponed for this year.
8. The Articles of Association allow, after the Extraordinary General Meeting in 27.05.2011, to the shareholders the participation through electronic voting or voting by mail (article 20, paragraph 3).

**B3) EXPLANATORY REPORT OF THE BOARD OF DIRECTORS**  
**Of the Company M.J. MAILLIS S.A. – INDUSTRIAL PACKAGING SYSTEMS & MATERIALS**  
**Pursuant to L. 3556/2007. Art. 4 para. 7 and 8**

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

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

The share capital of the Company amounts to euros 96,877,586.40 and is divided into 322,925,288 common shares, of nominal value 0.30 euros each.

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

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

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

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

As at 31.12.2012 the following shareholders had a shareholding participation above 5% of the voting rights of the Company: Mr M.J. Maillis holds 5.82%, Alpha Bank SA holds 7.55%, EFG Eurobank Ergasias SA holds 10.52%, National Bank of Greece SA holds 7.77%, BNP Paribas SA holds 12.42%, New York Life Insurance Company holds 5.32% and finally, Principal Life Insurance Company holds 5.98%.

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

The Company does not have shares that provide to its holders special rights of control, with the exception of the right of Mr M.J. Maillis and "Horqueta Holding Ltd" to appoint 2 members of the Board of Directors, pursuant to Article 9 of the Company's Articles of Association and article 18, paragraph 3 of Codified Law 2190/1920.

**5. Limitations to the right to vote**

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

Articles 17, 18 and 20 of the Articles of Association of the Company provide that the holder of 1 vote is entitled the right to participate and vote in the General Assembly of Shareholders and the votes are increased by one for each additional share.

It is further provided that the call of the General Assembly should include among others the Shareholders entitled to attend and precise instructions on how the shareholders will be able to attend the Meeting and to exercise their rights in person or by proxy . Shareholders who have not complied with these provisions participate in the General Assembly after the establishment of a single license. Shareholders who do not meet this obligation may participate in the meeting of the General Assembly only following its formation and only after approval by it.

## **6. Agreements between the shareholders of the Company**

Based on the option agreement of 29.9.2011 between the shareholders, Michael Maillis, Horqueta Holdings Ltd and ALPHA, BNPP, National, Commercial and EFG EUROBANK, the latter are required to hold shares of the Company held (all the shares the first four and 50% of the shares EFG EUROBANK), for three years (until October 2014) in order to be able to fulfill their obligations, if exercised by the holders of the options, the right to purchase all shares of the Company, which currently hold the top four banks and 50% of shares, currently held by EFG EUROBANK. It is not known to the Company other agreements between shareholders, involving restrictions on transfer of shares or restrictions on voting rights.

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

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

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

The jurisdiction of the Board of Directors or some of its members to issue new shares or purchase own shares, pursuant to Article 16 of Codified Law 2190/20, is regulated according to the content of this law, without other specific provision in the Articles of Association.

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

There are not significant agreements in force, modified or terminated upon a change of control of the Company following a takeover bid.

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

There are agreements with the members of the Board of Directors and its personnel which provide the payment of compensation especially in the event of resignation or dismissal without a grounded reason. The total amount of these compensations is approximately € 295 th (2011: 285 th €).

Kifissia, 28 March 2013

BOARD OF DIRECTORS

CHAIRMAN OF THE BOARD OF DIRECTORS

[Translation from the original text in Greek]

## **Independent Auditor's Report**

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

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

We have audited the accompanying separate and consolidated financial statements of M. J. MAILLIS S.A. which comprise the separate and consolidated statement of financial position as of 31 December 2012 and the separate and consolidated income statement and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the 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 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 the M. J. MAILLIS S.A. and its subsidiaries as at December 31, 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.

## Emphasis of Matter

Without qualifying our opinion, we draw attention to Notes 2 and 19 in the financial statements that mention that the Group was in breach of certain financial terms and has not received a waiver by the bondholders until 31 December 2012. As a result, current liabilities exceed current assets by approximately € 168 million as at 31 December 2012. These conditions along with the issues mentioned in Note 2 and 19 create material uncertainty which may cast significant doubt about the Company's and the Group's ability to continue as a going concern.

## 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.
- c) As at 31 December 2012, the total Shareholder's equity of the Company is less than 50% of the paid in share capital. Consequently, the provisions of article 47 of Codified Law 2190/1920 apply on the Company.

Athens, 29 March 2013  
THE CERTIFIED AUDITOR

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

Dimitrios Sourbis  
SOEL Reg. No. 16891



**D) Annual Financial Statements**
**STATEMENT OF FINANCIAL POSITION**
*Amounts in Euro '000*

	Note	GROUP		COMPANY	
		31/12/2012	31/12/2011	31/12/2012	31/12/2011
<b>ASSETS</b>					
<b>Non Current Assets</b>					
Property, plant and equipment	7	85,882	92,655	46,973	52,713
Intangible assets	8	51,021	67,201	119	182
Investments in subsidiaries and joint ventures	10	0		122,917	141,027
Deferred income tax assets	9	5,983	17,718	2,023	13,648
Other receivables	14	4,660	4,446	208	190
		<b>147,547</b>	<b>182,019</b>	<b>172,240</b>	<b>207,760</b>
<b>Current Assets</b>					
Inventories	13	52,208	54,197	14,200	15,772
Trade and other receivables	14	55,204	61,113	90,890	131,839
Deferred income tax assets	9	595	1,071	0	
Cash and cash equivalents	15	14,475	13,314	1,431	1,785
		<b>122,482</b>	<b>129,695</b>	<b>106,521</b>	<b>149,395</b>
<b>Total Assets</b>		<b>270,029</b>	<b>311,714</b>	<b>278,761</b>	<b>357,155</b>
<b>EQUITY</b>					
<b>Equity Attributable to Company's Shareholders</b>					
Ordinary Shares	16	96,878	96,878	96,878	96,878
Share premium	16	95,883	95,883	95,883	95,883
Other Reserves	18	53,480	53,349	52,219	52,219
Retained losses / earnings	17	-283,131	-233,745	-217,053	-129,044
Translation differences reserve		-3,847	-5,430	0	
		<b>-40,737</b>	<b>6,934</b>	<b>27,926</b>	<b>115,935</b>
Non-Controlling interests		73	199	0	0
<b>Total Equity</b>		<b>-40,664</b>	<b>7,133</b>	<b>27,926</b>	<b>115,935</b>
<b>LIABILITIES</b>					
<b>Non Current Liabilities</b>					
Borrowings	19	1,055	213,398	0	212,032
Deferred income tax liabilities	9	6,456	6,566	4,793	4,999
Retirement benefit obligations	20	7,633	7,906	1,829	2,222
Government grants	21	3,234	3,815	1,951	2,316
Other non current liabilities	23	1,800	2,516	0	
		<b>20,178</b>	<b>234,201</b>	<b>8,574</b>	<b>221,568</b>
<b>Current Liabilities</b>					
Trade and other payables	22	44,219	44,987	12,449	14,760
Deferred income tax liabilities	9	3,832	3,772	0	
Current tax liabilities	22,25	3,184	3,916	330	148
Borrowings	19	235,011	12,079	229,195	4,272
Provisions for other liabilities and charges	23	4,270	5,626	287	471
		<b>290,516</b>	<b>70,380</b>	<b>242,261</b>	<b>19,651</b>
<b>Total Liabilities</b>		<b>310,693</b>	<b>304,581</b>	<b>250,835</b>	<b>241,219</b>
<b>Total Equity and Liabilities</b>		<b>270,029</b>	<b>311,714</b>	<b>278,761</b>	<b>357,155</b>

The notes on pages 32 to 90 are an integral part of these annual financial statements

## INCOME STATEMENT

	Note	GROUP		COMPANY	
		01/01/2012-31/12/2012	01/01/2011-31/12/2011	01/01/2012-31/12/2012	01/01/2011-31/12/2011
<i>Amounts in Euro '000</i>					
Revenue		266,689	279,339	76,575	89,650
Cost of sales	27	-216,666	-228,154	-67,968	-79,149
Gross profit		50,022	51,185	8,606	10,501
Other operating income	30	14,525	12,658	2,050	2,924
Administrative expenses	27	-15,338	-18,778	-5,534	-7,576
Distribution costs	27	-28,964	-29,230	-37,470	-6,403
Other operating expenses	27	-19,420	-18,714	-3,928	-5,168
Impairment of Loans to Subsidiaries		0		-10,259	
Operating Profit/(Loss)		826	-2,879	-46,535	-5,722
Reversal of Provision for Guarantees regarding acquisition of affiliates		0	584	0	
Loss on impairment of goodwill and investments	8,10	-16,085	-9,730	-18,110	-21,271
Gain on the extinguishment of financial liabilities by the issue of common equity shares	19	0	42,457	0	42,457
Finance income	29	6,709	12,560	6,797	8,386
Finance costs	29	-25,379	-41,188	-18,681	-27,401
Profit/(Loss) before income tax		-33,929	1,804	-76,529	-3,551
Income tax expense	25	-3,113	-3,969	-61	-1,353
Earnings after current tax for the period		<b>-37,042</b>	<b>-2,165</b>	<b>-76,590</b>	<b>-4,904</b>
Deferred tax	9,25	-12,205	3,835	-11,419	2,397
Profit/(Loss) for the year		<b>-49,247</b>	<b>1,670</b>	<b>-88,009</b>	<b>-2,507</b>
<b>Profit attributable to:</b>					
Owners of the parent		-49,145	1,824	-88,009	-2,507
Non-Controlling interests		-102	-155	0	
Basic Earnings after tax per share (expressed in €)	31	-0.1522	0.0142	-0.2725	-0.0195
Diluted Earnings after tax per share (expressed in €)	31	-0.0455	0.0206	-0.0885	-0.0030
<b>Other information</b>					
<b>Operating Profit/(Loss)</b>		<b>826</b>	<b>-2,879</b>	<b>-46,535</b>	<b>-5,722</b>
Depreciation		8,745	9,787	4,567	5,301
Impairment of Loans to Subsidiaries		0		10,259	
<b>Earnings before tax, financial expenses, amortisation and depreciation (EBITDA)</b>		<b>9,571</b>	<b>6,908</b>	<b>-31,709</b>	<b>-421</b>

The notes on pages 32 to 90 are an integral part of these annual financial statements

## STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP		COMPANY	
		01/01/2012- 31/12/2012	01/01/2011- 31/12/2011	01/01/2012- 31/12/2012	01/01/2011- 31/12/2011
<i>Amounts in Euro '000</i>					
Profit/(Loss) for the year		-49,247	1,670	-88,009	-2,507
Net loss directly attributable to net equity		0		0	
Exchange differences		1,450	-1,283	0	
Fair Value Reserves		0	-27	0	
Other comprehensive income/(loss) for the year net of tax		1,450	-1,311	0	0
Total comprehensive income/(loss) for the year		-47,797	359	-88,009	-2,507
<b><u>Attributable to:</u></b>					
Owners of the parent		-47,671	136	-88,009	-2,507
Non-Controlling interests		-126	223	0	

The notes on pages 32 to 90 are an integral part of these annual financial statements

**STATEMENT OF CHANGES IN EQUITY**

Amounts in Euro '000	GROUP						COMPANY					
	Attributable to equity holders of the company					Non Controlling interest	Total Equity	Attributable to equity holders of the company				Total Equity
	Share Capital	Share Premium	Other Reserves	Currency Translation Reserve	Retained Losses			Share Capital	Share Premium	Other Reserves	Retained Losses	
<b>Balance at 01/01/2011</b>	55,614	139,203	19,594	-4,436	-234,639	-24	-24,687	55,614	139,203	18,558	-126,537	86,838
Profit/ (Loss) for the year					1,824	-155	1,670				-2,507	-2,507
Fair value reserves			-27				-27					
Exchange difference adjustments				-994	-348	59	-1,283					
Change in Subsidiaries' Non Controlling Interest			121		-440	319						
<b>Total comprehensive income for the year</b>			93	-994	1,037	223	359				-2,507	-2,507
Capital Reduction	-33,661		33,661					-33,661		33,661		
Reserves movement												
Share Capital Increase	74,925	-42,457					32,467	74,925	-42,457			32,467
Share Capital Increase Expenses		-863			-143		-1,006		-863			-863
<b>Balance at 31/12/2011</b>	96,878	95,883	53,349	-5,430	-233,745	199	7,133	96,878	95,883	52,219	-129,044	115,935

Amounts in Euro '000	GROUP						COMPANY					
	Attributable to equity holders of the company					Non Controlling interest	Total Equity	Attributable to equity holders of the company				Total Equity
	Share Capital	Share Premium	Other Reserves	Currency Translation Reserve	Retained Losses			Share Capital	Share Premium	Other Reserves	Retained Losses	
<b>Balance at 01/01/2012</b>	96,878	95,883	53,349	-5,430	-233,745	199	7,133	96,878	95,883	52,219	-129,044	115,935
Earnings / (Losses) per income statement					-49,145	-102	-49,247				-88,009	-88,009
Cash flow hedges												
Exchange difference adjustments				1,584	-109	-24	1,450					
<b>Total comprehensive income</b>				1,584	-49,255	-126	-47,797				-88,009	-88,009
Reserves movement			131		-131							
<b>Balance at 31/12/2012</b>	96,878	95,883	53,480	-3,847	-283,131	73	-40,664	96,878	95,883	52,219	-217,053	27,926

The notes on pages 32 to 90 are an integral part of these annual financial statements

**CASH FLOW STATEMENT**

<i>Amounts in Euro '000</i>	Note	GROUP		COMPANY	
		31/12/2012	31/12/2011	31/12/2012	31/12/2011
<b><u>Cash generated from operations</u></b>					
Earnings/(Losses) before tax		-33,929	1,804	-76,529	-3,551
Adjustments for:					
Depreciation and amortisation	7,8	9,327	10,369	4,931	5,666
Impairment of tangible and intangible assets		16,303	11,083	18,110	22,566
Provisions		-4,465	-3,228	31,970	522
Exchange differences		547	-921	90	-441
Gain on the extinguishment of financial liabilities by the issue of common equity shares		0	-42,457	0	-42,457
Other Losses/Gains		-650	-21	9,895	-365
Net financial expenses/(income)		18,670	28,628	11,884	19,015
Working capital changes		0		0	
Decrease / (Increase) in inventories		3,463	4,344	1,572	806
Decrease / (Increase) in receivables		5,813	3,678	-219	-50,942
Increase / (Decrease) in payables (excluding banks)		245	-5,076	-2,312	-5,866
Less:		0		0	
Interest paid and other related expenses		-4,733	-7,774	-2,793	-6,535
Income tax paid		-3,889	-3,664	-183	-2,187
<b>Net cash generated/(used) from/(in) operating Activities (a)</b>		<b>6,701</b>	<b>-3,234</b>	<b>-3,584</b>	<b>-63,770</b>
<b><u>Cash Flows from Investing Activities</u></b>					
Acquisition of subsidiary, related companies, joint ventures and other investments		0		0	-27,487
Purchase of intangible assets, property, plant and equipment	7,8	-2,455	-1,597	-807	-443
Proceeds of sale of tangible and intangible assets		487	376	373	207
Interest received		510	502	5,663	297
<b>Net cash generated/(used) from/(in) investing activities (b)</b>		<b>-1,458</b>	<b>-719</b>	<b>5,230</b>	<b>-27,426</b>
<b><u>Cash Flows from Financing Activities</u></b>					
Proceeds of issuance of share capital	16	0	-1,006	0	-863
Proceeds of loans issued		0	8,056	0	90,052
Repayments of borrowings		-2,480		-2,000	
Payments of finance lease liabilities		-1,571	-1,700	0	
<b>Net cash generated/(used) from/(in) financing activities (b)</b>		<b>-4,051</b>	<b>5,350</b>	<b>-2,000</b>	<b>89,189</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents (a) + (b) + (c)</b>		<b>1,192</b>	<b>1,397</b>	<b>-354</b>	<b>-2,007</b>
<b>Cash, cash equivalents and bank overdraft at beginning of year</b>					
Exchange gains/(losses) on cash and cash equivalents		13,314	12,002	1,785	3,792
<b>Cash and Cash Equivalents at end of year</b>	15	<b>14,475</b>	<b>13,314</b>	<b>1,431</b>	<b>1,785</b>

The notes on pages 32 to 90 are an integral part of these annual financial statements

## Notes to the Consolidated Financial Statements

### 1. General Information

These financial statements include the financial statements of the parent company M.J.Maillis SA (the “Company”) and the consolidated annual financial statements of the Company and its subsidiaries (the “Group”). The names of the subsidiaries are presented in Note 10 of the financial statements.

The Group is involved in the manufacture and distribution of end-of-line industrial solutions. Maillis Group serves customers in more than 52 countries worldwide, through a network of 26 owned Affiliate companies and more than 350 independent distributors.

The company is domiciled in Greece. The address of its registered office is Taki Kavalieratou 7, 14 564 Kifissia and its internet site is [www.maillis.com](http://www.maillis.com).

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

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

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

The accounting principles that have been used in the preparation of the Annual Financial Statements are in accordance with those used for the preparation of the Company and Group Financial Information as at 31 December 2011. This information was published in the internet site of the company.

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

The preparation of the Financial Statements in accordance with IFRS requires the use of estimates and assumptions which affect the balances of the assets and liabilities disclosed in the financial statements as well as the amounts of contingencies and the amounts of the income and expenses relating to the period from 1st January 2012 to 31 December 2012. These estimates are based to the best knowledge of the Company’s and Group’s management in relation to the current situation (See note 6).

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

#### Going concern

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

At 31 December 2012, the Company was obliged, under the loan agreements, to pay the first installment of the Super Senior Bond loan of € 16m, amounting to EUR 4m. The Group made a partial

repayment on 11<sup>th</sup> October 2012 amounting to € 2m and has already submitted a request to suspend payment of the remaining amount to the bondholders.

In addition, the Company, on 31.12.2012, was not in compliance with the required covenant of minimum consolidated results before interest, tax and depreciation / amortization not including restructuring costs (EBITDA) (see note 19) and has already submitted the related request for waiver to the bondholders, as provided by the respective loan agreements, without having obtained, until today, the requested waivers.

In addition, the Company, on 31.12.2012, has not obtained a written acceptance of an extension in the performance of the bond loans' terms. As a result, the loans of the Company are classified as current liabilities in terms of IAS 1. The affected loans are the Super Senior Bond loan, Senior Bond loan and the Convertible Bond loan.

Management is in negotiations with the bondholders for the modification of the main terms of the respective bond loans agreements. In this context, the Company is requesting waivers in relation to the pending events of default resulting from those agreements. The bondholders have not positively responded to this request, which, however, will not affect the operations of the Company, provided that there will be a positive outcome to the major and substantial restructuring request of the repayment schedule of the debt. Management expects the outcome of these negotiations to be beneficial for the Company, the Group, its shareholders and its lenders, and therefore believes that the termination of the loan agreements is not probable. This will create the conditions for a smooth continuity and development of the business, preventing the loans to become due.

The Group and the Company fulfill their needs for working capital through their own financial resources. However, the current economic conditions continue to create uncertainty regarding future availability of bank financing.

In light of the above information, management has concluded that the going concern remains appropriate. Therefore, the Group and the Company continue to adopt the going concern principle in the preparation of the Annual Financial Statements for the period of January 1 to December 31<sup>st</sup>, 2012.

## **2.2 Consolidation**

### **(a) Subsidiaries**

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

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

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

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

***(b) Transactions and non-controlling interests***

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

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

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

***(c) Associates***

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

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

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

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

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

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

***(d) Joint ventures***

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

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

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

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

## 2.3 Segment reporting

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

## 2.4 Foreign currency translation

### **(a) Functional and presentation currency**

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

### **(b) Transactions and balances**

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

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

### **(c) Group companies**

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

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

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

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

## 2.5 Property, plant and equipment

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

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

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

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

– buildings	30-80 years
– machinery	6-15 years
– vehicles	4-6 years
– Furniture, fitting and equipment	5-7 years

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

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

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

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

## 2.6 Intangible assets

### ***(a) Goodwill***

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

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

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

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

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

***(b) Trademarks and licences***

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

***(c) Computer software***

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

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

***(d) Research and development***

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

## **2.7 Impairment of non-financial assets**

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

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

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

## **2.8 Financial assets**

### **2.8.1 Classification**

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

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

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

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

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

**(b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise 'trade and other receivables' in the balance sheet (Note 2.11) and cash and cash equivalents (Note 2.12).

**(c) Available-for-sale financial assets**

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

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

**2.8.2 Recognition and Measurement**

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

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

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

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

**2.8.3 Impairment of financial assets**

The Group and Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in

the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in Note 2.11.

## **2.9 Derivative financial instruments and hedging activities**

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

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

### **a) Fair Value Hedge**

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

### **b) Cash Flow Hedge**

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

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

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

### **c) Net Investment Hedge**

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

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

### **d) Derivatives that do not qualify for hedge accounting**

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

## **2.10 Inventories**

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

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

## **2.11 Trade receivables**

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

## **2.12 Cash and cash equivalents**

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

## **2.13 Share capital**

Ordinary shares are classified as equity.

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

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

## **2.14 Trade payables**

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

## **2.15 Borrowings**

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

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

## **2.16 Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

## **2.17 Compound financial instruments**

Compound financial instruments issued by the group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

## **2.18 Current and Deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

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

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

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

## **2.19 Employee Benefits**

### ***Pension Obligations***

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

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

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

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

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

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

## **2.20 Government Grants**

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

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

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

## 2.21 Provisions

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

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

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

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

### **(a) Warranties**

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

### **(b) Restructuring Costs**

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

## 2.22 Revenue recognition

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

Specific categories of revenue is recognised as follows:

### **(a) Sales of goods**

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

### **(b) Sales of services**

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

**(c) Interest Income**

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

**(d) Royalty Income**

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

**(e) Dividend Income**

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

**2.23 Leases**

***The Group is the lessee***

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

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

**2.24 Dividend Distribution**

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

**2.25 Exceptional items**

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

### 3. New Standards & Interpretations

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

#### Standards and Interpretations effective for the current financial year

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

This amendment sets out disclosure requirements for transferred financial assets not derecognised in their entirety as well as on transferred financial assets derecognised in their entirety but in which the reporting entity has continuing involvement. It also provides guidance on applying the disclosure requirements. This amendment does not affect the Group's financial statements.

#### Standards and Interpretations effective from periods beginning on or after 1 January 2013

##### **IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015)**

IFRS 9 is the first Phase of the Board's project to replace IAS 39 and deals with the classification and measurement of financial assets and financial liabilities. The IASB intends to expand IFRS 9 in subsequent phases in order to add new requirements for impairment and hedge accounting. The Group is currently investigating the impact of IFRS 9 on its financial statements. The Group cannot currently early adopt IFRS 9 as it has not been endorsed by the EU. Only once approved will the Group decide if IFRS 9 will be adopted prior to 1 January 2015.

##### **IAS 12 (Amendment) "Income Taxes" (Effective for annual periods beginning on or after 1 January 2013)**

The amendment to IAS 12 provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 "Investment Property". This amendment is not relevant to the Group.

##### **IFRS 13 "Fair Value Measurement" (Effective for annual periods beginning on or after 1 January 2013)**

IFRS 13 provides new guidance on fair value measurement and disclosure requirements. These requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. IFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. Disclosure requirements are enhanced and apply to all assets and liabilities measured at fair value, not just financial ones.

##### **IFRIC 20 "Stripping costs in the production phase of a surface mine" (Effective for annual periods beginning on or after 1 January 2013)**

This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation may require mining entities to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body. IFRIC 20 applies only to stripping costs that are incurred in surface mining activity during the production phase of the mine, while it does not address underground mining activity or oil and natural gas activity.

##### **IAS 1 (Amendment) "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 July 2012)**

The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future.

##### **IAS 19 (Amendment) "Employee Benefits" (effective for annual periods beginning on or after 1 January 2013)**

This amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits (eliminates the corridor approach) and to the disclosures for all employee benefits. The key changes relate mainly to recognition of actuarial gains and losses,

recognition of past service cost / curtailment, measurement of pension expense, disclosure requirements, treatment of expenses and taxes relating to employee benefit plans and distinction between “short-term” and “other long-term” benefits.

**IFRS 7 (Amendment) “Financial Instruments: Disclosures”** (effective for annual periods beginning on or after 1 January 2013)

The IASB has published this amendment to include information that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position.

**IAS 32 (Amendment) “Financial Instruments: Presentation”** (effective for annual periods beginning on or after 1 January 2014)

This amendment to the application guidance in IAS 32 clarifies some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.

**Group of standards on consolidation and joint arrangements** (effective for annual periods beginning on or after 1 January 2014)

The IASB has published five new standards on consolidation and joint arrangements: IFRS 10, IFRS 11, IFRS 12, IAS 27 (amendment) and IAS 28 (amendment). These standards are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted only if the entire “package” of five standards is adopted at the same time. The Group is in the process of assessing the impact of the new standards on its consolidated financial statements. The main provisions are as follows:

**IFRS 10 “Consolidated Financial Statements”**

IFRS 10 replaces all of the guidance on control and consolidation in IAS 27 and SIC 12. The new standard changes the definition of control for the purpose of determining which entities should be consolidated. This definition is supported by extensive application guidance that addresses the different ways in which a reporting entity (investor) might control another entity (investee). The revised definition of control focuses on the need to have both power (the current ability to direct the activities that significantly influence returns) and variable returns (can be positive, negative or both) before control is present. The new standard also includes guidance on participating and protective rights, as well as on agency/ principal relationships.

**IFRS 11 “Joint Arrangements”**

IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The types of joint arrangements are reduced to two: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed. Equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today. The standard also provides guidance for parties that participate in joint arrangements but do not have joint control.

**IFRS 12 “Disclosure of Interests in Other Entities”**

IFRS 12 requires entities to disclose information, including significant judgments and assumptions, which enable users of financial statements to evaluate the nature, risks and financial effects associated with the entity’s interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. An entity can provide any or all of the above disclosures without having to apply IFRS 12 in its entirety, or IFRS 10 or 11, or the amended IAS 27 or 28.

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

This Standard is issued concurrently with IFRS 10 and together, the two IFRSs supersede IAS 27 “*Consolidated and Separate Financial Statements*”. The amended IAS 27 prescribes the accounting and disclosure requirements for investment in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. At the same time, the Board relocated to IAS 27 requirements from IAS 28 “*Investments in Associates*” and IAS 31 “*Interests in Joint Ventures*” regarding 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 prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures, following the issue of IFRS 11.

**IFRS 10, IFRS 11 and IFRS 12 (Amendment) “Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance”** (effective for annual periods beginning on or after 1 January 2013)

The amendment to the transition requirements in IFRSs 10, 11 and 12 clarifies the transition guidance in IFRS 10 and limits the requirements to provide comparative information for IFRS 12 disclosures only to the period that immediately precedes the first annual period of IFRS 12 application. Comparative disclosures are not required for interests in unconsolidated structured entities. These amendments have not yet been endorsed by the EU.

**IFRS 10, IFRS 12 and IAS 27 (Amendment) “Investment entities”** (effective for annual periods beginning on or after 1 January 2014)

The amendment to IFRS 10 defines an investment entity and introduces an exception from consolidation. Many funds and similar entities that qualify as investment entities will be exempt from consolidating most of their subsidiaries, which will be accounted for at fair value through profit or loss, although controlled. The amendments to IFRS 12 introduce disclosures that an investment entity needs to make. These amendments have not yet been endorsed by the EU.

Amendments to standards that form part of the IASB’s 2011 annual improvements project

The amendments set out below describe the key changes to IFRSs following the publication in May 2012 of the results of the IASB’s annual improvements project. These amendments are effective for annual periods beginning on or after 1 January 2013 and have not yet been endorsed by the EU.

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

The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either (a) as required by IAS 8 “Accounting policies, changes in accounting estimates and errors” or (b) voluntarily.

**IAS 16 “Property, plant and equipment”**

The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment, i.e. when they are used for more than one period.

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

The amendment clarifies that income tax related to distributions is recognised in the income statement and income tax related to the costs of equity transactions is recognised in equity, in accordance with IAS 12.

**IAS 34, ‘Interim financial reporting’**

The amendment clarifies the disclosure requirements for segment assets and liabilities in interim financial statements, in line with the requirements of IFRS 8 “Operating segments”.

## **4. Financial risk management**

### **4.1 Financial risk factors**

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

The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance. The Group

uses derivative financial instruments, such as futures, forwards, interest rate swaps and cross-currency swaps to hedge certain risk exposures.

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

**(a) Market risk**

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

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

Due to the unstable international environment, any recession and economic downturn in the markets where the Group operates may adversely affect the demand.

**(i) Foreign exchange risk**

The Group operates internationally and as a result is exposed to foreign exchange risk related mostly to the US Dollar, the UK Pound, the Polish Zloty, the Romanian Lei and the Canadian Dollar. Foreign exchange risk arises mainly from future commercial transactions, assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign companies.

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

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

At 31 December 2012, if the foreign currencies had weakened/strengthened by 5% against the Euro with all other variables held constant, post-tax losses/profits for the year would have been € 3,751 k lower/higher (2011: €3,498 k lower/higher), mainly as a result of foreign exchange gains/losses on translation of foreign currency denominated trade receivables, inventories, cash balances and borrowings. In respect of the same items, Equity would have been -€424 thousand (2011:- €224 thousand) lower/higher.

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

**(ii) Cash flow and fair value interest rate risk**

The interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk.

The borrowings of the Group are mainly at fixed interest rates based. Also, the Group does not have material interest bearing assets on its balance sheet. As a result there is no fair value interest rate risk.

**(b) Credit risk**

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

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

However, any failure of the most important customers of the Group to meet their obligations, can adversely affect the financial results, financial position and the cash flow of the Group.

**(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Cash flow forecasting is performed in the operating entities of the group in and aggregated by group finance. Management monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs through its undrawn borrowing facility and cash and cash equivalents. Such forecasting takes into consideration the group's debt financing plans and covenants compliance.

The table below analyses the group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<b>At 31 December 2012</b>	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Over 5 Years</b>
Borrowings	230,883	87,642	0
Finance Lease Liabilities	194	1,118	0
Derivative financial instruments	4,578	0	0
Trade and other payables	44,219	0	0

<b>At 31 December 2011</b>	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Over 5 Years</b>
Borrowings	12,051	298,523	
Finance Lease Liabilities	1,679	1,299	
Derivative financial instruments		3,948	
Trade and other payables	44,987		

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

31 December 2012			
	Less than 1 year	1-2 years	2+ years
Outflows	5,015	0	0
Inflows	0	0	0

31 December 2011			
	Less than 1 year	1-2 years	2+ years
Outflows	2,705		
Inflows			

## 4.2 Capital management

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

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

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

During 2012, the Group maintained a gearing ratio of 122% compared to a gearing ratio of 97% during 2011.

	2012	2011
Total borrowings (note 19)	236,066	225,477
Less: cash and cash equivalents (note 15)	14,475	13,314
Net Debt	221,591	212,163
Total equity	-40,664	7,133
<b>Total capital</b>	<b>180,926</b>	<b>219,296</b>
<b>Gearing Ratio</b>	<b>122%</b>	<b>97%</b>

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

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

## 4.3 Fair Value Estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date.

The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

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

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

- In terms of an amendment to IFRS 7, starting from the financial year ended 31 December 2011, the Company and the Group must disclose the basis of determining the fair value of financial instruments that are presented in the Statement of Financial Position. The only financial instruments at fair value presented in the balance sheet are the derivative financial instruments that are detailed in note 19 in the financial statements. These derivative financial instruments are measured in terms of the "Level 2" fair value hierarchy, that is described in IFRS 7. The "Level 2" fair value hierarchy refers to fair value measurements that are based on inputs that are directly or indirectly observed in an active market.

## **5. Critical accounting estimates and judgements**

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

### **5.1 Critical accounting estimates and assumptions**

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

#### ***(a) Income taxes***

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

#### ***(b) Estimated impairment of goodwill***

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.6(a). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. In light of the information set out in Note 2 on the going concern assumption used in preparing these financial statements, goodwill impairment testing has been performed on the basis that the cash generating units to which goodwill has been allocated will continue to operate as going concerns and will be funded by an optimal debt equity structure. Additional information and the results of impairment testing are set out in Note 8.

**(c) Provision for doubtful debts**

The provision for doubtful debts has been based on the outstanding balances of specific debtors after taking into account their ageing and the agreed credit terms. This process has excluded receivables from subsidiaries as management is of the view that these receivables are not likely to require an impairment provision. The analysis of the provision and the ageing of receivables are presented in Note 14.

**(d) Pension benefits**

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

**5.2 Critical judgments in applying the entity's accounting policies**

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

**6. Segment Information**

**Primary Segment Information – Business Segments**

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

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

- West Europe: Germany, Belgium, France, UK, Austria, Spain
- Central Europe: Poland, Hungary, Czech, Slovakia
- Greece & East Europe: Greece, Romania, Bulgaria
- North America
- Italy (includes also Combi Packaging Systems)
- Other (Europack SA)

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

EBITDA is calculated as follows:

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

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

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

A) The segment results for the 12 months ended at 31<sup>st</sup> December 2012 and 31<sup>st</sup> December 2011 are as follows:

	West Europe		Central Europe		Greece & East Europe		North America		Italy		Other		Total	
	1/1/12-31/12/12	1/1/11-31/12/11	1/1/12-31/12/12	1/1/11-31/12/11	1/1/12-31/12/12	1/1/11-31/12/11	1/1/12-31/12/12	1/1/11-31/12/11	1/1/12-31/12/12	1/1/11-31/12/11	1/1/12-31/12/12	1/1/11-31/12/11	1/1/12-31/12/12	1/1/11-31/12/11
<i>Amounts in Euro '000</i>														
Total Sales	70,589	76,951	50,721	52,562	48,194	52,652	41,515	37,233	55,670	59,941			266,689	279,339
Operating Income/(Loss)	-1,952	-2,664	2,579	2,379	-8,841	-11,240	5,987	5,254	3,163	3,601	-110	-209	826	-2,879
Reversal of Provision regarding guaranties for the acquisition of subsidiaries		584												584
Impairment of goodwill	16,085	9,571		159									16,085	9,730
Gain on the extinguishment of financial liabilities by the issue of common equity shares						42,457								42,457
Financial Cost - Net	2,337	1,973	219	2,904	12,485	19,213	3,698	2,366	1,486	2,244	-1,555	-73	18,670	28,628
<b>Earnings before Tax</b>	<b>-20,374</b>	<b>-13,624</b>	<b>2,360</b>	<b>-683</b>	<b>-21,325</b>	<b>12,004</b>	<b>2,289</b>	<b>2,887</b>	<b>1,677</b>	<b>1,356</b>	<b>1,444</b>	<b>-136</b>	<b>-33,929</b>	<b>1,804</b>
Income tax and Deferred tax	16	9	369	-434	11,614	-938	2,049	1,612	1,052	-238	218	123	15,318	135
<b>Net Profit</b>	<b>-20,390</b>	<b>-13,633</b>	<b>1,991</b>	<b>-249</b>	<b>-32,939</b>	<b>12,942</b>	<b>240</b>	<b>1,275</b>	<b>625</b>	<b>1,595</b>	<b>1,226</b>	<b>-260</b>	<b>-49,247</b>	<b>1,670</b>
Depreciation and amortisation	473	538	1,198	1,261	4,827	5,413	859	763	1,296	1,720	93	93	8,745	9,787
<b>EBITDA</b>	<b>-1,480</b>	<b>-2,126</b>	<b>3,777</b>	<b>3,640</b>	<b>-4,014</b>	<b>-5,827</b>	<b>6,847</b>	<b>6,016</b>	<b>4,459</b>	<b>5,321</b>	<b>-18</b>	<b>-117</b>	<b>9,571</b>	<b>6,908</b>
Provisions for bad debt and obsolete stock	-24	52	-229	92	767	655	106	-172	626	548			1,245	1,174

Included in the Group Income Statement for the 12 months to 31 December 2012 is depreciation expense € 8,246 th. charged to Cost of Sales (€9,457 th. at 31/12/2011), € 362 th. charged to distribution expenses (€357 th. at 31/12/2011) and € 718 th. charged to administrative expenses (€556 th. at 31/12/2011).

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

B) The Assets and Liabilities of the Segments for the 12 months ended at 31 December 2012 and 31 December 2011 respectively are as follows:

	West Europe		Central Europe		Greece & East Europe		North America		Italy		Other		Total	
	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11
<i>Amounts in Euro '000</i>														
<b>Assets</b>	29,814	41,645	37,711	32,205	90,083	113,148	39,361	37,628	72,682	86,341	378	746	<b>270,029</b>	<b>311,714</b>
<b>Capital expenditure</b>	120	311	711	114	810	459	261	86	553	605			<b>2,455</b>	<b>1,575</b>
<b>Liabilities</b>	9,861	11,384	10,259	10,418	254,991	245,681	7,256	5,589	28,236	31,483	90	28	<b>310,693</b>	<b>304,581</b>

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

## 7. Property, Plant and Equipment

### GROUP

	Land	Buildings	Machinery	Vehicles	Furniture and Fittings	Construction in progress	Total
<i>Amounts in Euro '000</i>							
<b>Cost</b>							
<b>At 1 January 2011</b>	<b>7,298</b>	<b>53,193</b>	<b>148,822</b>	<b>2,738</b>	<b>13,863</b>	<b>6,108</b>	<b>232,022</b>
Exchange Differences	-16	-565	-1,458	-54	-7	-14	-2,114
Additions		38	1,137	23	152	446	1,797
Disposals / Write offs		-124	-4,293	-450	-193	-228	-5,287
Impairment Charges			-2,203	0	-10		-2,213
Reclassifications of Assets			-1,299		406	-648	-1,540
<b>Year ended 31 December 2011</b>	<b>7,282</b>	<b>52,543</b>	<b>140,707</b>	<b>2,257</b>	<b>14,211</b>	<b>5,665</b>	<b>222,665</b>
<b>Accumulated Depreciation</b>							
<b>At 1 January 2011</b>		<b>-20,170</b>	<b>-91,881</b>	<b>-2,346</b>	<b>-12,852</b>		<b>-127,249</b>
Exchange Differences		85	866	52	3		1,006
Depreciation Charge for the period		-975	-7,658	-113	-445		-9,191
Disposals / Write offs		17	2,585	406	121		3,128
Impairment Charges		-24	886	-14	10		858
Reclassifications of Assets			1,438				1,438
<b>Year ended 31 December 2011</b>		<b>-21,068</b>	<b>-93,764</b>	<b>-2,015</b>	<b>-13,163</b>		<b>-130,010</b>
<b>Net Book Value at 31 December 2011</b>	<b>7,282</b>	<b>31,475</b>	<b>46,943</b>	<b>243</b>	<b>1,048</b>	<b>5,665</b>	<b>92,655</b>
<b>Cost</b>							
<b>At 1 January 2012</b>	<b>7,282</b>	<b>52,543</b>	<b>140,707</b>	<b>2,257</b>	<b>14,211</b>	<b>5,665</b>	<b>222,665</b>
Exchange Differences	-19	398	1,109	26	26	5	1,545
Additions		132	440	88	317	1,226	2,203
Disposals / Write offs		-304	-1,509	-248	-1,255	-327	-3,642
Impairment Charges			-246			-47	-293
Reclassifications of Assets		374	-590		-28	-3,391	-3,635
<b>Year ended 31 December 2012</b>	<b>7,263</b>	<b>53,143</b>	<b>139,911</b>	<b>2,123</b>	<b>13,272</b>	<b>3,130</b>	<b>218,842</b>
<b>Accumulated Depreciation</b>							
<b>At 1 January 2012</b>		<b>-21,068</b>	<b>-93,764</b>	<b>-2,015</b>	<b>-13,163</b>		<b>-130,010</b>
Exchange Differences		-99	-650	-22	-26		-798
Depreciation Charge for the period		-1,211	-6,755	-78	-410		-8,455
Disposals / Write offs		292	1,365	241	1,253		3,151
Impairment Charges			79	-1	-4		74
Reclassifications of Assets		2	3,054		22		3,078
<b>Year ended 31 December 2012</b>		<b>-22,085</b>	<b>-96,672</b>	<b>-1,874</b>	<b>-12,329</b>		<b>-132,960</b>
<b>Net Book Value at 31 December 2012</b>	<b>7,263</b>	<b>31,058</b>	<b>43,239</b>	<b>249</b>	<b>943</b>	<b>3,130</b>	<b>85,882</b>

**COMPANY**

	Land	Buildings	Machinery	Vehicles	Furniture and Fittings	Fixed Assets Under Construction	Total
<i>Amounts in Euro '000</i>							
<b>Cost</b>							
<b>At 1 January 2011</b>	4,936	27,801	86,906	670	5,159	5,952	131,424
Additions			31		20	410	462
Disposals / Write offs						-228	-228
Impairment Charges			-1,295				-1,295
Reclassifications of Assets			-3,613		409	-634	-3,838
<b>Year ended 31 December 2011</b>	<b>4,936</b>	<b>27,801</b>	<b>82,030</b>	<b>670</b>	<b>5,589</b>	<b>5,500</b>	<b>126,525</b>
<b>Accumulated Depreciation</b>							
<b>At 1 January 2011</b>		-13,101	-51,081	-539	-4,957		-69,679
Depreciation Charge for the period		-285	-5,088	-23	-176		-5,572
Disposals / Write offs							
Impairment Charges							
Reclassifications of Assets			1,438				1,438
<b>Year ended 31 December 2011</b>		<b>-13,386</b>	<b>-54,731</b>	<b>-562</b>	<b>-5,133</b>		<b>-73,812</b>
<b>Net Book Value at 31 December 2011</b>	<b>4,936</b>	<b>14,415</b>	<b>27,299</b>	<b>108</b>	<b>455</b>	<b>5,500</b>	<b>52,713</b>
<b>Cost</b>							
<b>At 1 January 2012</b>	4,936	27,801	82,030	670	5,589	5,500	126,525
Additions		94	25		111	576	807
Disposals / Write offs		-262	-3,288		-919	-327	-4,795
Impairment Charges							
Reclassifications of Assets			3,969			-3,969	
<b>Year ended 31 December 2012</b>	<b>4,936</b>	<b>27,633</b>	<b>82,736</b>	<b>670</b>	<b>4,781</b>	<b>1,780</b>	<b>122,536</b>
<b>Accumulated Depreciation</b>							
<b>At 1 January 2012</b>		-13,386	-54,731	-562	-5,133		-73,812
Depreciation Charge for the period		-286	-4,376	-23	-185		-4,869
Disposals / Write offs		261	1,939		919		3,118
Impairment Charges							
Reclassifications of Assets							
<b>Year ended 31 December 2012</b>		<b>-13,411</b>	<b>-57,168</b>	<b>-585</b>	<b>-4,399</b>		<b>-75,563</b>
<b>Net Book Value at 31 December 2012</b>	<b>4,936</b>	<b>14,222</b>	<b>25,568</b>	<b>86</b>	<b>382</b>	<b>1,780</b>	<b>46,973</b>

Included in Company's Income Statement for the 12 months to 31 December 2012 is depreciation expense € 4,805 th. charged to Cost of Sales ( € 5,499 th. at 31/12/2011). € 19 th. charged to distribution expenses (€ 38 th. at 31/12/2011) and € 107 th. charged to administrative expenses (€ 129 th. at 31/12/2011).

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

<i>Amounts in Euro '000</i>	<b>GROUP</b>	
	<b>2012</b>	<b>2011</b>
<b>Cost 1/1</b>	18,274	19,145
Additions	587	-774
Disposals	-305	-97
<b>Cost 31/12</b>	<b>18,556</b>	<b>18,274</b>
<b>Accumulated depreciation 1/1</b>	9,985	10,152
Additions	1,102	-87
Disposals	-297	-80
<b>Accumulated depreciation 31/12</b>	<b>10,790</b>	<b>9,985</b>
<b>Net book value 31/12</b>	<b>7,766</b>	<b>8,289</b>

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

<i>Amounts in Euro '000</i>	<b>GROUP</b>	
	<b>2012</b>	<b>2011</b>
Up to 1 year	163	1,611
1-5 years	382	245
Above 5 years	673	933
	<b>1,218</b>	<b>2,789</b>

The gross payments for finance leases are as follows:

<i>Amounts in Euro '000</i>	<b>GROUP</b>	
	<b>2012</b>	<b>2011</b>
Up to 1 year	179	1,629
1-5 years	656	245
Above 5 years	628	933
	<b>1,463</b>	<b>2,807</b>
Future finance charges on finance leases	245	18
<b>Present value of finance lease liabilities</b>	<b>1,218</b>	<b>2,789</b>

## 8. Intangible Assets

### GROUP

<i>Amounts in Euro '000</i>	Goodwill	Development Costs	Other Intangible Assets	Total
<b>Cost</b>				
<b>At 1 January 2011</b>	75,319	8,054	18,267	101,640
Exchange Differences	-661	3	-78	-736
Additions		26	248	274
Disposals / Write offs			-174	-174
Impairment Charges	-9,730		0	-9,730
Reclassifications of Assets		183	-183	
<b>Year ended 31 December 2011</b>	<b>64,928</b>	<b>8,267</b>	<b>18,080</b>	<b>91,275</b>
<b>Accumulated Amortisation</b>				
<b>At 1 January 2011</b>		-6,566	-16,390	-22,956
Exchange Differences		-2	-85	-88
Amortisation Charge for the period		-901	-273	-1,175
Disposals / Write offs			144	144
Impairment Charges				
Reclassifications of Assets				
<b>Year ended 31 December 2011</b>		<b>-7,470</b>	<b>-16,604</b>	<b>-24,074</b>
<b>Net Book Value at 31 December 2011</b>	<b>64,928</b>	<b>796</b>	<b>1,476</b>	<b>67,200</b>

<i>Amounts in Euro '000</i>	Goodwill	Development Costs	Other Intangible Assets	Total
<b>Cost</b>				
<b>At 1 January 2012</b>	64,928	8,267	18,080	91,275
Exchange Differences	443	3	145	591
Additions		73	259	332
Disposals / Write offs		-7	-38	-45
Impairment Charges	-16,085		-53	-16,138
Reclassifications of Assets		335	-356	-20
<b>Year ended 31 December 2012</b>	<b>49,287</b>	<b>8,671</b>	<b>18,038</b>	<b>75,996</b>
<b>Accumulated Amortisation</b>				
<b>At 1 January 2012</b>		-7,470	-16,604	-24,074
Exchange Differences		-2	-118	-120
Amortisation Charge for the period		-500	-375	-875
Disposals / Write offs		7	33	40
Impairment Charges			54	54
Reclassifications of Assets				
<b>Year ended 31 December 2012</b>		<b>-7,965</b>	<b>-17,010</b>	<b>-24,975</b>
<b>Net Book Value at 31 December 2012</b>	<b>49,287</b>	<b>706</b>	<b>1,028</b>	<b>51,021</b>

**COMPANY**

<i>Amounts in Euro '000</i>	Goodwill	Development Costs	Other Intangible Assets	Total
<b>Cost</b>				
<b>At 1 January 2011</b>		326	4,946	5,272
Additions				
Disposals / Write offs				
Impairment Charges				
Reclassifications of Assets				
<b>Year ended 31 December 2011</b>		<b>326</b>	<b>4,946</b>	<b>5,272</b>
<b>Accumulated Amortisation</b>				
<b>At 1 January 2011</b>		-126	-4,870	-4,996
Amortisation Charge for the period		-40	-54	-94
Disposals / Write offs				
Reclassifications of Assets				
<b>Year ended 31 December 2011</b>		<b>-166</b>	<b>-4,924</b>	<b>-5,090</b>
<b>Net Book Value at 31 December 2011</b>		<b>160</b>	<b>22</b>	<b>182</b>

<b>Cost</b>	Goodwill	Development Costs	Other Intangible Assets	Total
<b>At 1 January 2012</b>		326	4,946	5,272
Additions				
Disposals / Write offs				
Impairment Charges				
Reclassifications of Assets				
<b>Year ended 31 December 2012</b>		<b>326</b>	<b>4,946</b>	<b>5,272</b>
<b>Accumulated Amortisation</b>				
<b>At 1 January 2012</b>		-166	-4,924	-5,090
Amortisation Charge for the period		-40	-22	-63
Disposals / Write offs				
Reclassifications of Assets				
<b>Year ended 31 December 2012</b>		<b>-206</b>	<b>-4,946</b>	<b>-5,153</b>
<b>Net Book Value at 31 December 2012</b>		<b>120</b>	<b>0</b>	<b>119</b>

The amortization charge for the Company € 63 th. is included in administrative expenses (€ 94 th. at 31/12/2011).

## Goodwill Impairment Test

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

The allocation of goodwill is as follows:

<i>Amounts in Euro '000</i>	<b>Goodwill</b>			
	<b>31/12/2012</b>			
	<b>Gross</b>	<b>Impairment</b>	<b>Other movements</b>	<b>Net</b>
Italy	38,843	-9,553		29,290
West Europe	6,532	-6,532		0
Central Europe	6,295		443	6,739
North America	13,257			13,257
<b>Total</b>	<b>64,928</b>	<b>-16,085</b>	<b>443</b>	<b>49,287</b>

<i>Amounts in Euro '000</i>	<b>Goodwill</b>			
	<b>31/12/2011</b>			
	<b>Gross</b>	<b>Impairment</b>	<b>Other movements</b>	<b>Net</b>
Italy	38,843			38,843
West Europe	16,104	-9,571		6,532
Central Europe	7,115	-159	-661	6,295
North America	13,257			13,257
<b>Total</b>	<b>75,319</b>	<b>-9,730</b>	<b>-661</b>	<b>64,928</b>

### Impairment testing

The value in-use calculations have been based on forecasts for the future periods 2013 to 2017. The 2013 forecast has been based on the business plans for the year ending 31 December 2013 that has been prepared by the relevant regional managers and are approved by Management of the Group. These business plans have been prepared based on the 2012 performance of each relevant CGU. The forecasts have also taken into account the anticipated benefits of the various restructuring initiatives that started in 2010 and that are continuing in 2011, 2012 and 2013.

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

- The going concern assumption used as the basis of preparation of these financial statements is appropriate and relevant and that each CGU will operate as a going concern on a stand alone basis.
- Each CGU will operate independently of each other CGU.
- Any transactions entered into between CGUs will be on an arms length basis (i.e. at prices and terms of payment that are applicable to third-parties).

- d) The CGU will be funded by a combination of debt and equity that is considered optimal relative to the anticipated future operations of the applicable CGU. The optimal debt equity structure that has been assumed is a debt equity ratio of 37:63.

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

The operating assumptions used in the 2013 business plans (compared to the actual for 2012) are as follows:

	Italy	West Europe	Central Europe	East Europe	North America
Revenue growth rate	6%	9%	11%	3%	4%
Gross margin	18%	15%	11%	8%	27%
Gross margin 2012	19%	16%	11%	9%	27%
EBITDA/Sales	7%	-2%	4%	-4%	16%
EBITDA/ Sales 2012	6%	-1%	6%	-4%	16%

For the forecast period 2013 to 2017 the key operating assumptions used are as follows:

	Italy	West Europe	Central Europe	East Europe	North America
Revenue growth rate	2-6%	3- 9%	4-11%	2-3%	3-4%
Gross margin	18-23%	15-16%	11-14%	8-10%	27-28%
Operating margin	7-11%	-2%-1%	4%-6%	-2 -4%	15-16%
Growth in perpetuity	2%	2%	2%	2%	2%
Discount rate	10%	8%	10%	12%	8%

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

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

- If the estimated revenue growth rates, assumed at 31 December 2012, were 5% lower than management's estimates, the Group would need to reduce the carrying value of goodwill by approximately € 8.9 million.
- If the estimated gross margins, assumed at 31 December 2012, were 5% lower than management's estimates, the Group would need to reduce the carrying value of goodwill by approximately € 0.6 million.
- If the estimated discount rate, assumed at 31 December 2012 and applied to the cash flows were 5% higher than management's estimates, the Group would need to reduce the carrying value of goodwill by approximately € 13.8 million.

In case the financial statements of the Group are drawn on a break-up basis instead of on a going-concern basis, the whole of the goodwill amounting to €49.3 million at 31 December 2012 would most probably have to be written off.

## 9. Deferred Income Tax

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

### GROUP

#### Deferred Tax Liabilities

Amounts in Euro '000

	Accelerated tax depreciation	Fair Value Gains	Other	Total
<b>At 1 January 2011</b>	<b>5,256</b>	<b>255</b>	<b>6,185</b>	<b>11,696</b>
Reclassifications				0
Charged / (Credited) to the Income Statement	-26		-1,214	-1,240
Charged directly to Equity				0
Exchange Differences	-118			-118
<b>Year ended 31 December 2011</b>	<b>5,112</b>	<b>255</b>	<b>4,971</b>	<b>10,338</b>
Deferred Tax Liabilities to be recovered after more than 12 months	6,566			
Deferred Tax Liabilities to be recovered within 12 months	3,772			
<b>At 1 January 2012</b>	<b>5,112</b>	<b>255</b>	<b>4,971</b>	<b>10,338</b>
Reclassifications	0	0	0	0
Charged / (Credited) to Income Statement	-326	54	147	-125
Charged to Equity	0	0	0	0
Exchange Differences	73	0	2	75
<b>Year ended 31 December 2012</b>	<b>4,859</b>	<b>309</b>	<b>5,120</b>	<b>10,288</b>
Deferred Tax Liabilities to be recovered after more than 12 months	6,456			
Deferred Tax Liabilities to be recovered within 12 months	3,832			

#### Deferred Tax Assets

Amounts in Euro '000

	Provisions	Impairment losses	Tax losses	Other	Total
<b>At 1 January 2011</b>	<b>4,683</b>	<b>586</b>	<b>9,303</b>	<b>1,592</b>	<b>16,164</b>
Reclassifications					0
Charged / (Credited) to Income Statement	-328	-123	2,213	963	2,725
Charged / (Credited) to Equity					0
Exchange Differences	-75		-38	13	-100
<b>Year ended 31 December 2011</b>	<b>4,280</b>	<b>463</b>	<b>11,478</b>	<b>2,568</b>	<b>18,789</b>
Deferred Tax Assets to be recovered after more than 12 months	17,718				
Deferred Tax Assets to be recovered within 12 months	1,071				
<b>At 1 January 2012</b>	<b>4,280</b>	<b>463</b>	<b>11,478</b>	<b>2,568</b>	<b>18,789</b>
Reclassifications	130	0	0	-130	0
Charged / (Credited) to Income Statement	-1,514	-165	-9,280	-1,370	-12,330
Charged / (Credited) to Equity	0	0	0	0	0
Exchange Differences	17	2	93	7	119
<b>Year ended 31 December 2012</b>	<b>2,913</b>	<b>300</b>	<b>2,291</b>	<b>1,074</b>	<b>6,578</b>
Deferred Tax Assets to be recovered after more than 12 months	5,983				
Deferred Tax Assets to be recovered within 12 months	595				

**COMPANY**

**Deferred Tax Liabilities**

*Amounts in Euro '000*

	Accelerated tax depreciation	Fair Value of Earnings	Other	Total
<b>At 1 January 2011</b>	<b>3,334</b>	<b>0</b>	<b>2,770</b>	<b>6,104</b>
Charged / (Credited) to Income Statement				0
Charged to Equity	125		-1,230	-1,105
Exchange Differences				0
<b>Year ended 31 December 2011</b>	<b>3,459</b>	<b>0</b>	<b>1,540</b>	<b>4,999</b>

Deferred Tax Liabilities to be recovered after more than 12 months

4,999

Deferred Tax Liabilities to be recovered within 12 months

0

<b>At 1 January 2012</b>	<b>3,459</b>	<b>0</b>	<b>1,540</b>	<b>4,999</b>
Reclassifications	0	0	0	0
Charged / (Credited) to Income Statement	-224	0	18	-206
Charged to Equity	0	0	0	0
Exchange Differences	0	0	0	0
<b>Year ended 31 December 2012</b>	<b>3,235</b>	<b>0</b>	<b>1,558</b>	<b>4,793</b>

Deferred Tax Liabilities to be recovered after more than 12 months

4,793

Deferred Tax Liabilities to be recovered within 12 months

0

**Deferred Tax Assets**

*Amounts in Euro '000*

	Provisions	Impairment losses	Tax losses	Other	Total
<b>At 1 January 2011</b>	<b>3,115</b>	<b>324</b>	<b>8,917</b>	<b>0</b>	<b>12,356</b>
Charged / (Credited) to Income Statement					0
Reclassifications	131	-143	605	699	1,292
Exchange Differences					0
<b>Year ended 31 December 2011</b>	<b>3,246</b>	<b>181</b>	<b>9,522</b>	<b>699</b>	<b>13,648</b>

Deferred Tax Assets to be recovered after more than 12 months

13,648

Deferred Tax Assets to be recovered within 12 months

<b>At 1 January 2012</b>	<b>3,246</b>	<b>181</b>	<b>9,522</b>	<b>699</b>	<b>13,648</b>
Reclassifications	0	0	0	0	0
Charged / (Credited) to Income Statement	-1,485	-45	-9,522	-573	-11,625
Exchange Differences	0	0	0	0	0
<b>Year ended 31 December 2012</b>	<b>1,761</b>	<b>136</b>	<b>0</b>	<b>126</b>	<b>2,023</b>

Deferred Tax Assets to be recovered after more than 12 months

2,023

Deferred Tax Assets to be recovered within 12 months

0

## 10. Investments in Subsidiaries and Joint ventures

	% of Investment		
	Direct	Indirect	
<b>Full Consolidation method</b>			
M.J.MAILLIS SA, Kifissia, Athens, Greece		Parent	
STRAPTECH SA, Kifissia, Athens, Greece	100.00%		
M.J.MAILLIS BULGARIA EOOD, Sofia,Bulgaria	100.00%		
M.J.MAILLIS ROMANIA S.A., Bucurest, Romania	86.84%		
M.J.MAILLIS FRANCE SAS, Saint Ouen L'Amone, France	99.99%	0.01%	(through STRAPTECH SA)
MARFLEX M.J.MAILLIS POLAND SP ZOO, Karzcew, Poland	100.00%		
M.J.MAILLIS ESPANA SA, Barcelona, Spain	100.00%		
M.J.MAILLIS CZECH SRO, Prague, Czech	100.00%		
EUROPACK SA, Luxembourg	100.00%		
M.J.MAILLIS HUNGARY PACKING SYSTEMS LTD, Budapest, Hungary	100.00%		
M.J.MAILLIS OSTERREICH GMBH, Vienna, Austria	100.00%		
MAILLIS HOLDING GMBH, Wuppertal, Germany	100.00%		
COLUMBIA SRL, Milan, Italy	100.00%		
M.J.MAILLIS UK LTD, Nottingham, UK		100.00%	(through EUROPACK SA)
WULFTEC INTERNATIONAL INC, Ayer's Cliff, Canada		100.00%	(through EUROPACK SA)
MAILLIS STRAPPING SYSTEMS USA Inc. Fountain Inn, USA		100.00%	(through EUROPACK SA)
MJ MAILLIS SYSTEMS SRL, Varese, Italy		100.00%	(through EUROPACK SA)
3L Srl, Modena, Italy		100.00%	(through EUROPACK SA)
SIAT SPA, Como, Italy		100.00%	(through EUROPACK SA & COLUMBIA SRL)
SICME SRL, Varese, Italy		100.00%	(through SIAT SPA)
SIAT BENELUX, Wvvaalwijk, Holland		51.00%	(through SIAT SPA)
TAM SRL, Milan, Italy		71.00%	(through SIAT SPA)
SIAT USA, Delaware, USA		100.00%	(through SIAT SPA)
IMMOBILIARE LEO SRL, Milan, Italy		100.00%	(through COLUMBIA SRL)
Maillis Sander Verwaltungsgesellschaft mbH, Wuppertal, Germany		100.00%	through MAILLIS HOLDING GMBH
SANDER GMBH &CO KG, Wuppertal, Germany		100.00%	(through MAILLIS HOLDING GMBH&MAILLIS SANDER GMBH)
M.J. MAILLIS BENELUX NV, Dendermonde, Belgium		100.00%	(through MAILLIS SANDER GMBH)
<b>Proportionate consolidation method</b>			
COMBI PACKAGING SYSTEMS, Canton, USA		50.00%	(through SIAT SPA)

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

The values of the Investments of the parent company in the aforementioned table as at 31 December 2012 are as follows:

<i>Amounts in Euro '000</i>	Country	31/12/2012	31/12/2011	Investment %
		Book value	Book value	
Straptech SA	Greece	5,300	5,300	100%
Europack SA	Luxembourg	78,810	78,810	100%
M.J Maillis Osterreich Gmbh	Austria	448	448	100%
Columbia SRL	Italy	0	10,038	100%
M.J.Maillis Romania SA	Romania	0	526	86.84%
Marflex MJ Maillis Poland SP ZOO	Poland	38,359	38,359	100%
MJ Maillis Czech SRO	Czech	0	402	100%
Maillis Holding GMBH	Germany	0	6,532	100%
M.J. Maillis Espana SL	Spain	0	613	100%
		<b>122,917</b>	<b>141,027</b>	

During the year 2012 the values of the Investments of the Parent company were impaired as follows: a) M.J.Maillis Espana SL by an amount of €0.6mln. b) Columbia SRL by an amount of €10.0mln, c) M.J.Maillis Romania SA by an amount of €0.5mln, d) M.J Maillis Holding GMBH by an amount of €6.5mln, e) MJ Maillis Czech SRO by an amount of €0.4mln.

As part of the impairment testing process related to goodwill (refer to Note 8) as of 31 December 2012 the Company also performed impairment test on all its material subsidiaries. The assumptions used in the impairment testing process are similar to those set out in note 8 and specifically the following:

- a) Each investment has been tested assuming that each will operate as a going concern on a stand alone basis.
- b) The budgeted cash flows are according to the business plan which are approved by the Group Management.
- c) Any transactions entered into between investment will be on an arms length basis (i.e. at prices and terms of payment that are applicable to third-parties).
- d) The investment will be funded by a combination of debt and equity that is considered optimal relative to the anticipated future operations of the applicable investment. The optimal debt equity structure that has been assumed is a debt equity ratio of 37:63.

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

## 11. Joint Ventures

The Group has one investment in joint ventures, namely:

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

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

<b>Joint Ventures</b>	<b>GROUP</b>	
	<b>31/12/2012</b>	<b>31/12/2011</b>
<i>Amounts in Euro '000</i>		
<b>Receivables</b>		
Non Current Assets	418	419
Current Assets	5,261	4,297
	<b>5,679</b>	<b>4,716</b>
<b>Liabilities</b>		
Non Current Liabilities	0	
Current Liabilities	2,305	1,594
	<b>2,305</b>	<b>1,594</b>
<b>Net Equity</b>	<b>3,374</b>	<b>3,123</b>
Income	10,896	8,894
Expenses	-10,357	-8,342
<b>Profit / (Losses) after tax</b>	<b>539</b>	<b>552</b>

There are no contingent liabilities relating to the Group's interest in the joint ventures, and no contingent liabilities relating to the ventures themselves. The joint ventures do not have significant pending capital expenditure contracts at 31/12/2012.

## 12. Financial instruments by category

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

### GROUP

	<b>Loans and receivables</b>	<b>Assets at fair value through the profit and loss</b>	<b>Derivatives used for hedging</b>	<b>Available-for-sale</b>	<b>Total</b>
<b>At 31 December 2012</b>					
<b>Assets as per balance sheet</b>					
Trade and other receivables	59,864	0	0	0	59,864
Cash and cash equivalents	14,475	0	0	0	14,475
<b>Total</b>	<b>74,340</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>74,340</b>

	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
<b>Liabilities as per balance sheet</b>				
Borrowings excl. finance lease liabilities	0	0	230,269	<b>230,269</b>
Finance lease liabilities	0	0	1,218	<b>1,218</b>
Derivative financial instruments	4,578	0	0	<b>4,578</b>
Trade and other payables excl. non-financial liabilities	0	0	46,019	<b>46,019</b>
<b>Total</b>	<b>4,578</b>	<b>0</b>	<b>277,507</b>	<b>282,085</b>

	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Available-for-sale	Total
<b>At 31 December 2011</b>					
<b>Assets as per balance sheet</b>					
Trade and other receivables	65,559				<b>65,559</b>
Cash and cash equivalents	13,314				<b>13,314</b>
<b>Total</b>	<b>78,873</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>78,873</b>

	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
<b>Liabilities as per balance sheet</b>				
Borrowings excl. finance lease liabilities			222,687	<b>222,687</b>
Finance lease liabilities			2,789	<b>2,789</b>
Derivative financial instruments	3,948			<b>3,948</b>
Trade and other payables excl. non-financial liabilities			47,502	<b>47,502</b>
<b>Total</b>	<b>3,948</b>	<b>0</b>	<b>272,979</b>	<b>276,927</b>

## COMPANY

	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Available-for-sale	Total
<b>At 31 December 2012</b>					
<b>Assets as per balance sheet</b>					
Trade and other receivables	91,098	0	0	0	<b>91,098</b>
Cash and cash equivalents	1,431	0	0	0	<b>1,431</b>
<b>Total</b>	<b>92,529</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>92,529</b>

	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
<b>Liabilities as per balance sheet</b>				
Borrowings excl. finance lease liabilities	0	0	224,617	224,617
Derivative financial instruments	4,578	0	0	4,578
Trade and other payables excl. non-financial liabilities	0	0	12,449	12,449
<b>Total</b>	<b>4,578</b>	<b>0</b>	<b>237,066</b>	<b>241,644</b>

	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Available-for-sale	Total
<b>At 31 December 2011</b>					
<b>Assets as per balance sheet</b>					
Trade and other receivables	132,029				132,029
Cash and cash equivalents	1,785				1,785
<b>Total</b>	<b>133,813</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>133,813</b>

	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
<b>Liabilities as per balance sheet</b>				
Borrowings excl. finance lease liabilities			216,304	216,304
Derivative financial instruments	3,948			3,948
Trade and other payables excl. non-financial liabilities			14,760	14,760
<b>Total</b>	<b>3,948</b>	<b>0</b>	<b>231,064</b>	<b>235,012</b>

### 13. Inventories

Amounts in Euro '000	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Merchandise	5,150	4,375	1,274	493
Finished and Semi - Finished products, By products	31,791	31,480	6,535	5,585
Raw and Auxiliary Materials - Spare Parts and Packaging Materials	18,871	22,240	5,860	7,998
Advances for Inventories Purchases	1,147	2,326	1,133	2,297
<b>Total</b>	<b>56,959</b>	<b>60,422</b>	<b>14,802</b>	<b>16,373</b>
Less: Provisions for Impairment of Inventories	-4,750	-6,225	-601	-601
<b>Net Value of Inventories</b>	<b>52,208</b>	<b>54,197</b>	<b>14,200</b>	<b>15,772</b>

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

	GROUP		COMPANY	
	2012	2011	2012	2011
<b>Inventory provision 1/1</b>	6,225	8,813	602	613
Exchange rate adjustment	17	-61	0	
Additional provision for the year	670	944	0	
Unused amount reversed	-359	-930	0	
Utilised during the year	-1,803	-2,541	0	-12
<b>Inventory provision 31/12</b>	<b>4,750</b>	<b>6,225</b>	<b>601</b>	<b>602</b>

#### 14. Trade and Other Receivables

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Trade Receivables	50,410	55,656	66,714	62,002
Notes Receivable	2,515	2,863	1,652	1,786
Less: Provisions for Impairment of trade Receivables	-4,996	-5,080	-39,865	-7,318
<b>Trade Receivables- Net</b>	<b>47,928</b>	<b>53,439</b>	<b>28,501</b>	<b>56,469</b>
Advances	203	776	17	211
Receivables from Loans from Related Parties (Note 24)	0		57,472	57,472
Other Receivables from Related Parties (Note 24)	0		13,562	15,962
Provision for Other Receivables& Loans from Subsidiaries	0		-10,259	
Other Receivables	1,902	2,992	1,054	1,493
Other Receivables and Prepayments	9,831	8,352	751	422
<b>Total</b>	<b>59,864</b>	<b>65,559</b>	<b>91,098</b>	<b>132,029</b>
Non Current Assets	4,660	4,446	208	190
Current Assets	55,204	61,113	90,890	131,839
<b>Total</b>	<b>59,864</b>	<b>65,559</b>	<b>91,098</b>	<b>132,029</b>

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

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

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

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	2012	2011	2012	2011
<b>Bad debt provision 1/1</b>	5,080	4,700	7,319	7,009
Exchange rate adjustment	-7	-23	0	
Additional provision for the year	1,363	1,564	32,573	720
Unused amount reversed	-428	-404	0	
Utilised during the year	-1,012	-757	-26	-411
<b>Bad debt provision 31/12</b>	<b>4,996</b>	<b>5,080</b>	<b>39,865</b>	<b>7,319</b>

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

Maillis SA formed additional provision for trade receivables from group companies amounting to 32 m€.

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

Amounts in Euro '000

	GROUP		COMPANY	
	2012	2011	2012	2011
Euro	36,330	42,125	8,689	7,599
USD	7,177	5,358	720	621
CAD	797	613	0	
GBP	3,544	4,723	189	22
PLN	2,454	3,176	0	
RON	1,429	1,560	0	
Other	1,193	964	345	225
<b>Total</b>	<b>52,924</b>	<b>58,519</b>	<b>9,943</b>	<b>8,467</b>

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

GROUP	2012			2011		
	Gross amount	Provision for bad debts	Net amount	Gross amount	Provision for bad debts	Net amount
Due	40,966	180	40,786	45,741	232	45,509
Overdue 0-90 days	7,742	1,328	6,414	7,654	764	6,889
Overdue 91-180 days	645	289	355	692	430	262
Overdue 181+ days	3,571	3,199	372	4,433	3,654	779
<b>Total</b>	<b>52,924</b>	<b>4,996</b>	<b>47,928</b>	<b>58,519</b>	<b>5,080</b>	<b>53,439</b>

COMPANY	2012			2011		
	Gross amount	Provision for bad debts	Net amount	Gross amount	Provision for bad debts	Net amount
Receivables from affiliates	58,423	37,322	21,101	55,320	5,350	49,971
Due	7,519	119	7,400	6,724	226	6,498
Overdue 0-90 days	962	962	0	619	619	
Overdue 91-180 days	110	110	0	294	294	
Overdue 181+ days	1,352	1,352	0	830	830	
<b>Total</b>	<b>68,366</b>	<b>39,865</b>	<b>28,501</b>	<b>63,787</b>	<b>7,319</b>	<b>56,469</b>

## 15. Cash and Cash Equivalents

Amounts in Euro '000	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Cash at bank and in hand	37	131	6	8
Short term bank deposits	14,438	13,183	1,425	1,777
<b>Cash and cash equivalents (excluding bank overdrafts)</b>	<b>14,475</b>	<b>13,314</b>	<b>1,431</b>	<b>1,785</b>

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Cash and cash equivalents	14,475	13,314	1,431	1,785
Bank overdrafts	1,926	2,191	0	0
<b>Cash and cash equivalents</b>	<b>12,549</b>	<b>11,123</b>	<b>1,431</b>	<b>1,785</b>

The effective interest rate on short term bank deposits was on average 0.92% (2011: 0.70%) for the Group and the Company.

Included in cash and cash equivalents of the Company are balances amounting to € 76 th. that are restricted as they act as security of good performance.

## 16. Share Capital and Premium

<i>Amounts in Euro '000</i>	Number of Shares	Ordinary Shares	Share Premium	Treasury Shares	Total
<b>At 1 January 2011</b>	<b>73,176,746</b>	<b>55,614</b>	<b>139,203</b>	<b>0</b>	<b>194,817</b>
Selling of Treasury Shares					0
Cancellation of Treasury Shares					0
Capital Reduction		-33,661			-33,661
Issuance of new shares	249,748,542	74,925	-42,457		32,467
Issuance costs			-863		-863
<b>Year ended 31 December 2011</b>	<b>322,925,288</b>	<b>96,878</b>	<b>95,883</b>	<b>0</b>	<b>192,760</b>

<i>Amounts in Euro '000</i>	Number of Shares	Common Shares	Share Premium	Treasury Shares	Total
<b>At 1 January 2012</b>	<b>322,925,288</b>	<b>96,878</b>	<b>95,883</b>	<b>0</b>	<b>192,760</b>
Selling of Treasury Shares	0	0	0	0	0
Cancellation of Treasury Shares	0	0	0	0	0
<b>Year ended 31 December 2012</b>	<b>322,925,288</b>	<b>96,878</b>	<b>95,883</b>	<b>0</b>	<b>192,760</b>

The common shares comprise shares with a par value of € 0.30 per share. All issued shares are fully paid.

## 17. Retained Earnings

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
<b>Balance 1/1</b>	<b>-233,745</b>	<b>-234,639</b>	<b>-129,044</b>	<b>-126,537</b>
Earnings / (Losses) per income statement	-49,145	1,824	-88,009	-2,507
Exchange difference adjustments	-109	-348		
Reserves movement	-131			
Change in Subsidiaries' Minority		-440		
Share Capital Increase Expenses		-143		
<b>Balance 31/12</b>	<b>-283,131</b>	<b>-233,745</b>	<b>-217,053</b>	<b>-129,044</b>

**18. Other Reserves  
GROUP**

	Statutory reserve	Special reserves	Revaluation reserves	Tax free reserves	Total
<b>At 1 January 2011</b>	<b>2,370</b>	<b>730</b>	<b>193</b>	<b>16,302</b>	<b>19,595</b>
Net loss directly attributable to net equity					
Fair value reserves				-27	-27
Change in Subsidiaries' Minority	10			111	121
Reserves movement					
Capital Reduction		33,661			33,661
<b>Year ended 31 December 2011</b>	<b>2,380</b>	<b>34,391</b>	<b>193</b>	<b>16,385</b>	<b>53,349</b>

<b>At 1 January 2012</b>	<b>2,380</b>	<b>34,391</b>	<b>193</b>	<b>16,385</b>	<b>53,349</b>
Net loss directly attributable to net equity					
Fair value reserves					
Reserves movement				131	131
<b>Year ended 31 December 2012</b>	<b>2,380</b>	<b>34,391</b>	<b>193</b>	<b>16,515</b>	<b>53,480</b>

**COMPANY**

	Statutory reserve	Special reserves	Revaluation reserves	Tax free reserves	Total
<b>At 1 January 2011</b>	<b>696</b>	<b>813</b>	<b>193</b>	<b>16,856</b>	<b>18,558</b>
Reserves movement					
Capital Reduction		33,661			33,661
<b>Year ended 31 December 2011</b>	<b>696</b>	<b>34,474</b>	<b>193</b>	<b>16,856</b>	<b>52,219</b>

<b>At 1 January 2012</b>	<b>696</b>	<b>34,474</b>	<b>193</b>	<b>16,856</b>	<b>52,219</b>
Reserves movement					
Capital Reduction					
<b>Year ended 31 December 2012</b>	<b>696</b>	<b>34,474</b>	<b>193</b>	<b>16,856</b>	<b>52,219</b>

**(a) Legal reserve**

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

**(b) Special reserve**

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

**(c) Revaluation reserves**

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

**(d) Tax free reserves**

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

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

**19. Borrowings**

	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
<i>Amounts in Euro '000</i>				
<b>Non Current</b>				
Bond Loan	124,234	128,950	124,234	128,950
Convertible Bond Loan	82,258	75,380	82,258	75,380
Hedges of Currency and Interest rate swaps relating to bank borrowings denominated in US\$	4,578	3,948	4,578	3,948
Total bank borrowings	211,070	208,278	211,070	208,278
Less: Bank borrowings reflected as short term (refer Covenants note below)	-211,070		-211,070	
Accrued interest		3,754		3,754
Finance Lease Liabilities	1,055	1,178		
Other		187		
<b>Total</b>	<b>1,055</b>	<b>213,398</b>		<b>212,032</b>
<b>Current</b>				
Bank borrowings reflected as short term (refer Covenants note below)	211,070		211,070	
Current Portion of Bond Loans		4,000		4,000
Bank Overdrafts	1,926	2,191		
Short Term Bank Borrowings and bank overdrafts	17,703	3,901	14,000	
Accrued interest	4,148	376	4,125	272
Finance Lease Liabilities	163	1,611		
Other				
<b>Total</b>	<b>235,011</b>	<b>12,079</b>	<b>229,195</b>	<b>4,272</b>
<b>Total Borrowings</b>	<b>236,066</b>	<b>225,477</b>	<b>229,195</b>	<b>216,304</b>

The carrying amounts of borrowings approximate their fair values.

Covenants:

The Group, in terms of the debt restructuring agreement, is obligated to maintain the following covenants:

- Interest Cover ratio relating to the consolidated results before interest, tax and depreciation / amortization, not including restructuring costs (EBITDA) to net financial expenses of the restructured loans in respect of any relevant period from the first quarter of 2013 on a rolling annual basis.
- Debt Cover ratio relating to the consolidated net financial liabilities on the last day of the reference period to the consolidated results before interest, tax and depreciation / amortization not including restructuring costs (EBITDA) from the first quarter of 2013 on a rolling annual basis.
- Cash Flow Cover ratio relating to operating cash flows to servicing of the Group's total debt burden for any relevant period from the first quarter of 2013 on a rolling annual basis.
- The Group must have a minimum liquidity level of € 8m at any point in time.
- Minimum consolidated results before interest, tax and depreciation / amortization not including restructuring costs (EBITDA) must be achieved, starting from 31/03/2012.
- Maximum capital expenditure must be achieved from 31/12/2011.

At 31 December 2012 the Group was obliged, under the loan agreements, to pay the first installment of the Super Senior Bond loan of € 16m. amounting to EUR 4m. The Group made a partial repayment at 11 October 2012 amounting to € 2m. and has already submitted a request to suspend payment of the remaining amount to the bondholders.

Also, at the balance sheet date 31.12.2012 the Group is not in compliance with the required covenant of minimum consolidated results before interest, tax and depreciation / amortization not including restructuring costs (EBITDA) and has already submitted a request for waiver to the bondholders, as provided by the respective loan agreements.

The impact of this breach is that all affected borrowings are classified as current liabilities in terms of IAS 1. The classification has been undertaken on the basis that at 31 December 2012 the Group and the Company do not have an unconditional right to defer the settlement of these borrowings for a period greater than twelve months.

**Contractual  
Repricing  
Dates**

<i>Amounts in Euro '000</i>	<b>6 Months or Less</b>	<b>6 - 12 Months</b>	<b>1 - 5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
31 December 2012					
Total Borrowings	235,011		1,055		236,066
Effect from Interest Rates Swaps					
	<b>235,011</b>		<b>1,055</b>		<b>236,066</b>

The maturity of long term borrowings is as follows:

<i>Amounts in Euro '000</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2012</b>	<b>31/12/2011</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
Between 1 and 2 Years	96	36,087		35,838
Between 2 and 5 Years	287	176,378		176,194
Over 5 Years	673	933		
	<b>1,055</b>	<b>213,398</b>		<b>212,032</b>

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

	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
<i>Amounts in Euro '000</i>				
Euro	150,948	145,066	144,379	136,346
\$ USD	84,817	79,959	84,817	79,959
£				
Other	302	452		
<b>Total</b>	<b>236,066</b>	<b>225,477</b>	<b>229,195</b>	<b>216,304</b>

The present value of the finance lease liabilities are as follows:

<i>Amounts in Euro '000</i>	GROUP	
	2012	2011
Up to 1 year	163	1,611
1-5 years	382	245
Above 5 years	673	933
	<b>1,218</b>	<b>2,789</b>

## 20. Retirement Benefit Obligations

The provision for retirement benefits obligations has been calculated based on IAS 19 and is based on an actuary's report. The relevant provision for the years 2012 and 2011 has been calculated as follows:

	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
<i>Amounts in Euros'000</i>				
Present Value of funded Obligations	39,490	38,739	3,070	3,927
Fair Value of Plan Assets	-23,170	-21,873	0	
<b>Deficit of funded plans</b>	<b>16,320</b>	<b>16,866</b>	<b>3,070</b>	<b>3,927</b>
Unrecognised Gain /(Loss)	-8,033	-7,729	-613	-547
Unrecognised Past Service Cost	-653	-1,232	-628	-1,158
<b>Liability in the balance sheet</b>	<b>7,633</b>	<b>7,906</b>	<b>1,829</b>	<b>2,222</b>

Charged in the Income statement :

	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
<i>Amounts in Euros '000</i>				
Current Service Cost	459	368	313	300
Interest Cost	1,747	1,787	180	173
Expected Return on Plan Assets	-768	-870	11	
Past Service Cost	447	311	88	97
<b>Regular P&amp;L Charge</b>	<b>1,884</b>	<b>1,596</b>	<b>592</b>	<b>570</b>
Additional Cost of Termination Benefits	-742	679	-639	693
Restructuring Expense	160	74	160	76
Other Expense/(Income)	7	-126	0	
<b>Total P&amp;L Charge</b>	<b>1,309</b>	<b>2,223</b>	<b>113</b>	<b>1,339</b>

The principal actuarial assumptions were as follows :

	GROUP			COMPANY		
	2012	2011	2010	2012	2011	2010
Discount Rate	2.23%	4.14%	5.04%	3.55%	4.93%	5.73%
Expected Return on Plan Assets	0.64%	0.88%	1.44%			
Future Salary Increases	2.30%	2.85%	2.50%	3.50%	4.00%	4.00%
Inflation Rate	1.02%	1.73%	1.43%	2.00%	2.50%	2.50%
Future Pension Increases	0.37%	0.65%	0.57%			

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

*Amounts in Euros'000*

	GROUP		COMPANY	
	2012	2011	2012	2011
<b>At 1 January</b>	38,745	35,899	3,927	3,188
Current service cost	459	391	313	300
Interest cost	1,747	1,786	180	173
Contributions by plan participants	-506	-1,028	-505	-1,012
Actuarial losses/(gains)	1,944	2,234	479	426
Exchange differences	705	877	0	
Benefits paid	-3,604	-1,408	-1,324	624
Liabilities acquired in a business combination	0		0	
Curtailments	-7	-253	0	
Settlements	7	248	0	228
<b>At 31 December</b>	<b>39,490</b>	<b>38,745</b>	<b>3,070</b>	<b>3,927</b>

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

*Amounts in Euros'000*

	GROUP		COMPANY	
	2012	2011	2012	2011
<b>At 1 January</b>	21,873	22,519	0	
Expected return on plan assets	779	869	0	
Actuarial (losses) / gains	780	-461	0	
Exchange differences	507	651	0	
Employer contributions	695	637	0	
Employee contributions	4	3	0	
Benefits paid	-1,468	-1,868	0	
Business combinations	0	-477	0	
<b>At 31 December</b>	<b>23,170</b>	<b>21,873</b>	<b>0</b>	<b>0</b>

## 21. Government Grants

	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
<i>Amounts in Euro '000</i>				
<b>Beginning of period</b>	3,816	4,398	2,316	2,681
Additions	0	0	0	0
Transfer to Income Statement	-582	-582	-365	-365
<b>End of period</b>	<b>3,234</b>	<b>3,816</b>	<b>1,951</b>	<b>2,316</b>

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

*Other Grants*

During year 2012 the parent company received grants from OAED amounting to € 511 th. (2011: € 11 th.) and the Group € 680 th. (2011: € 22 th.).

**22. Trade and Other Payables**

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Trade Payables	31,555	30,998	8,121	8,841
Payables to Related Companies	0		1,947	1,517
Accrued Expenses	4,704	6,323	1,310	2,336
Social Security and other Taxes / Duties	4,281	5,558	804	1,494
Other Payables	6,862	6,024	597	721
<b>Total</b>	<b>47,403</b>	<b>48,903</b>	<b>12,779</b>	<b>14,908</b>

**23. Provisions for other liabilities and charges**

**GROUP**

<i>Amounts in Euro '000</i>	Restructuring provisions	Legal Claims	Warranties	Other	Total
<b>At 1 January 2011</b>	<b>4,472</b>	<b>2,109</b>	<b>923</b>	<b>1,077</b>	<b>8,582</b>
Exchange Differences	16	-8	11	2	21
Additional Provisions for the period	1,650	232	219	3,083	5,184
Unused provisions Reversed	-559	-1,566	-8	-29	-2,162
Utilised Provisions during the period	-1,830	-394	-92	-1,168	-3,483
<b>Year ended 31 December 2011</b>	<b>3,750</b>	<b>372</b>	<b>1,054</b>	<b>2,965</b>	<b>8,142</b>

<i>Amounts in Euro '000</i>	Restructuring provisions	Legal Claims	Warranties	Other	Total
<b>At 1 January 2012</b>	<b>3,750</b>	<b>372</b>	<b>1,054</b>	<b>2,965</b>	<b>8,142</b>
Exchange Differences	8	-1	8	-55	-41
Additional Provisions for the period	127	13	126	420	685
Unused provisions Reversed		-88	-43	-35	-166
Utilised Provisions during the period	-1,186	-2	-200	-1,739	-3,127
<b>Year ended 31 December 2012</b>	<b>2,698</b>	<b>293</b>	<b>944</b>	<b>1,556</b>	<b>5,492</b>

Non- Current			501	722	1,223
Current	2,698	293	443	834	4,269
<b>Total</b>	<b>2,698</b>	<b>293</b>	<b>944</b>	<b>1,556</b>	<b>5,492</b>

**COMPANY**

<i>Amounts in Euro '000</i>	<b>Restructuring provisions</b>	<b>Pending Litigation</b>	<b>Warranties</b>	<b>Other</b>	<b>Total</b>
<b>At 1 January 2011</b>				<b>569</b>	<b>569</b>
Exchange Differences					
Additional Provisions for the period	189			546	736
Unused provisions Reversed				-350	-350
Utilised Provisions during the period				-484	-484
<b>Year ended 31 December 2011</b>	<b>189</b>			<b>282</b>	<b>471</b>

<i>Amounts in Euro '000</i>	<b>Restructuring provisions</b>	<b>Pending Litigation</b>	<b>Warranties</b>	<b>Other</b>	<b>Total</b>
<b>At 1 January 2012</b>	<b>189</b>			<b>282</b>	<b>471</b>
Exchange Differences					
Additional Provisions for the period				287	287
Unused provisions Reversed					
Utilised Provisions during the period	-189			-282	-471
<b>Year ended 31 December 2012</b>	<b>0</b>			<b>287</b>	<b>287</b>

Non- Current					
Current	0			287	287
<b>Total</b>	<b>0</b>			<b>287</b>	<b>287</b>

**(a)Legal claims**

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

**(b)Warranties**

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

**(c)Restructuring Provision**

Restructuring provisions for restructuring costs that relate to the Group's final restructuring phase of its operations in Greece and in a number of foreign operations.

## 24. Related parties

As at 31.12.2012 the following shareholders had a shareholding participation above 5% of the voting rights of the Company: Mr M.J. Maillis holds directly 5.82% and 4.38 through Horqueta Holdings limited , Alpha Bank SA holds 7.55%, EFG Eurobank Ergasias SA holds 10.52%, National Bank of Greece SA holds 7.77%, BNP Paribas SA holds 12.42%, New York Life Insurance Company holds 5.32% and finally, Principal Life Insurance Company holds 5.98%.

The following transactions are with Related Parties in the years 2012 and 2011:

	GROUP		COMPANY	
	01/01- 31/12/2012	01/01 - 31/12/2011	01/01- 31/12/2012	01/01 - 31/12/2011
<i>Amounts in Euro '000</i>				
<b>Sales of goods</b>				
- Subsidiaries	0		43,007	48,367
- Associate	2,581	2,393	0	
<b>Sales of services</b>				
- Subsidiaries	0		10,634	8,151
- Associate	0		0	
<b>Purchase of goods</b>				
- Subsidiaries	0		2,374	2,235
- Associate	111	56	0	
<b>Purchase of services</b>				
- Subsidiaries	0		0	
- Associate	0		0	
<b>Key Management compensation</b>				
Salaries and other short term benefits to key management and member of the board	3,970	5,506	2,303	3,428

	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
<b>Year End Balances arising from purchases - sales of goods and services</b>				
Trade receivables from Subsidiaries	0		58,423	55,320
Trade receivables from Associate	978	392	0	
Loans receivable from Subsidiaries	0		57,472	57,472
Loans receivable from Associates	0		0	
Other receivables from Subsidiaries	0		13,562	15,962
Other receivables from Associates	0		0	
Payables to Subsidiaries	0		1,947	1,517
Payables to Associate	27	8	0	

## 25. Income Tax

M.J. MAILLIS SA has been audited by tax authorities until FY 2007.

For the parent company and its subsidiary STRAPTECH S.A, the "Tax Compliance Report" for the financial year 2011 has been issued with no substantial adjustments with respect to the tax expense and corresponding tax provision as reflected in the annual financial statements for 2011. According to the relevant legislation, the parent company's financial year ending 31 December 2011 will be considered final for tax audit purposes after eighteen months from the submission of the "Tax Compliance Report" to the Ministry of Finance.

For the 2012 financial year, the tax audit for M.J. MAILLIS SA and Straptech SA is being performed by PricewaterhouseCoopers S.A. The Company's management does not expect that additional tax liabilities will arise, in excess of those disclosed in the financial statements, upon the completion of the 2012 tax audit.

Maillis SA according to decision 75/0/1118 is under tax audit for the financial years 2008 to 2011.

The long term deferred tax asset of the Group amounted to € 5,255 th. (31/12/2011: € 17,718 th.). The deferred tax asset of the Company amounted to € 2,023 th. (31/12/2011: € 13,648 th.), significantly decreased compared to 2011 due to the write off of deferred tax asset recognised based on accumulated tax losses that the Company would be able to offset against future taxable profits in the next five years.

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

- MAILLIS HOLDING GMBH has been tax audited until FY 1997
- MARFLEX M.J.MAILLIS Sp Zoo has not been tax audited
- M.J.MAILLIS UK has not been tax audited
- SIAT USA have not been tax audited
- M.J.MAILLIS OSTERREICH GMBH has been audited until FY 2001
- WULFTEC INTERNATIONAL INC has been audited until FY 2002
- COLUMBIA has been audited until FY 2002
- EUROPACK SA has been tax audited until FY 2003
- SICME SRL has been tax audited until FY 2003
- TAM SRL has been tax audited until FY 2003
- 3L has been audited until FY 2003
- M.J.MAILLIS FRANCE SAS has been audited until FY 2004
- MAILLIS STRAPPING SYSTEMS USA INC has not been tax audited.
- M.J.MAILLIS ESPANA SA has been audited until FY 2004
- M.J.MAILLIS CZECH SRO has been audited until FY 2004
- COMBI has been tax audited until FY 2004
- SIAT BENELUX BV has been tax audited until FY 2005
- MJ MAILLIS SYSTEMS SRL has been tax audited until FY 2006
- M.J.MAILLIS ROMANIA SA has been audited until FY 2007
- SANDER GMBH & COKG has been audited until FY 2007
- MAILLIS SANDER VERWALTUNGSGESELLSCHAFT MBH has been tax audited until FY 2007
- M.J.MAILLIS BULGARIA EOOD has been audited until FY 2008
- M.J.MAILLIS HUNGARY PACKING SYSTEMS LTD has been audited until FY 2008
- M.J.MAILLIS BENELUX NV has been audited until FY 2008
- STRAPTECH S.A. under the L. 3888/2010 has been tax audited until FY 2009
- SIAT SPA has been audited until FY 2009

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

<i>Amounts in Euro '000</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Current tax	3,000	2,617	0	0
Other tax	114	1,353	61	1,353
Deferred tax	12,205	-3,835	11,419	-2,397
	<b>15,318</b>	<b>135</b>	<b>11,480</b>	<b>-1,044</b>
<b>Profit before tax</b>	<b>-33,929</b>	<b>1,804</b>	<b>-76,529</b>	<b>-3,551</b>
Tax calculated at tax rates applicable to profits	-8,482	451	-19,898	-710
Income not subject to tax	-6	-77	0	
Expenses not deductible for tax purposes	141	-7,090	15,689	-4,237
Utilisation of previously unrecognised tax losses	0		0	
Tax losses for which no deferred income tax asset was recognised	13,229	390	12,894	
Other	10,436	6,461	2,795	3,903
	<b>15,318</b>	<b>135</b>	<b>11,480</b>	<b>-1,044</b>

## 26. Employee benefit expenses

<i>Amounts in Euro '000</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2012</b>	<b>31/12/2011</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
Payroll Cost & Severance payments cost	43,489	47,289	9,001	11,183
Social Security Costs	10,852	11,273	2,143	2,521
Cost of Employee private pension plan - Defined Contribution pension plan	376	304	0	
Cost of Employee defined benefit plan	1,470	2,320	-188	323
Other Benefits	879	663	323	331
<b>Total</b>	<b>57,066</b>	<b>61,849</b>	<b>11,279</b>	<b>14,358</b>

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2012</b>	<b>31/12/2011</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
Number of employees	1,376	1,447	275	306

## 27. Expenses by nature

<i>Amounts in Euro '000</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Changes in Inventory and Cost of Sales	173,479	179,863	56,838	65,546
Depreciation and Amortisation	8,745	9,787	4,567	5,301
Salaries, Social security and other employee costs	57,066	61,849	11,279	14,358
Transportation expenses	9,514	10,105	3,481	4,100
Travelling expenses	1,563	2,581	457	489
Selling expenses	2,636	2,834	276	359
Legal and Consulting costs	3,952	4,634	1,132	1,448
Rents and Operating lease rentals	2,566	3,444	433	640
Utilities, maintenance	2,214	2,383	430	437
Exchange differences	12,447	10,542	1,719	2,045
Provisions and impairments	2,516	4,785	42,644	2,612
Other expenses	3,689	2,070	1,906	961
	<b>280,388</b>	<b>294,876</b>	<b>125,160</b>	<b>98,296</b>
Classified as				
Cost of sales	216,666	228,154	67,968	79,149
Administrative expenses	15,338	18,778	5,534	7,576
Selling expenses	28,964	29,230	37,470	6,403
Other expenses	19,420	18,714	3,928	5,168
Impairment of Loans to Subsidiaries	0		10,259	
	<b>280,388</b>	<b>294,876</b>	<b>125,160</b>	<b>98,296</b>

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

## 28. Exceptional items

<i>Amounts in Euro '000</i>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Operating Items</b>	0		-42,232	
<b>Non operating items</b>	-7,872	43,041	-7,872	42,457
	<b>-7,872</b>	<b>43,041</b>	<b>-50,104</b>	<b>42,457</b>

Amount 42.2 m€ regards provision for impairment of trade receivables, other receivables and loan receivables of subsidiaries.

Amount 7.9 m€ regards write off of deferred tax asset that was created due to in the Parent Company due to accumulated tax losses.

## 29. Finance Income and Expenses

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Long term interest expense	156	4,060	0	4,060
Short term interest expense	18,635	14,390	18,021	9,899
Finance lease interest	47	69	0	
Foreign currency differences	4,857	15,198	19	7,325
Bank charges and other	1,683	7,471	641	6,117
<b>Total Finance Expense</b>	<b>25,379</b>	<b>41,188</b>	<b>18,681</b>	<b>27,401</b>
Interest income	511	502	12	33
Intragroup Interest income	0		5,767	2,799
Foreign currency differences	6,198	12,058	1,018	5,555
<b>Total Finance Income</b>	<b>6,709</b>	<b>12,560</b>	<b>6,797</b>	<b>8,387</b>

## 30. Other income

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Income from sale of fixed assets	85	52	3	
Exchange differences	12,429	10,894	1,629	2,484
Other income	2,010	1,712	418	440
<b>Total</b>	<b>14,525</b>	<b>12,658</b>	<b>2,050</b>	<b>2,924</b>

## 31. Earnings per share

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

### BASIC

<i>Amounts in Euro '000</i>	GROUP		COMPANY	
	01/01-31/12/2012	01/01 - 31/12/2011	01/01-31/12/2012	01/01 - 31/12/2011
Earnings/(Losses) attributable to the Company's shareholders	-49,145	1,824	-88,009	-2,507
Weighted Average number of shares	322,925,288	128,600,395	322,925,288	128,600,395
<b>Basic Earnings/(Losses) per share (expressed in Euro)</b>	<b>-0.1522</b>	<b>0.0142</b>	<b>-0.2725</b>	<b>-0.0195</b>

**DILUTED**

	GROUP		COMPANY	
	01/01- 31/12/2012	01/01 - 31/12/2011	01/01- 31/12/2012	01/01 - 31/12/2011
<i>Amounts in Euro '000</i>				
Earnings/(Losses) attributable to the Company's shareholders	-49,145	1,824	-88,009	-2,507
Interest Expense of Convertible Bond	8,078	1,956	8,078	1,956
<b>Total</b>	<b>-41,068</b>	<b>3,780</b>	<b>-79,932</b>	<b>-551</b>
Weighted Average number of shares	322,925,288	128,600,395	322,925,288	128,600,395
Weighted Average number of shares after conversion of convertible bond	580,591,501	54,572,213	580,591,501	54,572,213
<b>Total Weighted Average number of shares</b>	<b>903,516,789</b>	<b>183,172,608</b>	<b>903,516,789</b>	<b>183,172,608</b>
<b>Diluted Earnings/(Losses) per share (expressed in Euro)</b>	<b>-0.0455</b>	<b>0.0206</b>	<b>-0.0885</b>	<b>-0.0030</b>

**32. Net foreign exchange gains/losses**

	GROUP		COMPANY	
	2012	2011	2012	2011
Other (losses)/gains- net (note 27,30)	-17	353	-90	439
Net Finance Cost (note 29)	1,341	-3,140	999	-1,770
<b>Total</b>	<b>1,324</b>	<b>-2,787</b>	<b>909</b>	<b>-1,331</b>

**33. Contingencies and commitments**

The Group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. The Group and the Company have given guarantees in the ordinary course of business amounting to € 1.0 million and € 3.5 million respectively (of which € 2.5 million refer to guarantees given by the parent company relating to loans undertaken by the Group's subsidiaries). Also included in cash and cash equivalents of the Company are balances amounting to € 76 th. that are restricted as they act as security for letters of credit provided to the Company.

The Operating lease commitments of the Group as at 31/12/2012 and 31/12/2011 respectively are as follows:

	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
0-1 years	3,145	2,945	140	189
1-2 years	3,031	4,361	143	122
2+ years	8,231	9,610	149	127
<b>Total</b>	<b>14,407</b>	<b>16,916</b>	<b>432</b>	<b>438</b>

As at 31/12/2012 the Group and the Company do not have significant pending capital expenditure contracts.

### 34. Encumbrances

As at 31st December 2012 the following encumbrances exist on Company's and Group's assets:

- Included in cash and cash equivalents of the Company are balances amounting to € 76 th. that are restricted as they act as security of good performance.

The Group, in terms of the final debt restructuring agreements and in order to secure the new bond loans, has provided securities and encumbrances as they are described below:

- The following group companies, STRAPTECH AE, MJ MAILLIS U.K. Ltd, MARFLEX M.J. MAILLIS POLAND SP Z.O.O., M.J. MAILLIS ROMANIA SA, WULFTEC INTERNATIONAL INC., MAILLIS STRAPPING SYSTEMS USA INC., EUROPACK SA, MAILLIS HOLDING GMBH, MAILLIS SANDER VERWALTUNGSGESELLSCHAFT MBH and SANDER GMBH & CO KG provided to lenders corporate guarantees equaling the total amount of the new bond loans, plus interest and costs, with the exception of SIAT SPA and COLUMBIA SRL, which provided corporate guarantees up to an amount of € 17.000 thousand and € 4.500 thousand, respectively.
- The Company provided securities in rem of an amount of to € 340.000 thousand
- STRAPTECH S.A. provided securities in rem of an amount of € 340.000 thousand
- MARFLEX M.J. MAILLIS POLAND SP. Z.O.O. provided security in rem of an amount of € 364.000 thousand
- MAILLIS STRAPPING SYSTEMS USA INC. provides securities in rem of an amount of \$ 340,000 thousand.
- M.J. MAILLIS ROMANIA provides securities in rem of an amount of € 12.000 thousand
- WULFTEC INTERNATIONAL INC. provides security in rem of an amount of CDN \$ 550 thousand.
- The Company and the Group companies STRAPTECH AE, EUROPACK SA, COLUMBIA SRL, MAILLIS SANDER VERWALTUNGSGESELLSCHAFT MBH and MAILLIS HOLDING GmbH provided to the Lenders encumbrances and pledges on the shares they hold over the Group companies.
- The Company and EUROPACK S.A. provided to the Lenders collateral and encumbrances on their claims against subsidiaries of the Group for intercompany loans.
- The Company and the Group companies STRAPTECH SA, MJ MAILLIS UK LIMITED, MAILLIS STRAPPING SYSTEMS USA INC., MARFLEX MJ MAILLIS POLAND SP.ZOO., WULFTEC INTERNATIONAL INC. and SANDER GMBH and Co. KG provided to the Lenders pledges and encumbrances on their bank accounts.
- The Company and the Group companies STRAPTECH SA, MJ MAILLIS UK LIMITED, MAILLIS STRAPPING SYSTEMS USA INC., MARFLEX MJ MAILLIS POLAND SP.ZOO., WULFTEC INTERNATIONAL INC. and SANDER GMBH and Co. KG provided to the Lenders pledges and encumbrances on their machines.
- The Company and the Group companies STRAPTECH AE, MAILLIS STRAPPING SYSTEMS USA INC., MARFLEX MJ MAILLIS POLAND SP.ZOO., WULFTEC INTERNATIONAL INC. and SANDER GMBH and Co. KG provided to the Lenders pledges and encumbrances on their stocks.
- The Company and its Group companies STRAPTECH SA, MARFLEX MJ MAILLIS POLAND SP.ZOO., MJ MAILLIS UK LIMITED, MAILLIS STRAPPING SYSTEMS USA, INC., MJ MAILLIS ROMANIA and WULFTEC INTERNATIONAL INC. provided to the Lenders collateral and encumbrances on their claims from insurance contracts.
- The Company and its Group companies STRAPTECH SA, MJ MAILLIS UK LIMITED, MAILLIS STRAPPING SYSTEMS USA INC., MJ MARFLECH MAILLIS POLAND SP.ZOO., WULFTEC INTERNATIONAL INC. and SANDER GMBH and Co. KG provided to Lenders encumbrances and pledges over their receivables.
- The Company and its Group companies STRAPTECH SA, MARFLEX MJ MAILLIS POLAND SP.ZOO., WULFTEC INTERNATIONAL INC., Providing collateral to lenders and encumbrances on their claims from factoring.
- M.J. MAILLIS ESPANA S.A.U. after conversion into a limited company enters as a guarantor of the obligations of the parent company resulting from the above bonds and

provides lenders with collateral assignments and encumbrances on factoring, receivables and bank accounts.

- Also within one year from the signing of the restructuring agreement, the group company SIAT SpA would have to provide collateral to lenders and encumbrances on the shares of its subsidiaries. This obligation has not been fulfilled due to the fact that other third parties have not given their consent.

### **35. Dividends per share**

The Company will not distribute a dividend for the year ended 31/12/2012.

### **36. Distribution of profit**

The proposition by the Board of Directors to the General Assembly is for the Company to transfer the profit of the year amounting to € 88,009 thousand to profits/losses carried forward.

### **37. Events after the reporting date**

- On January 22, 2013 the Company announced, according to the notification received from Principal Financial Group, Inc. (hereinafter "PFG") on January 18 2013, that Principal Life Insurance Company (hereinafter "PLIC"), a wholly owned indirect subsidiary of PFG and a wholly owned direct subsidiary of Principal Financial Services, Inc. (hereinafter "PFSI") sold on January 18, 2013 its entire participation in the Company consisting of, in aggregate, 19.308.860 shares and, as a result, PLIC's direct and PFG's and PFSI's indirect voting rights in the Company fell to 0% from 5,979%.

-On February 12, 2013 the Company announced, according to the notification received from the New York Life Insurance Company ("NYLIC") on February 8, 2013, NYLIC and New York Life Insurance and Annuity Corporation, a subsidiary of NYLIC, settled the disposition of their entire participation in the Company, consisting of, in aggregate, 27.008.352 shares and, as a result, NYLIC's direct and indirect voting rights in the Company fell to 0% from approximately 8,363%.

-On February 15, 2013 the Company announced, according to the notification received from H.I.G. Bayside Advisors II. LLC, H.I.G. Europe Capital Partners GP Limited και Grace Bay II Holdings S.a.r.l, on February 13, 2013, Grace Bay II Holdings S.a.r.l. acquired on February 8, 2013, 27.008.352 shares and the corresponding voting rights in the Company, amounting to 8,36% of the Company's share capital and voting rights. As per above notification, H.I.G. Bayside Advisors II LLC and H.I.G. Europe Capital Partners GP Limited having an equal share (50%-50%) and have agreed to exercise jointly the control over Grace Bay II Holdings S.a.r.l. (which holds the voting rights of the Company directly) within the meaning of art.3 paragraph 1 (cc) of Law 3556/2007. As a result, the percentage of voting rights held in the Company, directly by Grace Bay II Holdings S.a.r.l. and indirectly by H.I.G. Europe Capital Partners GP Limited and H.I.G. Bayside Advisors II LLC changed from 14,34% to 22,7%.

-On March 8, 2013 the Company announced that the Board of Directors, which was held on March 7 2013, elected a) Mr Faidon Stratos as Independent -non Executive Board Member, in replacement of the resigned Independent -Non Executive Board Member Mr. Menelaos Tasopoulos and b) Mr. Ioannis Lentzos, Chief Group Operations Officer as an Executive Board Member in replacement of the resigned Executive member Mr. Alexandros Tasopoulos.

Mr. Alexandros Tasopoulos remains as Chief Financial Officer of the Group up to March 31, 2013.

No other significant events took place after the balance sheet date.

Athens. 28 March 2013

**CHAIRMAN OF THE  
BOARD OF  
DIRECTORS**

**MICHAEL J. MAILLIS**

**Id. No. Φ 020206**

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

**MARKUS  
KÖLLMANN  
PASS. No. NR5R5RB18**

**GROUP FINANCIAL  
OFFICER**

**ALEXANDROS I.  
TASOPOULOS  
Id. No. Σ 621498**

**FINANCIAL  
MANAGER OF  
GREECE**

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

**INFORMATION ACCORDING TO ARTICLE 10 OF LAW 3401/2005**

The following Announcements/Notifications have been sent to the Daily Official List Announcements and are posted to the Athens Exchange website as well as to our Company's website [www.maillis.com](http://www.maillis.com):

DATE	ANNOUNCEMENT	WEBSITE
28/03/2012	M.J. MAILLIS GROUP: Full Year 2011 Financial Results (for the period 01.01.2011 – 31.12.2011)	<a href="http://www.maillis.com/ecportal.asp?id=3824&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3824&amp;nt=106&amp;lang=2</a>
28/03/2012	Announcement in accordance with paragraph 4.1.4.4. of ATHEX regulation	<a href="http://www.maillis.com/ecportal.asp?id=3825&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3825&amp;nt=106&amp;lang=2</a>
10/05/2012	Announcement of New Address of the Headquarters	<a href="http://www.maillis.com/ecportal.asp?id=3836&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3836&amp;nt=106&amp;lang=2</a>
21/05/2012	Invitation to the Annual Ordinary General Meeting for the year 2012	<a href="http://www.maillis.com/ecportal.asp?id=3862&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3862&amp;nt=106&amp;lang=2</a>
21/05/2012	M.J.MAILLIS GROUP: Q1 2012 Financial Results (for the period 01.01.2012 – 31.03.2012)	<a href="http://www.maillis.com/ecportal.asp?id=3866&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3866&amp;nt=106&amp;lang=2</a>
21/05/2012	Announcement in accordance with paragraph 4.1.4.4. of ATHEX regulation	<a href="http://www.maillis.com/ecportal.asp?id=3870&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3870&amp;nt=106&amp;lang=2</a>
30/05/2012	TOTAL NUMBER OF SHARES AND VOTING RIGHTS of the Annual Ordinary General Meeting of the Shareholders on June 26, 2012	<a href="http://www.maillis.com/ecportal.asp?id=3879&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3879&amp;nt=106&amp;lang=2</a>
15/06/2012	DRAFT RESOLUTIONS ON THE ITEMS OF THE AGENDA OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON 26.06.2012	<a href="http://www.maillis.com/ecportal.asp?id=3885&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3885&amp;nt=106&amp;lang=2</a>
21/06/2012	Participation and voting through internet and correspondence	<a href="http://www.maillis.com/ecportal.asp?id=3889&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3889&amp;nt=106&amp;lang=2</a>
27/06/2012	Resolutions of the Annual General Shareholders Meeting held on June 26, 2012	<a href="http://www.maillis.com/ecportal.asp?id=3893&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3893&amp;nt=106&amp;lang=2</a>
31/07/2012	ANNOUNCEMENT OF REGULATED INFORMATION ACCORDING TO LAW 3556/2007	<a href="http://www.maillis.com/ecportal.asp?id=3900&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3900&amp;nt=106&amp;lang=2</a>
03/08/2012	ANNOUNCEMENT OF REGULATED INFORMATION ACCORDING TO LAW 3556/2007 Correct Repetition of the announcement of 31.7.2012	<a href="http://www.maillis.com/ecportal.asp?id=3903&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3903&amp;nt=106&amp;lang=2</a>
30/08/2012	M.J. MAILLIS GROUP: 1st half 2012 Financial Results ((for the period 01.01.2012 – 30.06.2012)	<a href="http://www.maillis.com/ecportal.asp?id=3908&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3908&amp;nt=106&amp;lang=2</a>
30/08/2012	Announcement in accordance with paragraph 4.1.4.4. of ATHEX regulation	<a href="http://www.maillis.com/ecportal.asp?id=3913&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3913&amp;nt=106&amp;lang=2</a>
29/11/2012	M.J. MAILLIS GROUP: 3rd Quarter 2012 Financial Results (for the period 01.01.2012 – 30.09.2012)	<a href="http://www.maillis.com/ecportal.asp?id=3921&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3921&amp;nt=106&amp;lang=2</a>
29/11/2012	Announcement in accordance with paragraph 4.1.4.4. of ATHEX regulation	<a href="http://www.maillis.com/ecportal.asp?id=3922&amp;nt=106&amp;lang=2">http://www.maillis.com/ecportal.asp?id=3922&amp;nt=106&amp;lang=2</a>

# M. J. MAILLIS S.A.

## INDUSTRIAL PACKAGING SYSTEMS & TECHNOLOGIES

### SUMMARY FINANCIAL STATEMENTS for the year ended 31 December 2012

(In terms of article 135 of the Law 2190/20, for the companies publishing annual financial statements in accordance with IFRS)

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

#### COMPANY'S STATUTORY INFORMATION

Head Office and Registered Address:	Taki Kavaleratou 7, 145 64 Kifissia, Athens
Company's Number in the Register of Societes Anonymes:	2716/06/B/86/43
Company's G.E.M.I. Number:	295301000
Supervising Authority:	Ministry of Development, (Department for limited Companies)
Board of Directors:	President: M.J. Maillis Vice President and Chief Executive Officer: Markus Köllmann Members: Lito Ioannidou, Michael Kokkinos, Faidon Stratos, Ioannis Lentzos, Petros Tzannetakis, Michael Panagis, Stylianos Stavridis
Date of Approval of the Financial Statements	28 March 2013
Auditor's Name:	Dimitrios Sourbis (SOEL Reg. No. 16891)
Auditor's Firm:	PRICEWATERHOUSECOOPERS S.A.
Independent Auditor's Report:	Unqualified opinion / Emphasis of Matter
Company's web address:	www.maillis.com

#### STATEMENT OF FINANCIAL POSITION (Amounts in €)

	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
<b>ASSETS</b>				
Tangible assets	85,882,346	92,654,708	46,972,508	52,713,461
Intangible assets	51,021,219	67,200,787	119,442	181,640
Other non-current assets	10,643,539	22,163,711	125,148,182	154,864,536
Inventories	52,208,189	54,196,886	14,200,126	15,771,695
Trade receivables	47,928,174	53,438,551	28,501,140	56,469,317
Other current assets	22,345,595	22,059,414	63,819,705	77,153,939
<b>TOTAL ASSETS</b>	<b>270,029,062</b>	<b>311,714,057</b>	<b>278,761,103</b>	<b>357,154,588</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	96,877,587	96,877,587	96,877,586	96,877,586
Other equity attributable to company's shareholders	-137,614,792	-89,943,880	-68,951,498	19,057,767
<b>Equity attributable to company's shareholders (a)</b>	<b>-40,737,205</b>	<b>6,933,707</b>	<b>27,926,088</b>	<b>115,935,353</b>
Minority interest (b)	72,739	199,040	0	0
<b>Total equity (c) = (a) + (b)</b>	<b>-40,664,466</b>	<b>7,132,747</b>	<b>27,926,088</b>	<b>115,935,353</b>
Non-current borrowings	1,055,404	213,387,590	0	212,032,057
Provisions and other non-current liabilities	19,122,545	20,803,697	8,573,653	9,536,365
Current borrowings	235,010,714	12,079,252	229,195,478	4,272,271
Other current liabilities	55,504,805	58,300,771	13,065,884	15,378,542
<b>Total liabilities (d)</b>	<b>310,693,468</b>	<b>304,581,310</b>	<b>250,835,015</b>	<b>241,219,233</b>
<b>TOTAL EQUITY AND LIABILITIES (c) + (d)</b>	<b>270,029,062</b>	<b>311,714,057</b>	<b>278,761,103</b>	<b>357,154,588</b>

#### STATEMENT OF COMPREHENSIVE INCOME (Amounts in €)

	GROUP		COMPANY	
	01/01-31/12/12	01/01-31/12/11	01/01-31/12/12	01/01-31/12/11
Turnover	266,686,898	279,338,864	76,574,637	89,650,127
Gross margin	50,022,435	51,185,040	8,606,295	10,501,187
Earnings/(Losses) before taxes and financial results	825,708	-2,878,732	-46,935,311	-5,721,876
Earnings / (Losses) before tax	-33,928,950	1,804,416	-76,529,309	-3,550,966
Less tax	-15,318,270	-134,803	-11,479,956	-1,044,317
<b>Earnings / (Losses) after tax (A)</b>	<b>-49,247,220</b>	<b>1,669,613</b>	<b>-88,009,265</b>	<b>-2,506,649</b>
<b>Distributed as follows:</b>				
Company shareholders	-49,145,352	1,824,391	-88,009,265	-2,506,649
Minority interest	-101,868	-154,778	0	0
<b>Other comprehensive income after tax (B)</b>	<b>1,450,067</b>	<b>-1,310,875</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income (A) + (B)</b>	<b>-47,797,153</b>	<b>358,738</b>	<b>-88,009,265</b>	<b>-2,506,649</b>
<b>Distributed as follows:</b>				
Company shareholders	-47,670,912	135,926	-88,009,265	-2,506,649
Minority interest	-126,241	222,812	0	0
<b>Earnings / (Losses) per share (in €)-Basic</b>	<b>-0,1522</b>	<b>0,0142</b>	<b>-0,2725</b>	<b>-0,0195</b>
<b>Earnings / (Losses) per share (in €)- Diluted</b>	<b>-0,0455</b>	<b>0,0206</b>	<b>-0,0885</b>	<b>-0,0030</b>
Earnings / (Losses) before taxes, financial results, depreciation and amortisation (EBITDA)	9,571,021	6,908,080	-31,709,123	-421,028

#### STATEMENT OF CHANGES IN EQUITY (Amounts in €)

	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
<b>Net equity opening balance (01.01.2012 and 01.01.2011)</b>	<b>7,132,747</b>	<b>-24,687,393</b>	<b>115,935,353</b>	<b>86,837,743</b>
Share Capital Increase	0	32,467,311	0	32,467,311
Issuance Costs	0	-1,005,909	0	-863,052
Total comprehensive income after tax	-47,797,153	358,738	-88,009,265	-2,506,649
<b>Net equity closing balance (31.12.2012 and 31.12.2011)</b>	<b>-40,664,406</b>	<b>7,132,747</b>	<b>27,926,088</b>	<b>115,935,353</b>

CHAIRMAN OF THE BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER

FINANCIAL MANAGER OF GREECE

MICHAEL J. MAILLIS  
Id. No Φ 020206

MARKUS H. KÖLLMANN  
PASS. No. NRSRSRB18

ALEXANDER J. TASOPOULOS  
Id. No Σ 621498

SPYRIDON D. PARGAS  
Reg. No. 5293 E.C.G. A' Class

KRONOS S.A.

#### CASH FLOW STATEMENT (Amounts in €)

	GROUP		COMPANY	
	01/01-31/12/12	01/01-31/12/11	01/01-31/12/12	01/01-31/12/11
<b>Cash Flows from Operating Activities</b>				
Profit / (Loss) before tax	-33,928,950	1,804,416	-76,529,309	-3,550,966
Adjustments for:				
Depreciation and amortisation	9,326,967	10,369,027	4,931,371	5,665,920
Impairment on tangible and intangible assets	16,303,141	11,083,356	18,109,997	22,566,397
Provisions	-4,465,116	-3,227,509	31,970,106	521,764
Exchange differences	546,549	-921,094	89,957	-441,425
Gain on the extinguishment of financial liabilities by the issue of common equity shares	0	-42,457,252	0	-42,457,252
(Gain) or loss from investing activities	-650,412	-21,372	9,894,817	-365,072
Interest payable	18,670,022	28,627,996	11,884,001	19,014,944
Working capital changes:				
Decrease/(Increase) in inventories	3,463,083	4,343,736	1,571,569	805,935
Decrease/(Increase) in trade receivables	5,812,529	3,678,260	-218,972	-50,942,459
Increase/(Decrease) in trade payables (except banks)	245,165	-5,075,620	-2,311,594	-5,866,148
Interest paid	-4,732,887	-7,774,028	-2,792,927	-6,534,867
Tax paid	-3,889,482	-3,663,819	-1,863,030	-1,863,030
<b>Net Cash from operating activities</b>	<b>6,700,609</b>	<b>-3,233,903</b>	<b>-3,584,014</b>	<b>-63,769,766</b>
<b>Cash Flows from Investing Activities</b>				
Acquisition of subsidiary	0	0	0	-27,487,469
Purchase of intangible assets, property, plant and equipment	-2,454,886	-1,597,138	-806,513	-442,536
Proceeds on sale of fixed assets	486,847	375,992	375,293	207,473
Interest received	510,289	502,443	5,663,452	296,502
<b>Net Cash used in investing activities</b>	<b>-1,457,750</b>	<b>-7,187,703</b>	<b>5,230,232</b>	<b>-27,426,030</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds of issuance of share capital	0	-1,006,051	0	-863,052
Proceeds from borrowings raised	0	8,055,865	0	90,051,616
Repayment of borrowings	-2,479,695	0	-2,000,000	0
Repayment of finance lease liabilities	-1,571,049	-1,699,940	0	0
<b>Net cash used in financing activities</b>	<b>-4,050,744</b>	<b>5,349,874</b>	<b>-2,000,000</b>	<b>89,188,564</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,192,115</b>	<b>1,397,268</b>	<b>-353,782</b>	<b>-2,007,232</b>
<b>Cash and cash equivalents in beginning of period</b>	<b>13,313,821</b>	<b>12,001,621</b>	<b>1,784,678</b>	<b>3,791,910</b>
<b>Exchange differences adjustment</b>	<b>-30,691</b>	<b>-85,068</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at end of period</b>	<b>14,475,245</b>	<b>13,313,821</b>	<b>1,430,896</b>	<b>1,784,678</b>

#### Additional Information

- Companies that are included in the consolidated financial statements of the year ended 31 December 2012 are presented in note 10 in the Group's annual financial statements including locations, percentage Group ownership and consolidation method.
- The accounting principles followed, are in accordance with those followed as at 31/12/2011.
- The Company has been audited by the tax authorities up to and including the financial year 2007. The unaudited tax years for the other Group entities are detailed in Note (25) of the annual financial statements.
- There are no contested or doubtful legal cases which might influence materially the financial position of the Company and the Group.
- The number of employees as at 31/12/2012 was 1,376 for the Group (31/12/2011: 1,447) and 275 for the Company (31/12/2011: 306).
- Intercompany related party transactions for the year ended 31 December 2012 and related party balances for the period then ended according to IAS 24 are as follows:
 

Amounts in € thousand	Group	Company
a) Income	2,581	53,641
b) Expenses	111	2,374
c) Receivables	978	129,457
d) Payables	27	1,947
e) Key management compensations	3,970	2,303
f) Receivables from key management	0	0
g) Payables to key management	0	0
- The Group has formed cumulative provisions amounting to € 2,155 thousand for unaudited fiscal tax years, € 7,633 thousand for retirement benefit obligations and € 5,493 thousand for other liabilities. The Company has formed cumulative provisions amounting to € 1,350 thousand for unaudited fiscal tax years, € 1,829 thousand for retirement benefit obligations and € 287 thousand for other liabilities.
- At the end of the current period no shares of the parent company are possessed by either the parent company or any subsidiaries or associate companies.
- The report of the auditors will be unqualified with an emphasis of matter paragraph because of the material uncertainty resulting from the breach of certain financial terms and the classification of bonds affected in short term, that may raise significant doubt about the ability of the Company and the Group to continue as a going concern. Further information is provided in Notes 2 & 19 of the annual financial statements.