



FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY

TZIMA POSITION – 194 00 KOROPH ATTICA

General Commercial Registry No. 582101000

**Annual Financial Report
for financial year 2018
(January 1st 2018 - December 31st 2018)**

According to article 4 of L. 3556/2007

**And the relevant authorized and executive decisions issued by the
Board of Directors of the Hellenic Capital Market Commission**

It is confirmed that the present Annual Financial Report that concerns the financial year 2018 (January 1st 2018 – December 31st 2018), has been approved by the Board of Directors of "FLEXOPACK PLASTICS S.A." on the 19th of April 2019 and is posted on the internet on the Company's official website www.flexopack.com. The Annual Financial Report will remain available to investors on the internet for a period of at least ten (10) years from its preparation date and initial release.

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CHAPTER 1 : Statements by Representatives of the Board of Directors**(According to article 4 par. 2 of L. 3556/2007, as is in effect)**

1. Georgios Ginosatis of Spyridonos, resident of Koropi Attica, 6 Karaiskaki Str., Chairman of the Board of Directors and Chief Executive Officer
2. Stamatios Ginosatis of Spyridonos, resident of Koropi Attica, 204 Vas. Konstantinou Str., Vice-Chairman of the Board of Directors and Deputy Chief Executive Officer.
3. Asimina Ginosati of Dimitrios, resident of Koropi Attica, 204 Vas. Konstantinou Str., Executive Member of the Board of Directors.

We, the following signatories, under our capacity as mentioned above, according to the stipulations by law (article 4 par. 2, case c, of Law 3556/2007) and specifically pursuant to the relevant special decision by the Board of Directors of the Société Anonyme Company with the name "FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY", (hereinafter the "**Company**" or "**FLEXOPACK**"), hereby state and confirm that to our knowledge:

(a) The annual Financial statements of the Company for financial year 2018 (1.1.2018 - 31.12.2018), individual and consolidated, which were prepared in accordance with the current accounting standards in effect, accurately present the assets and liabilities, the equity and results for the period of the Company, as well as of the companies included in the consolidation and considered aggregately as a whole, and

(b) the annual Report of the Board of Directors of the Company depicts in true manner the most significant events occurring during the financial year 2018, their effect on the annual Financial statements, including the description of the major risks and uncertainties which the Company faces, the important changes taking place between the Company and its related parties (as they are defined by IAS 24), as well as the development of the activities, the performance and position of the Company and the companies included in the consolidation regarded as a whole.

Koropi, 19 April 2019

The parties of the statement

Georgios Ginosatis
ID NO. AE 153990Stamatios Ginosatis
ID NO. S 500301Asimina Ginosati
ID NO. AB 243605

CHAPTER 2: Annual Report by the Board of Directors (including the Corporate Governance Statement), for financial year 2018.

The current Annual Management Report by the Board of Directors (hereinafter for the sake of brevity the "Report" or "Annual Report"), refers to the financial year 2018 (01.01.2018 – 31.12.2018) was prepared and is in line with the relevant provisions of P.L. 2190/1920 as they have been replaced by Law 4548/2018 and also with the provisions of Law 3556/2007 (Government Gazette 91^A/30.04.2007) and especially the article 4, and with the relevant, as stated by law, executive decisions issued by the Hellenic Capital Market Commission and specifically Decisions No. 1/434/2007 and 8/754/14.04.2016, as well as with the protocol number 62784/06.06.2017 Circular in effect of the Corporate and GEMI Division of the Ministry of Economy, Development and Tourism.

The Report includes in synopsis and in understandable, essential and comprehensive manner all sub-sections required, according to the above regulatory framework, and depicts in true and precise manner all the relevant by law information, so as to create an essential and in depth sum of information for the activities during the period under consideration of the Societe Anonyme under the name "FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY" (which in the current Report will be called for the sake of brevity as "**Company**" or "**Issuer**" or "**FLEXOPACK**") as well as of FLEXOPACK Group.

Given the fact that the Company prepares consolidated and non-consolidated (separate) financial statements, the present Report is exclusive, with as its basic and primary reference the Company's consolidated Financial data and those of its related companies. References to non-consolidated financial data in the following analysis, are made in specific points deemed reasonable or necessary by the Company's Board of Directors, for the better understanding of the Report's contents and also for the more effective provision of information towards the Company's shareholders.

The related and associate companies that are included in the consolidated Financial statements with the respective participation percentages of the Company on 31.12.2018 are the following:

- 1) "FLEXOPACK POLSKA Sp. Z.o.o" (previously named as "Fescopack Sp. Z.o.o"), which is based in Poland, in which the Company participates now with 100.00%,
- 2) "FLEXOSYSTEMS Ltd Belgrade", which is based in Serbia, with a 100% participation of the Company,
- 3) «FLEXOPACK INTERNATIONAL LIMITED», domiciled in Larnaca, Cyprus, fully owned by the Company (100%),
- 4) «FLEXOPACK PTY LTD», domiciled in Brisbane, Australia, fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company),
- 5) «FLEXOPACK PROPERTIES PTY LTD», domiciled in Brisbane, Australia, fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company),
- 6) « FLEXOPACK NZ LIMITED », domiciled in Auckland, New Zealand, fully owned (100%) by the subsidiary « FLEXOPACK PTY LTD » (indirect participation of the Company). As noted previously, the latter is fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED», (indirect participation of the Company),
- 7) «FLEXOPACK TRADE AND SERVICES UK LIMITED», domiciled in UK, fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company),
- 8) the French-based company "FLEXOPACK FRANCE", in which the subsidiary "FLEXOPACK INTERNATIONAL LIMITED" also participates with a 100% (indirect participation of the Company)
- 9) the Société Anonyme company "INOVA SA PLASTICS", which is based in Greece, in which the Company participates with 50%, and finally,
- 10) the Société Anonyme company, "VLAHOU BROS SA", which is based in Greece, in which the Company participates with 47.71%.

Of the above ten (10) legal entities, the (parent versus subsidiary) relation described in article 32 paragraph 2 of Law 4308/2014 applies only for the eight (8) foreign companies (1-8 according to above ranking).

The present Report is included in total with the annual Financial statements (separate and consolidated) of the year 2018 and the other required by law information and statements in the Annual Financial Report which concerns the financial year 2018.

The sub-sections of the Report and the content of such are as follows:

SECTION A

Significant events of financial year 2018

The significant events that occurred during the financial year 2018 and any impact of theirs on the Financial statements have as follows:

1. Annual Ordinary General Shareholders' Meeting of the Company

On Friday, 29th June 2018, at 15:00, the Annual General Meeting of Shareholders of the Company was held at the offices of the Company (Tzima, Koropi, Hephaestus rural street), which was attended in person or by proxy, by shareholders representing 9,536,258 ordinary, registered shares and equal voting rights, i.e. 81.37% of total 11,720,024 shares and equal voting rights of the Company.

The annual General Meeting of the Company's shareholders proceeded with the following decisions on the subjects of the daily agenda:

With regard to the 1st issue, it unanimously approved the Annual Financial Statements (Company and consolidated) relating to the financial year 2017 (01.01.2017 - 31.12.2017) and, in overall, the annual Financial Report for that year, which was according to the law prepared and published by the Company on the latter's legally registered webpage in GEMI (General Electronic Commercial Registry) and via dispatch to the website of the Organized Market where the Company's shares are traded, as well as to the Hellenic Capital Market Commission.

With regard to the 2nd issue, it unanimously approved the annual Management Report of the Board of Directors, which is entirely included in the Minutes of the Board of Directors of 17th April 2018, as well as the Audit Report of 18th April 2018, of the Chartered Auditor-Accountant of the Company, Theodoros N. Papailios, regarding the annual financial statements relating to the financial year 2017 (01.01.2017-31.12.2017).

With regard to the 3rd issue, the Meeting unanimously approved the allocation and distribution of the results of the financial year which ended on 2017 (01.01.2017-31.12.2017), and specifically it approved not to distribute any dividend to the shareholders of the Company from the earnings of the closing financial year 2017.

With regard to the 4th issue, the Meeting unanimously approved, following a voting from the shareholders based on name, the discharge of the members of the Board of Directors and the Auditors of the Company from any liability stemming from their actions and the overall management of the closing financial year of 2017 (01.01.2017-31.12.2017) and the annual financial statements of that year.

With regard to the 5th issue, it approved by majority and following the relevant proposal of the Audit

Committee, the election of the Auditing Firm "SOL – CERTIFIED PUBLIC ACCOUNTANTS SOCIETE ANONYME" (registered in the Public Registry of article 14, Law 4449/2017) for the ordinary audit of the annual and semi-annual financial statements of the Company (parent and consolidated) for the current financial year 2018 (01.01.2018-31.12.2018) and specifically of Mr. Serafeim Makris of Dimitrios (SOEL Registration Number 16311) as Ordinary Certified Auditor Accountant and of Ms. Konstantina Giannopoulou of Georgios (SOEL Registration Number 36881) as Deputy Certified Auditor Accountant.

With regard to the 6th issue, it unanimously approved the remuneration paid to the members of the Board of Directors for services provided to the Company during the closing financial year 2017 (01.01.2017-31.12.2017) and the period 01.01.2018-30.06.2018, whereas it pre-approved the remuneration payable to the Board members during the period 01.07.2018-31.12.2018 and until the next annual Ordinary General Meeting.

With regard to the 7th issue, it unanimously approved the provision of authorization, in accordance with article 23 paragraph 1 of C.L. 2190/1920, to members of the Board of Directors and the Managers of the Company to carry out transactions falling under any of the intended purposes of the Company on behalf of third parties and to participate in the Board of Directors or the Management of Group Companies (existing and / or future), which pursue the same, related or similar purposes.

With regard to the 8th issue, the Meeting unanimously granted the Company's Board of Directors with the authorization to proceed to a share capital increase according to the provisions of the article 13, paragraph 1, section b and c of the C.L. 2190/1920, partially or totally, for the next five (5) years and up to the amount of the current paid up share capital of the Company (6,328,812.96 €).

With regard to the 9th issue, it approved by majority the granting of an explicit and special mandate to the Company's Board of Directors in order to proceed with a stock option plan towards the members of the Board of directors, the Managers and the personnel of the Company as well as the associate / related companies in the form of a stock option, according to the provisions of the article 13, paragraph 14 of the C.L. 2190/1920. Furthermore, the Board of Directors will proceed into the specification of the terms and conditions of the above plan according to the effective legislative framework as well as into all other actions required for the appropriate implementation of the above procedure.

With regard to the 10th issue, the Meeting unanimously approved the Company's share capital increase by the amount of 586,001.20 Euros due to the capitalization of part of the "share premium reserve". The above capitalization was due the increase of the nominal value per Company's share by 0.05 Euro, meaning from 0.54 Euro to 0.59 Euro.

With regard to the 11th issue, the Meeting unanimously approved the Company's share capital decrease by the amount of 586,001.20 Euros via the reduction of the nominal value per Company's share by 0.05 Euro, meaning from 0.59 Euro to 0.54 Euro and the return of the respective amount to the Company's shareholders.

With regard to the 12th issue, the Meeting unanimously granted the Board of Directors with the relevant authorization in order for the latter to determine all the required dates and issues (ex-right date, determination of the entitled shareholders, commencement of payment, etc.) with regard to the execution of the above mentioned resolutions (issues 10th and 11th) concerning the Company's share capital increase and simultaneous decrease. The Board of Directors was also authorized to proceed with all the required actions in order to receive the necessary approvals from the pertinent authorities and act in appropriate manner with regard to the payment of the above amount, deriving from the share capital decrease, towards the entitled shareholders of the Company.

With regard to the 13th issue, the Meeting unanimously approved the relevant to the resolutions of the 10th and 11th issue of the daily agenda, amendment of the article 5, paragraph 1 of the Company's Articles of Association exactly in the draft form that had been announced by the Company in accordance with the article 27, paragraph 3, case d of PL 2190/1920, as it is currently in effect.

With regard to the 14th issue, following the filing into the General Electronic Commercial Registry (GEMI) of the amendment of the article 9 of the Company's Articles of Association regarding the composition of the Board of Directors, the Meeting approved by majority the verification of the election of the new Board of Directors and the appointment of the independent members which was implemented by the previous annual Ordinary General Meeting on 30th June 2017. At the same time, the Meeting approved by the same majority the entire deeds, statements and actions taken by the Board from its election date (30.06.2017) and until today.

With regard to the 15th issue, the annual Ordinary General Meeting of the Company's shareholders was fully informed, according to the provisions of the P.L. 2190/1920, about the election of the new member of the Board of Directors in replacement of the resigned Director of the Board of Directors, and specifically about the election of Ms. Aliki Benroubi that superseded the resigned Independent Non-Executive Member Ms. Ioannis Papamichalis for the remaining of his tenure (namely up until 30.06.2022). Following the above, the Meeting proceeded unanimously and according to the provisions of L. 3016/2002 with the appointment of Ms. Aliki Benroubi as independent non-executive member of the Board, given fact that the elected temporary Director fulfilled the required by the law conditions of independence.

With regard to the 16th issue, it unanimously approved the appointment of the Audit Committee according to the provisions of article 44 of Law 4449/2017, which consists of the following three (3) non-executive members of the Company's Board of Directors, namely: 1) Nikolaos Regkos of Eleftherios, 2) Aliki Benroubi of Sam Samuel and 3) Nikolaos Vlachos of Matthaios. All above members possess the adequate knowledge in the area of the Company's business activities, whereas they fulfill the requirements stipulated by law (independence from the audited entity and sufficient knowledge in auditing and accounting) and have been appropriately appointed as members of the Committee.

2. Increase and simultaneous decrease of share capital via the respective increase and decrease of the nominal value per share of the Company.

The annual Ordinary General Meeting of the Company's shareholders which took place on 29th June 2018, approved the following among other issues:

- (a) The share capital increase of the Company by the amount of 586,001.20 Euro via the capitalization of part of the "share premium account" and the increase of the nominal value per share of the Company by 0.05 Euro, meaning from 0.54 Euro to 0.59 Euro and
- (b) The share capital decrease of the Company by the amount of 586,001.20 Euro via the decrease of the nominal value per share of the Company by 0.05 Euro meaning from 0.59 Euro to 0.54 Euro and return / payment of the corresponding capital to the Company's shareholders.

Following the above increase and decrease of the Company's share capital via a corresponding increase and equivalent decrease of the nominal value per share, the Company's share capital amounts to 6,328,812.96 Euros, is fully paid in, and is divided into 11,720,024 common registered shares with a nominal value of 0.54 Euro per share.

On 20.07.2018, the decision of the General Secretary of Commerce and Consumer Protection of the Ministry of Finance and Development with protocol number 79230/20.07.2018 (ΑΔΑ: ΩΜΦΦ465ΧΙ8-37Π) was filed into the General Electronic Commercial Registry (GEMI) under the registration code

number 1428663. Via the above decision, it was approved the amendment of article 5 of the Company's Articles of Association.

The Corporate Actions Committee of the Athens Exchange, during its meeting on July 26th, 2018 was informed about the equivalent increase and decrease of the Company's share capital, via the corresponding increase and decrease of the nominal value of the total number of shares of the Company and about the share capital return (amounting to 0.05 Euro per share) via a payment in cash towards the shareholders of the Company.

Following the above, from August 1st, 2018 the Company's shares were traded on the Athens Exchange with a final nominal value of 0.54 Euro per share and without the right to the share capital return (0.05 Euro per share) via a payment in cash towards the Company's shareholders.

From the same date, the starting price of the Company's shares at the Athens Exchange was settled in accordance with the Regulation of the Athens Exchange in combination with the decision no. 26 of the Board of Directors of the Athens Exchange.

The shareholders entitled to the share capital return were the ones registered in the records of D.S.S. (Dematerialized Securities System) as of August 2, 2018 (record date or the date determining the shareholders entitled to the above right) for the particular listed company.

August 8, 2018 was set as the commencement payment date for the share capital return (0.05 Euros per share).

The payment of the cash amounts concerning the share capital return commenced on August 8, 2018 and was performed via the "NATIONAL BANK OF GREECE" as follows:

1. Via the account users / operators at the D.S.S. (banks, fiduciary parties and brokerage firms) according to the paragraph 4.1.3.4 of the Athens Exchange Regulation and the article 39 of the Operation Regulation of D.S.S. for the investors who have authorized their account users / operators to receive the dividends.
2. Via the branch network of the "NATIONAL BANK OF GREECE S.A." for those shareholders who have not authorized their users or who have revoked the relevant authorization towards their users, or for those investors who possessed their shares in their Special Investor Account.
3. Via a deposit made at the International Bank Account Number (IBAN), which the investor declared for the collection of the distributed amounts according to the article 13 of the Operation Regulation of D.S.S. and the decision no. 6 of the Board of Directors of ATHEXCSD, as currently in effect, for the investors who did not wish to receive the amounts via their account users / operators. It concerned only the investors who had declared an IBAN at the paying Bank "NATIONAL BANK OF GREECE S.A."

The entitled shareholders were in position to collect the share capital return regarding the above "case 2" through the presentation of the Investor Account Code Number at D.S.S. as well as of the Police Identification Document (ID), either in person or via a legally authorized representative, at any branch of the above mentioned paying Bank (in such a case the relevant authorization documents also with the authenticated signature of the entitled shareholder would be also presented).

Following a period of twelve (12) months from the commencement date of the payment, meaning from the 8th of August 2019, the share capital return would be made only at the Company's offices (Tzima Location – Ifaistou agricultural street, Koropi, Attiki, P.C. 19400).

For additional information, the Company's shareholders may contact the Shareholders' Department of the Company (tel. +30 210 – 66 80 000).

3. Replacement of member of the Board of Directors and Composition of the new Board of Directors into body

On 22/6/2018, the Company announced to the investment community that the Board of Directors during its meeting on 21st June 2018 had elected Ms. Alik Benroubi of Sam Samuel as Independent Non-Executive member. The new member superseded the resigned Independent Non-Executive Member Ms. Ioannis Papamichalis for the remaining of his tenure.

The election of the above mentioned Member of the Board of Directors was announced according to the required legal provisions in the immediately following Ordinary General Meeting of shareholders of the Company.

Following the above, the Company's Board of Directors was formed into body for the remaining term, meaning up until 30.06.2022, as presented below:

- 1) Georgios Ginosatis of Spyridon, Chairman of the Board and Chief Executive Officer of the Company (executive member),
- 2) Stamatios Ginosatis of Spyridon, Vice-Chairman of the Board and Deputy CEO of the Company, (executive member),
- 3) Asimina Ginosati of Dimitrios, Member of the Board of Directors (executive member),
- 4) Stamatina Ginosati of Georgios, Member of the Board of Directors (executive member),
- 5) Dimitrios Ginosatis of Stamatios, Member of the Board of Directors (non-executive member),
- 6) Spyridon Ginosatis of Stamatios, Member of the Board of Directors (non-executive member),
- 7) Nikolaos Vlachos of Matthaïos, Member of the Board of Directors (non-executive member),
- 8) Nikolaos Regkos of Eleftherios, Member of the Board of Directors (independent non-executive member), and
- 9) Alik Benroubi of Sam Samuel, Member of the Board of Directors (independent non-executive member).

The annual Ordinary General Meeting of the Company's shareholders was fully informed, according to the provisions of the P.L. 2190/1920, about the election of the new member of the Board of Directors in replacement of the resigned Director of the Board, and specifically about the election of Ms. Alik Benroubi that superseded the resigned Independent Non-Executive Member Ms. Ioannis Papamichalis for the remaining of his tenure (namely up until 30.06.2022). Following the above, the Meeting proceeded unanimously and according to the provisions of L. 3016/2002 with the appointment of Ms. Alik Benroubi as independent non-executive member of the Board, in view of the fact that the elected temporary Director fulfilled the required by the law conditions of independence.

4. Completion of the Company's new industrial building

The construction of the Company's new industrial building on a land plot of 9,904 square meters which is adjacent to the existing production facilities in Tzima location, Municipality of Koropi, was completed. The new industrial building is a two-floor building with production facilities, storage spaces and offices covering a total area of 8,485 square meters, and is expected to boost the Company's production capacity.

5. Issuance of Tax Certificate for the Year 2017

On 11th October 2018, in application of the provisions of paragraph 4.1.3.1 section 12 of the Athens Exchange Regulation and the article 17 of the no. 596/2014 Regulation of the European Parliament and the Council, the Company announced to the investment community that after the completion of the

special tax audit of the year 2017 (tax year 2017), which was conducted by the legal auditors of the Company in accordance with the clauses of article 65a of Law 4174/2013, as it is currently in effect, for both the Company and its subsidiaries INOVA PLASTICS SA and VLACHOU BROS SA, the relevant tax certificates were issued with opinion "without reservation".

6. Establishment of a new subsidiary in France

In October 2018, the management of the Company set up a new trading company under the brand name "FLEXOPACKFRANCE" in Lyon, France.

This new company is wholly owned by the Cypriot subsidiary "FLEXOPACKINTERNATIONALLIMITED" (100% controlled by the Company).

The establishment of this new company is part of the strategic planning of the Group for the targeted expansion, upgrading and modernization of its worldwide distribution and distribution network and aims to further strengthen and substantially expand the Group's presence in the particular geographic area, and to the fuller, more direct and efficient service of the specific geographic market.

The aforementioned subsidiary was not active during 2018 as it was in the process of creating and organizing its operational infrastructure.

7. Increase in the share capital of the subsidiary "FLEXOPACKINTERNATIONALLIMITED"

The Company's management proceeded to the capital increase of the amount of three hundred and fifty thousand (350,000) Euros of its 100% subsidiary company "FLEXOPACK INTERNATIONAL LIMITED", based in Larnaca, Cyprus. The increase of the share capital of the subsidiary was effected by cash payment and the issuance of one hundred thousand (100.000) new shares, of a nominal value of one (1.00) Euro each and with a disposal price of ten Euros and fifty cents (13.50) for each share.

The abovementioned capital increase was made in order to: a) pay the initial share capital of Euro 250 thousand of the subsidiary FLEXOPACKFRANCE; and b) cover the expenses of 100 thousand Euro of the subsidiary "FLEXOPACK PROPERTIES PTY LTD", in order to prepare the projects for the purpose of building an industrial building.

8. Issuance of Common Bond Loans with a total nominal value of € 11,000,000

The Company, following the decision of the Extraordinary General Meeting of its shareholders dated 6 December 2018, as well as the related delegation of decisions of its Board of Directors, proceeded to the conclusion of the following common bond loans according to the current regulatory framework:

a) On December 21, 2018, a Joint Bond Loan Coverage Agreement was signed through a private placement, in accordance with the provisions of Law 3156/2003 and Cod. Law 2190/1920, as applicable, of a total nominal value of Euro 6.000.000, with the coverage of it by the Banking Company under the name "NATIONAL BANK OF GREECE SA". Payment Authorization and As an attorney-at-law of payments and representative of the Bondholders was designated "NATIONAL BANK OF GREECE SA".

The proceeds of this non-commercially secured Common Bond Loan will be used by the Company for the refinancing of existing borrowings, namely the Bond Loan issued on 26.09.2016 amounting to € 2,500,000 issued by the Company as well as short-term borrowings amounting to € 1,500,000 , and to cover general business purposes and needs.

b) On December 24, 2018, a Contract for the Coverage of a Joint Bond Loan through a private placement was signed, in accordance with the provisions of Law 3156/2003 and Cod. 2190/1920, as applicable, of a total nominal value of Euro 5,000,000 with the coverage of it by the Banking Company under the name "EUROBANK ERGASIAS A.E. BANK". Payment As an attorney-at-law of payments and representative of the Bondholders was designated "EUROBANK ERGASIAS SA".

The proceeds of this non-secured Common Bond Loan will be used by the Company, on one hand , by the amount of 3.250.000 Euros for the refinancing of existing bank borrowing and in particular the repayment of a Bond Loan of the Company with a balance of 2.250.000 Euro, as well as for the repayment of a short-term loan amounting to Euro 1,000,000 and, on the other hand, by the amount of 1,750,000 Euros it will be used to cover its working capital needs.

SECTION B'**Basic risks and uncertainties****Basic risks and uncertainties**

Given its exporting activities and particularly its high extrovert strategy, the Group operates within an intense competitive global environment. The Group's general activities create several financial and other risks, including exchange rate risk, interest rate risk, credit and liquidity risk. The Group's overall risk management program focuses on the volatility of financial markets and aims at minimizing the potential adverse effects of such volatility on the Financial performance of the Group.

The Group's financial assets and financial liabilities mainly consist of cash & cash equivalents, trade receivables, loans and other receivables, bank loans, as well as liabilities towards suppliers and related liabilities.

I. Financial risks

The most common financial risks which the Group is exposed to are the following:

A. Exchange Rate Risk

The Group operates on a global level and realizes transactions in foreign currency, mainly: a) in U.S. dollar (U.S.D.), b) in Polish zloty (PLN), c) in Australian dollar (AUD) and in British Pound (GBP).

The Group's exposure to foreign exchange risk mainly emerges from existing or expected cash flows in foreign currency (exports-imports), as well as from investments in foreign operations whose equity is exposed to exchange rate risk during the translation of their financial statements for consolidation purposes.

Part of the foreign exchange risk that emanates from transactions in foreign currency according to the above is hedged with the use of forwards in foreign currency and foreign exchange futures for purchase or sale of currency, depending on the needs each time.

The Group monitors on constant basis the movements of the above exchange rates. Despite the fact that the largest part of the carried out transactions are expressed in Euros, the particular risk exists and may significantly affect the results of the Group.

A relevant analysis is presented in the note 5A of the annual financial statements, with regard to the above effect.

B. Credit risk

The Group does not face significant credit risk until today. Trade receivables stem from a wide client base, both from Greece and mainly from abroad. The Group's turnover mainly consists of transactions with reliable and creditworthy firms and companies in general, with which it sustains a long-term collaboration and relation of mutual trust in the majority of cases.

It should be noted that the Group has established and systematically applies credit control procedures that aim at minimizing bad debt. The Credit Control Department defines credit limits per customer and specific sales and cash collection terms are applied, while possible security is requested when deemed necessary. The Group continuously and systematically monitors the performance and financial position of its customers, in order to be pro-active and to evaluate the need to take specific measures per customer, also according to the market characteristics and difficulties where each customer operates in. No doubtful debtors exist that have not been covered by provisions for doubtful receivables.

It is also noted that the particular risk, although it exists, especially with regard to customers active in countries which have been hit by economic recession but also with regard to customers within the Greek region, due to the imposed capital controls concerning the banking transactions is considered for the time being as relatively limited and controllable according to the historic data possessed by the Group and in the context of the precautionary measures that have been taken and as well as the procedures that have been established.

A relevant analysis is presented in the note 5C of the annual financial statements.

C. Liquidity risk

In General, the monitoring of liquidity risk is focused on systematic monitoring and effectively managing cash inflows and outflows on a constant basis, in order for the Group to be able to smoothly meet its cash liabilities.

Liquidity risk is maintained at low levels by holding and ensuring adequate cash balances, while it should also be noted that there are adequate unused credit lines with financial institutions in order to face any possible shortage in cash. Such case however, despite the clearly negative circumstances and conditions particularly seen in the domestic economy over the past years, has not yet appeared.

However, in view of the concerns regarding the course of the global economy (e.g. the United Kingdom's failure or departure from the European Union, the refugee crisis, the outbreak of international terrorism, the deterioration of international relations), the probability cannot be excluded that the aforementioned risk affects the Group's liquidity to a controlled degree.

A relevant analysis is presented in the note 5D of the annual financial statements.

D. Cash flow risk due to changes in interest rates

The Group's operating revenues and cash flows are affected by changes in interest rates, however the Group's relatively low level of bank debt as well as the fact that the long-term bank debt is based on fixed interest rates, render the above risk as controlled and not capable to materially affect the Group's activity and growth.

A relevant analysis is presented in the note 5B of the annual financial statements.

II. Other risks to which the Group is exposed

A. Risk arising from competition of foreign and domestic firms

The competition in the international market where the Group and the Company operate is becoming stronger.

The Group based on the fully staffed and equipped Research and Development Department it owns, and on the long-term presence in the sector it possesses, manages to differentiate its products from the current competition and to present innovative diversified solutions. The quality of the Group's produced products, the brand name, especially the brand name of the Company.

Despite the above, the particular risk due to the stronger competition seen on international level is real and exists, and therefore it may affect the performance and results of the Group during the fiscal year 2019.

B. Risk of reduced demand due to consumption slowdown

The Group is active in an intensive and competitive global environment. Its specialized know-how in conjunction with the research, development and creation of new products and strong infrastructure in production equipment, assist the Group to remain competitive as well as expand or achieve its penetration in new markets.

The products of the Group are used mainly in food packaging which, since food is of first need, are usually affected the least from consumption slowdown, however they may be affected subsequently by external factors that may prevail in the markets in which the Group is active. External factors that may harm demand for the Group's products include the probability of illnesses in meat, the change in food and nutrition patterns, climate changes, a slowdown of the global economy etc.

Since there are signs of a slowdown in economic activity in the Eurozone at this time, due to Brexit's concern, the threat of protectionism and other reasons, this risk is judged to be quite important.

For this reason, the specific risk is considered as actual, as it may affect the Group's performance and results during the year 2019.

C. Risk related to the cost of production

The Group due to lack of domestic production of raw materials, is exposed to price volatility of raw materials that it acquires internationally. This volatility may result from abrupt changes in oil production prices, other chemical products or other related reasons.

In order to reduce this risk, the Group's inventory and commercial policy is adjusted accordingly in order to diversify and transfer part of this risk, to the extent that this is possible and according to the current conditions present each time as regards to competition. Nevertheless, if the cost of raw materials cannot be essentially transferred to the price of the final product, then this risk is considered as substantial and may negatively affect the Group's results.

Consumption of electric energy is also a significant cost factor as regards to the Group's production activity. In tackling this risk the Group has invested in low energy consumption equipment and at the same time it targets at developing and operating specialized energy management systems, thus intensifying its efforts towards a lower energy cost. In any case, the particular risk is viewed by the Company's Management as real and may potentially affect the results of the Group, especially if in the context of the electricity sector's restructuring the pertinent authorities proceed with new increases in the supply cost of the Company.

D. Risks related to work safety

Work safety for the Group's employees is a top priority and necessary condition when operating its production facilities. A workplace plan that focuses on establishing a safety culture throughout all the Group's activities and operations, as well as on targeting the constant training and education of the Company's personnel is applied on a continuous and constant basis. Moreover, broad educational programs are applied to systematically and fully train and educate employees on workplace safety and hygiene issues. The application of such programs is continuously reviewed by the Company's relevant Department.

E. Environmental risks

Protection of the environment and sustainable development are fundamental principles for the Group. For this reason, the Group takes strict measures in the areas where it operates, which in several cases extend further than those imposed by law. The Group invests in best available techniques for protecting the environment, it closely monitors planned changes in environmental law and it ensures to take the necessary measures in advance so as to avoid any risk of not complying with the new law once being in effect in a prompt manner.

F. Risks due to the capital controls imposed on the Greek banking system

With the Act of Legislative Content as of 28.06.2015, the Greek banks entered into a bank holiday whereas capital controls were imposed following the respective decisions of the Ministry of Finance. The framework has been steadily improving towards alleviating the initial restrictions and prohibitions, and since 01.10.2018 all cash withdrawals by institutions in Greece have been authorized without limitation, while maintaining only a ban on the transfer of funds abroad, with the exception of transactions being processed on a day-to-day basis by the Special Subcommittees of Banks and the Bank Transactions Approval Committee.

Given the Company's strong export orientation (with exports representing nearly 84% of its turnover), the capital controls imposed did not affect until today and in any manner, and most likely it will not affect in the future, the business activities of the Company and the Group. It is noted that the Company has ensured the continuous and sufficient supply of raw materials needed for the production process.

G. Risk related to the referendum in United Kingdom

The Group activates in the United Kingdom through both the parent Company as well as the subsidiary company «FLEXOPACK TRADE AND SERVICES UK LIMITED».

Following the referendum held in the United Kingdom on 23 June 2016 and the decision to withdraw from the European Union, in the event of an exit without agreement, there would be adverse consequences due to the activation of the duty and VAT regime and the possible change in the exchange rate Euro-sterling.

FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY

At the moment, as the terms and conditions of Brexit have not been fully clarified, there can be no specific assessment of the risks, impact and possible effects of this on commercial activity and economic results, in general, of the Group and the Company.

The Group's total sales during the year 2018 in the United Kingdom amounted to € 8.69 million and accounted for 10.28% of the consolidated turnover.

The Group's sales in GBP (GBP) amounted to 3.37% of the consolidated turnover.

A sensitivity analysis of the exchange rate risk implied from transactions carried out in GBP is presented in the note 5A of the annual financial statements.

SECTION C

Significant transactions with related parties

The present section includes the most important transactions made during the financial year 2018 between the Company and its related parties as defined by IAS 24 and in particular:

- a) Transactions between the Company and each related party that have materially affected the financial position or performance of the Company during the specific fiscal year.
- b) Any changes in the transactions between the Company and each related party described in the last Annual Report, which could have a material effect on the Financial position or performance of the Company during financial year 2018.

It is noted that the following reference to those transactions, includes the following elements:

- (a) The amount of such transactions for the year 2018
- (b) The outstanding balance of these transaction at the yearend (31/12/2018)
- (c) The nature of the related party relationship with the Company and
- (d) Any information on transactions, which is necessary for the understanding of the financial position of the Company, but only if such transactions are material and have not been concluded under normal market conditions.

The most significant transactions carried out during the year 2018 and the previous year 2017 between the Company and its associates (as defined by IAS 24) are presented in the following 2 tables.

1/1/-31/12/2018

COMPANY	Sales of goods and services	Purchases of goods and services	Receivables	Liabilities
FLEXOPACK POLSKA Sp. Zo.o	4.239	5.719	5.970	1.302
FLEXOSYSTEMS Ltd -Belgrade	783	0	178	0
FLEXOPACK PTY LTD- AUSTRALIA	10.198	7	8.491	0
FLEXOPACK TRADE AND SERVICES UK LIMITED	2.575	0	1.396	0
FLEXOPACK FRANCE	0	0	1	0
INOVA SA	245	1	94	1
VLAHOU BROS SA	2.239	87	836	58
OTHER RELATED PARTIES	0	84	0	0
	20.279	5.898	16.967	1.361

Benefits towards management and executives

Transactions and remuneration of senior executives and management	2.019
Receivables from senior executives and management	0
Liabilities towards senior executives and management	75

1/1/-31/12/2017

COMPANY	Sales of goods and services	Purchases of goods and services	Receivables	Liabilities
FLEXOPACK POLSKA Sp. Zo.o	4,113	4,270	4,172	1,240
FLEXOSYSTEMS Ltd -Belgrade	603	0	168	0
FLEXOPACK PTY LTD- AUSTRALIA	9,171	13	7,439	5
FLEXOPACK TRADE AND SERVICES UK LIMITED	1,031	0	687	0
FLEXOPACK FRANCE	0	0	0	0
INOVA SA	298	1	121	1
VLAHOU BROS SA	2,348	185	920	76
OTHER RELATED PARTIES	0	84	0	0
	17,564	4,553	13,506	1,321

Benefits towards management and executives

Transactions and remuneration of senior executives and management	1,593
Receivables from senior executives and management	0
Liabilities towards senior executives and management	50

Notes:

It is also noted:

1. No other transactions related to the Company parties exist according to the provisions of the International Accounting Standard 24 apart from the above mentioned.
2. No loans or any other credit facilitations have been granted to the Board members or other senior executives of the Company and their families.
3. Apart from the above fees, no other transactions exist between the Company and the directors and the members of the Board.

4. In the context of its ordinary activity the Company has provided a guarantee towards a bank, in favor of its subsidiary «FLEXOPACK PTY LTD» which is based in Australia, with a maximum guarantee amount of 74,000 Euros approximately.

5. The Company has granted to a banking institution based in Poland (a) a guarantee for a maximum amount of 2.5 million Euros, as insurance against the repayment of a long-term bank loan, of 2.5 million Euros, granted to its subsidiary company «FLEXOPACK POLSKA Sp. Zo.o». The current balance of the above loan settled at 1.428 million Euros on 31/12/2018. (b) a guarantee for a maximum amount of 1.35 million PLN (323,000 Euros approximately) as insurance against the repayment of a short-term credit line towards the above subsidiary.

In addition, the Company granted a short-term loan of € 1,700,000 to the aforementioned subsidiary within the year 2018 in order to repay its investment plan and this amount is included in the above table of transactions (Receivables) between the Company and its affiliated parties.

6. The Company has provided a 5-year loan of 500 thousand Euros to its subsidiary «FLEXOPACK PTY LTD», based in Australia, for the implementation of the latter's ongoing investment plan which concerns the development and installation of production facilities. The current balance of the above loan is estimated at 200 thousand euro as 31/12/2018. It is included in the above table of related party transactions concerning transactions between the Company and its affiliates.

7. There were no changes in the transactions between the Company and its related parties that could have a material effect on the Financial position and performance of the Company for the period 1.1.2018-31.12.2018.

8. The transactions described above have been concluded under normal market conditions and contain no exceptional or individual trait which would render imperative the further analysis of them or the analysis of them per related party.

9. There is no separate transaction that exceeds 10% of the value of the assets of the Company, as reflected in its latest published statements.

10. There is no separate transaction which may be regarded as significant within the meaning of Circular no. 45/2011 of the Hellenic Capital Markets Commission.

11. The Company's transactions and outstanding balances with subsidiaries have been eliminated from the consolidated financial statements.

SECTION D

Development, performance and Financial position

This section includes a brief review of the development, performance, activity and position of the Group and the Company.

A. Items of Statement of Financial Position

Items (in thousand Euro) of the Statement of Financial Position for the year 2018 are presented below along with the most important changes that occurred versus the corresponding year of 2017.

STATEMENT OF FINANCIAL POSITION

EUR THOUS.

	GROUP				COMPANY			
	31/12/2018	31/12/2017	Met.	% Met.	31/12/2018	31/12/2017	Met.	% Met.
ASSETS								
Non-current assets	59,175	52,708	6,467	12.3%	55,083	51,101	3,982	7.8%
Cash and cash equivalents	13,223	12,046	1,177	9.8%	10,529	9,339	1,190	12.7%
Other current assets	37,982	37,422	560	1.5%	41,767	38,775	2,992	7.7%
Total Assets	110,380	102,176	8,205	8.0%	107,379	99,214	8,165	8.2%
EQUITY & LIABILITIES								
Total Shareholders' Equity	67,741	61,596	6,146	10.0%	70,332	63,382	6,950	11.0%
Non-controlling interests	0	0	0	0.0%	0	0	0	0.0%
Total Equity	67,741	61,596	6,146	10.0%	70,332	63,382	6,950	11.0%
LIABILITIES								
Long-term liabilities	14,143	10,551	3,592	34.0%	13,073	9,125	3,948	43.3%
Provisions / Other long-term liabilities	5,243	4,490	753	16.8%	3,933	4,073	-140	-3.4%
Short-term bank liabilities	4,324	6,182	-1,858	-30.1%	3,627	5,411	-1,783	-33.0%
Other short-term liabilities	18,929	19,357	-428	-2.2%	16,414	17,223	-809	-4.7%
Total Liabilities	42,639	40,580	2,059	5.1%	37,047	35,832	1,215	3.4%
Total Equity & Liabilities	110,380	102,176	8,205	8.0%	107,379	99,214	8,165	8.2%

The following are noted regarding the above items of the consolidated Statement of Financial Position.

The increase of the "Long-term debt" account by € 3,592 million and the decrease of the "Short-term debt" account by € 1,858 million mainly due to the issuance by the Company of joint Bond Loans, non-insured, through private placement, according to the analysis which follows.

A) On 21 December 2018, the Company signed a Contract for the Coverage of a Common Bond Loan with a total nominal value of 6.000.000 Euros, with coverage of it by the Bank company under the name "NATIONAL BANK OF GREECE SA". The proceeds of this loan were used by the Company for the refinancing of existing loans, namely the bond issuance of 26.09.2016 amounting to 2,500,000 Euros, issued by the Company as well as the short-term loan amounting to Euro 1,500,000 and, on the other hand, for the coverage of general business purposes and needs.

B) On 24 December 2018, the Company signed a Contract for the Coverage of a Common Bond Loan with a total nominal value of Euro 5,000,000 with the coverage of it by the Bank Company under the name "EUROBANK ERGASIAS SA". The proceeds of this non-commercially secured Common Bond Loan were used by the Company, on one hand, with the amount of 3.250.000 Euros, for the refinancing of existing bank loans and, in particular, for the repayment of a Bond Issuance of the Company with a balance of 2.250.000 Euro, as well for as short-term loan amounting to Euro 1,000,000 and, on the other hand, by the amount of 1,750,000 Euros, to cover its working capital needs.

The total liabilities of the Group on 31/12/2018 amounted to 42,639 million Euros whereas the total equity amounted to 67,741 million Euros.

B. Items of Statement of Income

Items of the statement of income for the year 2018 are presented below, along with the most significant changes from the items of the statement of income for the year 2017.

STATEMENT OF INCOME <i>EUR THOUS.</i>	GROUP				COMPANY			
	1/1- 31/12/2018	1/1- 31/12/2017	Met.	% Met.	1/1- 31/12/2018	1/1- 31/12/2017	Met.	% Met.
Turnover	84.492	81.523	2.969	3,6%	72.424	70.284	2.140	3,0%
Gross Profit	21.046	20.432	614	3,0%	18.116	17.775	341	1,9%
Operating (expenses) - income	(10.485)	(9.598)	(887)	9,2%	(7.450)	(6.474)	(976)	15,1%
Operating Results	10.560	10.834	(274)	-2,5%	10.666	11.301	(635)	-5,6%
Financial (expenses) - income	(678)	(695)	17	-2,4%	(585)	(602)	17	-2,9%
Other Financial Results	(570)	(388)	(182)	47,1%	67	(371)	438	-118,0%
Proportional result of related companies	560	622	(62)	-10,0%	-	-	-	-
Earnings before taxes	9.872	10.374	(502)	-4,8%	10.148	10.327	(179)	-1,7%
Income tax	(2.776)	(2.986)	209	-7,0%	(2.546)	(3.028)	483	-15,9%
Earnings after taxes	7.096	7.389	(293)	-4,0%	7.602	7.299	304	4,2%
Earnings after taxes and minority interests	7.096	7.383	(287)	-3,9%	-	-	-	-

The following are noted with regard to the above items of the consolidated statement of income.

The increase of the consolidated sales by 3.6% resulted into an increase of the gross profit by 3.0%. This event in conjunction with the increase of operating expenses (Administrative, Distribution and R&D expenses) by 9.2% resulted into the decrease of the operating profit by 2.5% at 10.560 million Euros.

Furthermore, the increase of other financial expenses (losses due to foreign exchange differences) in conjunction with the earnings that resulted from the proportional participation in the results of the associate companies led the earnings before taxes to drop by 4.8% year-on-year settling at 9.872 million Euros.

C. Items of the Statement of Cash Flows

STATEMENT OF CASH FLOWS

EUR THOUS.

	GROUP		COMPANY	
	1/1- 31/12/2018	1/1- 31/12/2017	1/1- 31/12/2018	1/1- 31/12/2017
Net cash flows from operating activities	9,713	8,932	7,226	7,686
Net cash flows from investment activities	(8,895)	(12,873)	(7,010)	(11,314)
Net Cash flows from financing activities	468	662	974	1,031
Net (decrease)/ increase in cash and cash equivalents	1,287	(3,279)	1,190	(2,598)
Cash and cash equivalents at the beginning of the period	12,046	15,375	9,339	11,937
Effect from foreign exchange differences	(109)	(51)	0	0
Cash and cash equivalents at the end of the period	13,223	12,045	10,529	9,339

The cash outflows for the Group's investment activities amounted to 8.895 million Euros and were mainly covered by the cash and cash equivalents that derived from the operating activities of the Group.

D. Financial Ratios

The major financial ratios are presented below.

Financial Ratios	GROUP		COMPANY		Explanation
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	
Capital Structure	61.4%	60.3%	65.5%	63.9%	Total Equity / Total Assets
Liquidity Ratio	2.2	1.9	2.6	2.1	Total Current Assets / Total Short-term Liabilities
Profit Margin (before taxes)	11.7%	12.7%	14.0%	14.7%	Earnings before Taxes / Total Turnover
Return on Equity (before income tax)	14.6%	16.8%	14.4%	16.3%	Earnings before Taxes / Total Equity

E. Alternative Performance Measures (APM)

The Alternative Performance Measure (APM) constitutes a financial ratio or an indicator measuring the historic or future financial performance with regard to the financial position or the cash flows. The APM is not stipulated or required by the existing framework of financial information (IFRS).

The general principle of the Group is to present the particular alternative performance measures in a clear and transparent manner so that these indicators are appropriate and useful for decision making purposes by the readers of the financial statements.

The APM should be taken into consideration always in conjunction with the financial results that have been prepared in accordance with the IFRS and in no case should they replace them.

The Management monitors the following performance measures:

a) Capital Management

The goals of the Group with regard to the capital management refer to the uninterrupted course of its business activities, the assurance of the financing of investment plans and the optimal allocation of capital targeting the reduction of cost of capital.

For the purposes of capital management, the Group systematically monitors the ratio:

“Net bank debt to Total employed capital”.

The net bank debt is calculated as the total short-term and long-term interest bearing liabilities minus the total cash and cash equivalents.

The total capital employed is calculated through the sum of the net bank debt and the total equity.

For the fiscal years ended on 31st December 2018 and 2017 respectively, the particular ratio settled as follows:

EUR THOUS.

	Group		Company		Note
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	
Long-term debt obligations	14,143	10,551	13,073	9,125	Statement of financial position
Short-term debt obligations	4,324	6,182	3,627	5,411	Statement of financial position
Total bank debt	18,467	16,733	16,700	14,536	
Minus : Cash and cash equivalents	13,223	12,046	10,529	9,339	Statement of financial position
Net Bank Debt (1)	5,244	4,687	6,171	5,197	
Total Equity (2)	67,741	61,596	70,332	63,382	Statement of financial position
Total Employed Capital (1)+(2)	72,985	66,283	76,502	68,579	
Net Bank Debt / Total Employed Capital	7.2%	7.1%	8.1%	7.6%	

The Group may affect its capital structure via the repayment or the collection of additional bank debt, through share capital increase or return of capital to shareholders, and via the distribution or not of dividends and through other distributions.

b) Earnings before interest, taxes, depreciation and amortization (EBITDA)

For the fiscal years ended on 31st December 2018 and 2017 respectively, the particular figure settled as follows: (amounts are expressed in thousand Euros)

EUR THOUS.

	GROUP		COMPANY		Note
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	
Operating Profit	10,560	10,834	10,666	11,301	Statement of Income
Depreciation of tangible fixed assets	3,678	3,606	2,787	2,897	Cash Flow Statement
Amortization of intangible assets	289	271	289	271	Cash Flow Statement
Amortization of investment grants	(253)	(324)	(253)	(324)	Cash Flow Statement
Earnings before interest, taxes, depreciation and amortization (EBITDA)	14,274	14,386	13,489	14,144	

SECTION E

Analytic information, according to article 4 par. 7 I. 3556/2007, as currently in effect, and respective explanatory Report

According to article 4 par. 7 of Law 3556/2007 the Company is obliged to disclose analytic information in the present Report, as regards to a number of issues. Therefore, in compliance with the relevant legal provision, the following are disclosed:

1) The Company's share capital, following the last amendment which was approved by the Annual General Shareholders' Meeting on 29.06.2018, amounted to 6,328,812.96 Euro as of 31.12.2018, is paid up in full and is divided into 11,720,024 common voting registered shares with a nominal value of 0.54 Euro each.

It is noted that the relevant amendment of the article 5 of the Company's Articles of Association, following the decision of the annual Ordinary General Meeting of Shareholders on 29th June 2018, was approved with the decision 79230/20.07.2018 (ΑΔΑ: ΩΜΦΦ465ΧΙ8-37Π) of the Department of Public SA and Sports SA of the Division of Companies and GEMI of the General Market Division of the General Secretary of Trade and Consumer Protection of the Ministry of Finance and Development, which was registered in the General Electronic Commercial Registry (GEMI) on 20.07.2018 with registration number 1428663.

All Company shares (common registered) are listed and traded on the Athens Exchange.

Each share includes all the rights and obligations defined by law and the Company's Articles of Association. Ownership of a share automatically implies acceptance of the Company's Articles of Association and of the decisions made in accordance with law and the Company's Articles of Association, by several instruments of the Company. Each share provides one (1) voting right.

2) There are no limitations as regards to transfers of Company shares, either from the company's Articles of Association, or from specific agreements, or from other regulatory provisions etc, except for limitations imposed by 3 existing agreements of Bond Loans issued by the Company, according to which

the Ginosati family aggregately must own a percentage of at least 34% of the Company's paid up share capital, in order to maintain the capacity of a "Controlling Majority".

3) The Company's main participations (direct and indirect) are as follows:

(a) FLEEXOPACK POLSKA Sp.z.o.o: foreign Company domiciled in Poland. The Company now holds 100.00% of shares and voting rights (following the acquisition of the minority stake during 2017),

(b) "FLEXOSYSTEMS Ltd Belgrade", foreign company, based in Serbia. The Company holds 100% of shares and voting rights,

(c) «FLEXOPACK INTERNATIONAL LIMITED»: Foreign company domiciled in Larnaca, Cyprus, fully owned by the Company (100% of the total shares and voting rights),

(d) «FLEXOPACK PTY LTD»: Foreign company domiciled in Brisbane, Australia, fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company),

(e) «FLEXOPACK PROPERTIES PTY LTD»: Foreign company domiciled in Brisbane, Australia, fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company),

(f) « FLEXOPACK NZ LIMITED »: Foreign company domiciled in Brisbane, Australia, fully owned (100%) by the subsidiary « FLEXOPACK PTY LTD » (indirect participation of the Company).

(g) «FLEXOPACK TRADE AND SERVICES UK LIMITED»: Foreign company domiciled in UK, fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company),

(h) "FLEXOPACK FRANCE": a foreign company based in Lyon, France, which is also 100% owned by the subsidiary "FLEXOPACK INTERNATIONAL LIMITED" (indirect participation of the Company)

(i) INOVA PLASTICS SA: Domestic company in which the Company holds 50% of shares and voting rights,

(j) VLACHOU BROS SA: Domestic company in which the Company holds 47.71% of shares and voting rights,

Furthermore, regarding the direct or indirect significant holdings in the voting rights of the Company, within the meaning of articles 9 to 11 of law 3556/2007, and on the basis of the relevant notifications received by law (and the MAR) in the Company on behalf of the shareholders, these have as follows:

(a) Stamatios Ginosatis: 29.180% (direct participation)

It is noted that on 19.12.2013, Mr. Stamatios Ginosatis, Vice Chairman and Deputy Managing Director of the Company, transferred under the cause of selling, the bare ownership of 1,609,933 common, registered Company shares to Mr. Dimitrios Ginosatis, while at the same date, he transferred, also under the cause of selling, the bare ownership of 1,609,933 common, registered shares to Mr. Spyridon Ginosatis. Mr. Stamatios Ginosatis retained the lifetime usufruct of all of the transferred shares, i.e. of 3,219,866 shares, which includes the voting rights and the right to receive the corresponding dividends.

(b) George Ginosatis: 16.750% (direct participation)

It is noted that on 19.12.2013, Mr. George Ginosatis, Chairman and CEO of the Company, transferred, under the cause of selling, the bare ownership of 881,787 common, registered shares to Ms. Stamatina Ginosati, while at the same date, he transferred, also under the cause of selling, the bare ownership of 881,787 common, registered shares to Ms. Catherine Ginosati. Mr. George Ginosatis retained the lifetime usufruct of all the transferred shares, i.e. of 1,763,574 shares, which includes the voting rights and the right to receive the corresponding dividends.

(c) Nikolaos Ginosatis: 16.289% (direct participation)

It is noted that on 19.12.2013, Mr. Nikolaos Ginosatis, shareholder of the Company, transferred, under the cause of selling, the bare ownership of 600,000 common, registered shares to Ms. Stamatina Ginosati, maintaining the lifetime usufruct of all the transferred shares, which includes the voting rights and the right to receive the corresponding dividends.

(d) Competrol Establishment: 8.09% (direct participation)

(e) Canaccord Genuity Wealth (International) former Collins Stewart (CI): 5.107 % (direct participation)

4) There are no shares, which provide special control rights.

5) To the Company's knowledge, no restrictions on voting rights exist for the Company's shareholders. However, the notes presented in 3) (a) (b) and (c) with regard to the beneficial interest of the major shareholders are highlighted.

6) To the Company's knowledge, there are no agreements between shareholders that imply limitation on the transfer of shares or limitations on the exercise of voting rights.

7) As regards to the appointment and replacement of the Company's Board members and the amendment of the Company's Articles of Association, there are no rules that differ than those stipulated in L. 4548/2018, as such is in effect today.

8) The Board of Directors or specific members of the Board of Directors have no special authority for the issuance of new shares or the purchase of treasury shares, as no relevant decision has been made according to article 16 of P.L. 2190/1920 or according to article 49 of Law 4548/2018.

9) There is no significant agreement contracted by the Company, which becomes in effect, is amended or terminated in case of change in the Company's control following a tender offer, with the exception of:

(a) The signed, on 27.01.2017, agreement for the coverage of the common Bond Loan between the Company and "ALPHA BANK S.A." (Trustee of the payments), agreement which provides for the right of the Bondholder to denounce the loan "if the Issuer's current shareholding structure is altered, directly or indirectly, as regards to the controlling majority and specifically if the Ginosatis family in total ceases to own a percentage at least equal to 34% of the paid in share capital and equal voting rights",

(b) the signed bond agreement dated 21.12.2018 between the Company and the National Bank of Greece SA; (a representative of the Bondholders and the attorney-at-law of payments), which also provides for the right of the Bondholder to terminate "if the percentage of participation in the paid-up share capital of the Issuer belonging to the Ginossati family is less than 34% of that with the voting rights"; and

(c) The signed, on 24.12.2018, agreement for the coverage of the common Bond Loan between the Company and "EUROBANK ERGASIAS S.A." (representative of the Bondholders and Trustee of the payments), agreement which provides for the right of the Bondholder to denounce the loan "if the Issuer's current shareholding structure is altered as regards to the controlling majority and specifically if the Ginosatis family in total ceases to own a percentage at least equal to 34% of the paid in share capital of the issuer".

The aforementioned terms (terms of change in control) are absolutely common practices and are included in all common Bond Loans which are covered or subscribed by the banking institutions (in fact the controlling majority is usually defined as over 50%).

10) There is no agreement between the Company and the Board members or employees, which provides for indemnity in case of resignation or termination of employment without reason or termination of employment term or their employment emanating from any public tender offer.

Explanatory report regarding the information, prepared according to the article 4 par. 8 L. 3556/2007

The numbering in the present explanatory Report (which is prepared according to article 4 par. 8 of L. 3556/2007) follows the respective relevant numbering of information of article 4 par. 7 of L. 3556/2007, as such information is presented above:

1. The structure and form of the Company's share capital is presented in detail in article 5 of the Company's Articles of Association. The Company's shares were listed on the Athens Exchange on April 2nd 1996 and since then are traded without interruption.

2. No such limitation is imposed either by law, either by the company's Memorandum of Association, or by any other agreement, apart from the common Bond Loan Agreements, reference to which is made also in Section E.9.

3. Data regarding the number of shares and voting rights owned by individuals with significant participations, have been presented according to the relevant disclosures notified according to law (and the MAR) to the Company, on behalf of shareholders.

4. There are no other categories of shareholders, namely there are only common registered shares with voting rights.

5. No such limitations have been notified to the Company.

6. Likewise no such agreements have been notified to the Company.

7. In the particular matters, the Company's Articles of Association (although not yet fully harmonized) do not deviate from the provisions of Law 4548/2018.
8. There is no such special authority.
9. In the lack of such agreements, apart from those mentioned, no clarification is deemed necessary.
10. Likewise, in the lack of such agreements no clarification is deemed necessary.

SECTION F

Information on labor and environmental issues

1. On 31/12/2018 the Group employed 375 people and the Company 271 people, under regular employment terms. It should be noted that the Company maintains an excellent relationship with its employees and no work problems arise since one of the top priorities for the Company is to maintain and promote a peaceful work environment and to continuously improve and upgrade working conditions, in order to achieve the best possible utilization of human resources on a production level. The Company takes care of all necessary measures and adopts practices in order to fully comply with current labor and insurance regulation.

(a) Policy concerning discrimination and equal opportunities

The Group's Management does not make any discrimination in relation to recruitment, remuneration and promotion based on gender, race, religion, color, nationality, religious beliefs, age, family status, sexual orientation, any participation in unions or any other characteristics. The only factors which are taken into consideration, with an emphasis on the principles of meritocracy, consist of the experience, the personality, the education, the specialization and the broader skills of the individual, whereas the Company encourages and recommends to all of its employees to respect the diversity of the personnel, suppliers and customers of the Group and to reject any behavior that makes discrimination of any nature.

(b) Respect to the employee rights

The Management of the Group applies with no deviation the effective labor legislation and respects the relevant provisions and clauses with regard to the child labor, human rights as well as the ability of employees to participate in unions.

(c) Health and safety at work

The protection of health and safety of employees is a top priority for the Group's Management, which systematically monitors and inspects all potential risks that may emerge from the business activities, and takes all the necessary precautionary measures for the avoidance of accidents. At the same time, the entire personnel attend educational seminars covering the areas of health and safety at work. Moreover, the Group's Management ensures the compliance to the fire safety rules and manages effectively any extraordinary cases or needs, whereas it takes care for the training of the personnel in the areas of fire protection, fire incidents, use of portable fire protection means, as well as the performance of drills as precautionary actions in order to encounter real cases of danger whenever needed. Finally, all the above are being complemented by additional benefits which facilitate the daily life of the employees such as the regular visits made by occupational doctors.

(d) Employee benefits

Given the fact that the balance between work and personal life is a crucial factor which affects the efficiency and productivity of employees, the Group applies a series of benefits and policies towards this direction for the employees and their families, which are summarized in the following:

-- Facilitation of the employees with flexible working schedules in cases of special need (illness, briefing about the progress of the employees' children, etc.),

- Financial assistance towards financially disadvantaged employees in order to manage unexpected cases and needs,
- Healthcare coverage and insurance of serious illness in case there is no such financial capability,
- Advance payment of salaries for health reasons or for coverage of special needs of employees,
- Granting of loans to employees facing financial difficulties.

(e) Education and development of employees

The business success of both the Group and especially the Company is based on its people. The Company offers a work environment which is characterized by stability so that all employees are encouraged to remain productive and oriented towards the achievement of the most optimal result, to undertake initiatives to the benefit of the corporate interest and to manage their own development with zeal and integrity. Through the highly recruited Department of Human Resources, the Management of the Company can distinguish the abilities of the employees and appoint them to the positions where these employees will contribute the maximum result and will also have the opportunity to excel. The size of the Company and its growth allow its employees to assume the most suitable position and to utilize their knowledge and skills to the highest degree as well as to further develop these skills.

2. The Company recognizes the need for continuous improvement of its environmental targets based on the principle of sustainable development and compliance with current regulation and international standards, aims for balanced economic development in harmony with nature. Following a viable growth route it develops its activities in such a way to secure the protection of environment and the health and safety of its employees, the local community and the public.

The Company's policy to secure environmental protection is particularly based on the following basic principles:

- It takes measures to protect the environment in line with environmental legislation and the approved, in relation to its operation license, environmental terms.
- It applies an Environmental Management System on the overall activities of its production process.
- It adopts specific rules for environmental controls on its internal production operation.
- It improves its overall environmental behavior particularly on issues of prevention of environmental pollution and management of emergencies.
- It establishes, to the extent and degree possible, the definition of ecological sensitivity and environmental vision, which inspires the highest level throughout the entire pyramid of the Company's employees,
- It seeks to act responsibly even at the level of the supplies it performs, aiming at the reduction of its environmental footprint (for example, detailed review of the technical characteristics of the products, assurance about their ability to be recycled, supplies of materials produced via the most environmental friendly methods, etc.). Finally, it must be noted that the production process has been planned in a way that renders the use of available sources effective and minimizes the negative effect on the environment.

SECTION G

Other information, Treasury shares, Events after the reporting period

1. None of the Group's companies has branches, apart from the parent Company whose old building, which is located across from the new industrial plan, is considered as a branch. During the closing year there was no transfer of domicile for any of the Group's companies, nor was any decision made regarding the opening or operation of any branch.
2. The Company has a special Research and Development Department, consisting of high standards scientific personnel, which via the continuous study and monitoring of the market targets the development of new products and the upgrading of the existing ones in order to fully cover the constantly changing market needs and effectively respond to the customer requirements.

3. None of the undertakings participating in the consolidation holds shares or units of paragraph 1e of Article 26 of Law 4308/2014.
4. No other significant events took place after the end of the closing financial year 2018 and until the date of the compilation of this Report, which are worth of mentioning in this Report.

SECTION H

Corporate governance statement

The present Corporate Governance Statements (hereinafter the "Statement" or "CGS") is prepared according to article 152 of Law 4548/2018 and is part of the Annual Report of the Company's Board of Directors.

The Contents of the CGS are as follows:

*** INTRODUCTION**

*** 1. Corporate Governance Code**

- 1.1 Disclosure of the Company's voluntary compliance with the Corporate Governance Code.
- 1.2 Deviations from the Corporate Governance Code and justification of such. Special provisions of the Code not applied by the Company and explanation for their non-application.
- 1.3 Corporate governance practices applied by the Company, apart from those stated by law

*** 2. Board of Directors**

- 2.1 Composition and operation of the Board of Directors
- 2.2 Information on the members of the Board of Directors
- 2.3 Audit Committee

*** 3. General Meeting of shareholders**

- 3.1 Operation of the General Meeting and basic authorities of such
- 3.2 Shareholders' rights and how such are exercised

***4. Internal control and risk management system**

- 4.1 Basic characteristics of the internal control system
- 4.2 Risk management of the Company and Group in relation to the procedure for preparing financial statements (separate and consolidated)

***5. Other management, supervisory bodies or committees of the Company**

***6. Additional information**

*** INTRODUCTION**

The term "corporate governance" describes the manner in which companies are managed and controlled. Corporate governance is defined and structured as a system of relations between the Company's Management, the Board of Directors, shareholders and other interested parties, it constitutes the structure through which the Company's objectives are approached and set out, the means to achieve and evaluate such objectives are defined, the major risks the Company faces during its operation are detected, and the effective as well as systematic monitoring of Management's performance while implementing the above is rendered possible.

The effective and essential corporate governance plays a substantial and leading role in promoting competitiveness of companies, improving their operating infrastructure and developing innovative actions, while the increased transparency it promotes results in an improvement of transparency throughout the entire economic activity of private companies as well as public organizations and institutions, for the benefit of all shareholders of companies and of all parties engaged in the relevant transactions.

In October of 2013 the new Corporate Governance Code was released, which was compiled at the initiative of the Federation of Enterprises (SEV), and subsequently amended in its first revision by the Hellenic Council of Corporate Governance (HCGC).

HCGS was founded in 2012 and constitutes the result of collaboration between Hellenic Exchanges (Helix) and the Federation of Enterprises (SEV), which recognized the joint contribution of corporate

governance in the continuous improvement of the competitiveness of Greek enterprises an cooperate towards this direction ever since.

***1. Corporate Governance Code**

1.1 Disclosure of the Company's voluntary compliance with the Corporate Governance Code

In Greece, the corporate governance framework has mainly been developed through the adoption of mandatory rules such as law 3016/2002, as it is in effect until today, which imposes the participation of non-executive and independent executive members in the Board of Directors of Greek companies, whose shares are traded on an organized stock exchange, the establishment and operation of an internal audit unit and the adoption of an internal operation regulation. Following, other subsequent legislation has incorporated the European directives on corporate law in Greek law, thus creating new corporate governance rules, such as law 3693/2008, which imposes the establishment of audit committees (it was superseded by Law 4449/2017) as well as significant disclosure requirements as regards to the ownership and governance of a Company and law 3884/2010 that refers to shareholders' rights and additional corporate disclosure requirements towards shareholders during the preparation of a general meeting. Finally, law 3873/2010 also incorporated the EU Directive 2006/46/EC in Greek law, thus operating as a reminder for the need to establish a Corporate Governance Code and at the same time acting as its foundation.

The Company fully complies with the statutory requirements and regulations of the aforementioned legislation (specifically Law 4548/2018, Law 3016/2002 and Law 4449/2017 as currently in force), which also constitute the minimum content of any Corporate Governance Code and essentially (the relevant provisions) make up such an informal Code.

In view of the above mentioned, the Company declares that, at present, even during the current financial year, it adopts as Corporate Governance Code (CGC) the Code of Corporate Governance that was formed from the Greek Council of Corporate Governance (HCGC) (available on <http://www.helex.gr/el/esed>), to which it states, along with the present Statement, that it is subject to with the following deviations and exceptions.

1.2 Deviations from the Corporate Governance Code and justification of these. Specific provisions of the Code that the Company does not apply and explanations on the reasons for non-compliance.

First of all, the Company confirms, through this statement, that it strictly follows the provisions of the Greek legislation regarding corporate governance (Law 4548/2018, Law 3016/2002 and Law 4449/2017), which form the minimum content of any Corporate Governance Code, that is aimed at companies whose shares are traded on a regulated market.

An important addition, however, to the new Corporate Governance Code, developed in line with the above and adopted by the Company, is the adoption of the standard regarding explanations of non-compliance of the Company with certain specific practices of the Code. This means that the new Code follows the approach of 'comply or explain' and requires from listed companies, which choose to adopt it, to disclose their intention and either comply with all the specific practices of the Code, or explain the reasons of non-compliance with certain specific practices.

In connection with these additional practices and principles established by the new CGC, there exist, at present, certain deviations (including the case of non-application), for which deviations a brief analysis and explanation on the reasons justifying them follows.

•Part A-The Board of Directors and its members

I. Role and Responsibilities of the Board of Directors

- The Board has not proceeded so far to the establishment of a separate committee, which heads the procedure of Board nominees applications and prepares the recommendations to the Board, regarding the remuneration of the executive members and the key senior executives.

This deviation is justified by the fact that the Company's policy, in relation to the remuneration of executive Board members and the key senior executives based on historic data, is established, consistent and rational, adapted to the prevailing economic conditions and the overall economic potential of the Group, with the ultimate aim to promote the interests of the Company, while the Board ensures its faithful and strict adherence, in order to avoid cases of paying exorbitant fees that are not in consistence with both the services provided and the general economic situation of the domestic economy and market. The above established policy that is followed by the Company, is also one of its cornerstones towards the realization of a balanced growth and the implementation with the most possible successful manner of its investment plans. In any case, it should be noted that in view of the provisions of Law 4548/2018, the Company considers the potential creation of such a Committee, so that a concrete framework can be created with regard to its remuneration policy.

Further, the non-existence of a separate committee, heading the procedure for Board nominees applications, is explained by the fact that Board nominees, since the establishment of the company until today, meet all the necessary requirements and provide all guarantees for the award to those of the membership to the Board, they are noted for their high professional training, knowledge, skills and expertise, they stand out for their morality and integrity and therefore there has not arisen so far any need to establish such a committee.

II Size and Composition of the Board

- This diversity policy, including gender balance for board members as adopted by the Board of Directors will be posted on the corporate website. The corporate governance statement should include specific reference to: a) the diversity policy applied by the Company as to the composition of the Board and senior management and b) the representation percentage of each sex respectively.

The current Board of Directors consists of a majority of men, i.e. out of a total of nine (9) members in the Board, six (6) members are men and three (3) members are women.

This divergence is justified by the increased demands associated with the membership in the Board in relation to the productive activity of the Company and, in particular, the productive nature of the Company (industry), which creates special requirements for the composition and constitution of the management team of the Company, as well as by the presence of the Group in markets in all geographic continents, necessitating the frequent traveling as well as the residence for long time periods outside Greece of the members of the Board. However, the fact that members of the administration are women's representatives is extremely important to enhance pluralism and the synthesis of different views in the functioning of this collective body

III Role and profile of the Chairman of the Board of Directors

- No explicit distinction between the responsibilities of the Chairman and the Chief Executive Officer is established.

This diversion is due to the fact that it is not advisable to create this distinction in view of the organizational structure and operation of the Company, and in view of the fact that the Vice Chairman of the Board has and shall exercise himself the powers of the CEO, resulting into the existence of two equal in power positions (Chairman and Vice Chairman). When the company further strengthens its extroversion, gains stronger international presence and greatly increases the volume of its business, the need for establishing an explicit distinction between the responsibilities of the Chairman and the Chief Executive Officer will be reassessed. The same holds for the potential new and expanded composition of the Board of Directors with the goal of the most effective monitoring of the associate companies of the Group. In any case, the possession of the powers of Deputy Managing Director by the Vice Chairman of the Board substantially fulfills this requirement, since as it was noted, it creates a peer axis of administration and representation of the Company.

- The Board does not appoint an independent Vice Chairman among its independent members.

This diversion is offset by the Executive Vice Chairman appointment, since at present, the everyday and substantial assistance of Vice Chairman to the Chairman and the provision of any possible assistance to him, is evaluated as highly important, in order to effectively perform his tasks and, in general, his responsibilities and in order to contribute greatly to the achievement of corporate objectives. In any case, the fact that none of the independent members hold the position of the Vice Chairman, does not mean that these members are not in position to conduct their duties effectively or that they are affected in terms of their functioning independence.

IV. Duties and conduct of the Board members

- The Board has not adopted, as part of its Internal Company Regulations, policies which ensure that the BoD has sufficient information on which to base its decisions regarding transactions between related parties in accordance with the standard of a prudent businessman. These policies should also be applicable to transactions of the Company's subsidiaries with related parties. The CGS should include specific reference to policies implemented by the Company in relation to the abovementioned.

Although there is no specific and concrete policy in this direction, which sets the context of acquiring sufficient information on behalf of the Board, in order to base its decisions on transactions between related parties on the standard of a prudent businessman, the Board of Directors, in managing corporate affairs and, hence, in transactions between the Company and related parties, presents the diligence of a prudent businessman, so that these transactions are, firstly, fully transparent and consistent with the terms and conditions of the market and, on the other hand, fully compatible with the current regulatory framework, as determined by the relevant provisions of both the corporate and tax legislation. The same diligence is presented regarding transactions of the Company's subsidiaries with related parties. The decisions of the BOD are taken in continuation of the relevant proposals made by the respective Departments and after having ensured the completeness of the relevant information provided to its members.

If necessary, the Company will proceed to establishing a working group for defining the applicable procedures for the acquisition, on behalf of the Board, of sufficient information, in order to base its decisions on transactions between related parties on the standard of a prudent businessman. However, at present, and in view of the integrated organization and operation structures of the Company, there exists no such need, since any of the BOD members has the ability of direct or indirect communication with the pertinent departments and divisions of the Company for the provision of the necessary clarifications or information in their entirety.

- There is no obligation of any disclosure with regards to professional commitments of Board members (including significant non-executive commitments to companies and non -profit institutions) prior to their appointment to the Board.

This deviation is explained by the fact that Board members have such a high educational level, demonstrating professionalism and practical commitment to the Company and, therefore, despite the lack of statutory liability for the disclosure of any professional commitments of Board members before their election therein, they would outright proceed to the relevant disclosure if they considered that there exists any conflict of interest or any form of psychological, professional or economic influence.

V. Nomination of Board members

- Board members are not elected for a maximum term of office of four (4) years.

According to Article 9, par. 2 of the existing Articles of Association "Board members are elected by the General Meeting of shareholders of the Company for a five-year term".

This deviation is due to the necessity of avoiding the election of the Board of Directors at shorter intervals, which entails the encumbrance of the Company with costs for the formalities of publicity and the continuous submission of legitimizing documents to the cooperating banks, financial institutions and other legal entities or privates.

Besides, the provision for a maximum term of office of members of the Board amounting to four (4) years runs the risk that the elected Board may not be able to complete its work and that the effective administration of the company affairs and management of corporate property is jeopardized, due to the frequent change of management and the potential divergence of minds that may exist concerning the promotion of the interests and activities of the Company.

- There is no Board nomination committee.

This deviation is justified by the size, structure and operation of the Company at the present time, which do not render necessary the existence of nomination committee. Moreover, whenever the issue of electing a new Board of Directors arises, the Management of the Company shall ensure the existence and implementation of fully transparent procedures, assess the size and the composition of the Board to be elected, examine the qualifications, knowledge, attitudes, skills, experience, ethics and integrity of the Board candidates and, thus, fully meet the work that the nomination committee should do, if it existed.

VI. Functioning of the Board of Directors

- There are no specific internal regulations of the Board.

This deviation is explained by the fact that the provisions of the Articles of Association in conjunction with the existing regulatory framework are evaluated as satisfactory for the organization and the overall functioning of the BoD and ensure the full, proper and timely fulfillment of duties and the adequate consideration of all issues, on which it is required to take decisions.

- *The BoD, at the beginning of each calendar year, shall not adopt a calendar of meetings and a 12-month action plan, which may be revised depending on the needs of the Company.*

This deviation is easily understood from the fact that all members of the Board of Directors are residents of the county of Attica and hence the convocation and convening of the Board is easy, whenever required by the needs of the Company or the law, without a predetermined plan of action.

- *There is no provision for the support of the BoD in the performance of its work by a competent, qualified and experienced company secretary, who will attend the meetings.*

This deviation is justified by the fact of the existence of high-tech equipment for the prompt and accurate recording and chartering of Board meetings. Further, all members of the Board are able, if needed, to resort to the services of legal advisors of the Company to ensure compliance of the Board with the current legal and regulatory framework.

It should be noted that according to the new CGC, the corporate secretary tasks can be performed either by a senior officer or a legal advisor. The corporate secretary's duty is to provide practical support to the Chairman and the other Board members, individually and collectively, with the ultimate purpose to ensure full compliance of the Board with legal and statutory requirements and provisions.

The Company intends to consider, in the near future, the necessity of establishing a company secretary position with a view to ensure the further effective functioning of the Board and the provision of any necessary assistance to the members thereof.

- *there is no provision for the existence of induction programs for new Board members and the continuous professional and vocational training for the rest of the members.*

This deviation is explained by the fact that only persons with proven experience, high educational level and identified organizational and administrative skills are proposed for Board members. Besides, the basic principle governing the operation of both the Company and the Group is the continuing training and education of the personnel and its seniors and the reinforcement of corporate consciousness at all levels by conducting periodic training sessions depending on the sector in which each member is active and the tasks with which he is bound, namely the continuous training governs as a principle the whole philosophy and operation of the Company and is not just limited to the members of the Board.

- *there is no provision for providing adequate resources to the committees of the Board for the performance of their duties and engage external advisors to the extent needed.*

This deviation is due to the fact that the Management of the Company considers and approves per case expenditure for the possible hiring of external consultants based on current business needs, restraining thus the operating expenses of the Company on purpose.

VII. Evaluation of the Board of Directors

- *The evaluation of the effectiveness of the Board and its committees shall not take place at least every two (2) years and is not based on specific procedure. The Board does not evaluate the performance of the Chairman through the process headed by the independent Vice Chairman or other independent non-executive, independent non-executive member, in case of absence of the Vice Chairman.*

At present, there is no institutionalized process to assess the effectiveness of the Board and its committees, nor is the performance of the Chairman of the Board evaluated, through a process headed by the Vice Chairman or other independent non-executive member, in case of absence of the Vice Chairman.

This process is not considered necessary in view of the organizational structure of the Company, since there exists no watertight among the Board members, and whenever deemed necessary or weaknesses or failures are identified, with regards to the organization and functioning of the Board, there take place meetings and thorough discussions, through which the problems presented are analyzed, taken decisions and other acts or declarations of the Directors are criticized, without any exceptions. Besides, the Board monitors and reviews periodically the proper implementation of the decisions taken on the basis of the established timelines, while the efficiency and overall performance of the Board itself is evaluated annually by the Annual General Meeting of the Company in accordance with the principles and the procedure described in detail in both the Law 4548/2018 and in the Company' Articles of Association.

The Company, in order to comply with the practice introduced by the new CGC, is in the process of examining the feasibility of establishing a system of monitoring and evaluation of the Board, whose conclusion is not possible to determine with absolute punctuality.

• **Part B Internal control**

I. Internal Control- Audit Committee

- no particular funds are available to the Audit Committee for the utilization on its behalf of external consultants.

This deviation is justified by the present composition of the Audit Committee, the expertise and experience of its members, which ensure the proper and effective functioning of the Committee and the fulfillment of its tasks in full, so that no need for the use of services of external consultants arises.

In any case, however, if the assistance of external consultants is deemed appropriate and necessary, for the further improvement of the structure and functioning of the Committee, it is taken for granted that the Company will make available all necessary funds.

• **Part C-Fees**

I. Level and structure of remuneration

- there is no remuneration committee, consisting solely of non-executive members, which are independent in their majority, whose mission is to define the remuneration of executive and non-executive board members and thus there are no settings for the duties of this committee, the frequency of its meetings and other issues relating to its functioning.

This deviation is due to the fact that the establishment of such a committee, given the structure and general operation of the Company has not been considered necessary to date and this is why the Management of the Company, who is in charge of the remuneration process and the submission of the relevant, ensures that this (remuneration process) is characterized by objectivity, transparency and professionalism, free from conflicts of interests. With regards to the determination of the remuneration of the Board members, executive and non-executive ones, the Company's management acts with a view to creating long-term corporate value, maintaining the necessary balance and promoting meritocracy, so that the company attracts executives suitably qualified for the effective operation of the Company.

The Management ensures that the remuneration of executive Board members is linked to the corporate strategy and the realization of the objectives of the Company, that there exists the appropriate balance between fixed elements (i.e. basic salary), variable performance-related components (e.g. bonus) and other contractual arrangements (e.g. pension, severance compensation , fringe benefits , including benefits in kind etc) and that the remuneration of non-executive directors reflects the actual time of service they devote to their duties and the powers delegated to them and that it is not directly linked to the performance of the Company, in order not to discourage placing possible challenge on choices and other decisions of the Management. It is noted though that the entire framework for the determination of fees, of both the executive and especially the non executive directors of the BOD, is under

reexamination in view of the provisions of article 110 of Law 4548/2018, which enforces the establishment of a remuneration policy for the BoD members.

The Board, in determining the remuneration of board members and especially the executive ones, takes into account their duties and responsibilities, their performance against predetermined quantitative and qualitative objectives, the financial condition, performance and prospects of the Company, the level of remuneration for comparable executive services to similar companies as well as the level of remuneration of the employees of the Company and of the whole Group.

Through the procedure described above for determining the remuneration of the Board members, executive and non-executive ones, and the criteria taken into account for the determination of these, it is clearly excluded that there is no need of special remuneration committee recommendation, since the duties and responsibilities shall be effectively performed by the Company's management.

- Contracts of the executive members of the Board do not provide that the Board may require repayment of all or part of the bonus that is awarded to them because of misconduct or inaccurate financial statements of previous years or, in general, on the basis of incorrect financial data used for the calculation of this bonus .

This deviation is explained by the fact that, first of all, any bonus rights (if and whenever exist) mature only after the verification and final approval of the annual financial statements and, on the other hand, the case of calculating any administered bonus based on inaccurate financial statements or erroneous financial data has never been encountered, thanks to the excellent organization and control procedures. However, and in order to comply with the abovementioned requirement of the CGC, the Company's Management is seriously considering importing in the relevant contracts of the executive members of the Board of Directors (if and whenever such a bonus applies), a complementary provision on the right of the Board to require the return of all or part of any bonus that is awarded because of misconduct or false financial statements and other financial data.

- The remuneration of each executive Board member is not approved by the BoD upon the proposal of the Remuneration Committee, without the presence of executive members.

This deviation is due to the fact that there is no remuneration committee as mentioned above.

● **Part D - Relations with shareholders**

I. Communication with shareholders

- The Company has not adopted specific practices regarding communication with shareholders, which includes the Company's policy on interrogation by the shareholders to the Board.

At present, there is no specific statutory procedure for the submission of questions to the Board on behalf of the shareholders, since any of the shareholders has the ability to turn to the Shareholder's Department in order to submit requests and questions, which, if considered necessary, are transmitted, in groups, to the Board for further processing and the relevant response or update is forwarded without delay to the party concerned.

Direct communication between shareholders and the BoD would create difficulties for the smooth functioning of the BoD as it would encumber its members with a significant volume of work, largely ineffective, while at the same time, such communication would be negatively evaluated in the light of the principle of equivalent information of the Company's shareholders. Moreover, the institutionally existent and operating Shareholders Department serves this very purpose, and is responsible for the flow of information that is passed to shareholders.

Furthermore, the provisions of article 141 of Law 4548/2018 describe in detail the process of participation of minority shareholders in the General Meetings of shareholders, a process strictly followed in each Ordinary or Extraordinary General Meeting, in order to ensure, in this way, adequate, accurate and timely information to shareholders regarding the state of corporate affairs and the Company's assets.

However, despite the existence of the abovementioned safety valves, the Company is considering adopting a specific policy on the upgrade of the process regarding the submission of questions by shareholders to the Company, through the Shareholder's Department, but still believes that direct communication of any shareholder with Board members is neither necessary nor appropriate.

II The General Meeting of Shareholders

- No deviation was observed.

General note regarding the time waiver of non-compliance of the Company with the specific practices adopted by the new CGC

As mentioned in the Introduction of this Statement of Corporate Governance, the new CGC, as in force from October 2013, follows the approach of "comply or explain" and requires listed companies, which choose to apply it, to disclose their intention and either comply with all the specific practices of the Code or explain the reasons for non-compliance with certain specific practices.

Further, the relevant explanation of reasons for non-compliance with certain specific practices, is not limited to a simple reference to the general principle or specific practices which the Company does not conform to, but must, inter alia, indicate whether the deviation from the provisions of the Code is limited in time and when the Company intends to align with the provisions thereof.

Deviations of the Company from the practices established by the new CGC cannot be regarded as subject to strict time limit, given that these practices do not reflect the nature of the function, structure, organizational structure, delivery, corporate values and ethics, ownership status and the company's needs and complying with them may render the application of the "essence" of the principles of the Code difficult. In any case it is important to abide by the "essence" of the principles as this would be most beneficial to the Company itself.

In any case, any Code cannot, nor is it intended to replace the framework of the principles, values and structures of the organization and operation of any company and hence the adoption of provisions that are incompatible with these principles is not considered appropriate.

However, if the circumstances dictate to (no such condition exists as today), the Company will proceed with compiling and forming its own Corporate Governance Code, the identity and settings of which will primarily meet the individual needs and particularities of the Company and enhance long-term competitiveness and success of the Company.

1.3 Corporate governance practices applied by the Company, apart from those stated by law

The Company strictly applies the provisions of the aforementioned legal framework as regards to corporate governance. At the present time there are no applied practices apart from the above provisions.

*** 2. Board of Directors**

2.1 Composition and operation of the Board of Directors

The Board of Directors is the Company's highest management body, and is exclusively responsible for defining the Group's strategy and growth policy. Achieving the increase of the Company's long-term financial value, promoting the general corporate interests and the interests of shareholders, ensuring the Company's compliance towards law, applying transparency and corporate values throughout the Group's overall operations and activities, monitoring and resolving possible cases of conflicts of interest between Board members, managers and shareholders and the Company's interests, are basic responsibilities of the Board of Directors.

2.1.1 The Company's Board of Directors, according to article 9 of its Memorandum of Association, as it is in effect after the relevant amendment by the Annual General Meeting of Shareholders on 30th June 2017, consists of five (5) to fifteen (15) members, physical or legal entities. In case of a legal entity, such must appoint a physical person to exercise the authorities of the legal entity as a Board member. The Board members are elected by the General Meeting of the Company's shareholders for a term of five years, which begins from the day of their election and is extended automatically until the first Ordinary General Meeting following the end of their term, which however cannot exceed a six-year period. The General Meeting may also elect deputy members, equal to the number of the ordinary members. The Board members always have the right to be re-elected and freely revocable by the General Meeting, regardless of the maturity of their term.

When undertaking their responsibilities, the members of the Board of Directors receive an official introductory briefing, while throughout their term the Chairman ensures the continuous enrichment of

their knowledge on issues that concern the Company, their familiarity with such and its executives so as to enable them to efficiently and creatively contribute to the activities of the Board of Directors.

2.1.2 The Board of Directors convenes whenever deemed necessary by the law, the present Memorandum of Association or the Company's needs, following an invitation by the Chairman of the Board or his deputy or by two (2) Board members either at the domicile of the Company or in the district of another Municipality within the prefecture of the Company's domicile. The invitation must necessarily include the issues of the daily agenda with clarity, otherwise decision making is permitted only if all Board Members are present or represented at the meeting and no one opposes to the decision making. The Board of Directors also convenes to a meeting whenever requested by the Chairman or by two Board members, according to the provisions of article 91 of Law 4548/2018, as currently in effect. The Board of Directors validly convenes outside of its domicile at another location, either in Greece or abroad, if during the meeting all members are present or represented and no one opposes to holding the meeting and to the decision making. The Board of Directors may convene through a teleconference. In this case, the invitation towards the Board members includes all the necessary information for their participation in the teleconference.

2.1.3 The Board of Directors is in quorum and validly convenes, when fifty percent (50%) plus one (1) of the members are present or represented. However in no case may the number of members present in person, be less than three (3).

2.1.4 The Board of Directors decides with an absolute majority of its members, which are present or represented. In case of a tie vote, the vote of the Chairman of the Board does not overpower. Each Board member has one (1) vote. Exceptionally, a member may have two (2) votes when representing another member. Voting in the Board of Directors is conducted openly, unless a decision by the Board defines that a secret voting will take place and thus in this case voting is made with ballots.

2.1.5 The discussions and decisions of the Board of Directors are recorded in summary in a special book, that may be kept electronically as well and which is signed by the Chairman and his Deputy and by the members present during the meeting. Following a request by a Board member, the Chairman is obliged to record an exact summary of his opinion in the minutes. The book also includes a record of the Board members present or represented during the meeting. Copies of Board meeting minutes, which must be submitted to the GEMI (General Electronic Commercial Registry) according to article 13 of Law 4548/2018, are submitted to the relevant Regulatory Authority within twenty (20) days from the meeting of the Board of Directors. Copies and excerpts of the Board of Directors' minutes are certified by the Chairman or his deputy, or in case of his inability by the General Manager of the Company. The preparation and signing of minutes by all Board Members or their representatives is equivalent with a decision by the Board, even if a meeting has not previously taken place.

2.1.6 The Board of Directors may assign the exercise of all or part of its authorities and responsibilities (apart from those that require collective action) as well as the internal control of the Company, and its representation, to one or more persons, member of the Board or not, by defining the extent of such an assignment at the same time.

2.1.7 If, for any reason, there is a vacant position in the Board of Directors due to resignation, death or loss of the member capacity in any other way, then the remaining Members, given that such are at least three, must temporarily elect a replacement for the remaining term of the substituted Member with the condition that this substitution is not plausible by the deputy members that may have been elected by the General Meeting. The above election by the Board of Directors takes place with a decision by the remaining members, if such are at least three (3) and is in effect for the remaining term of the member replaced. The decision for the election is subject to the disclosure requirements of article 13 of Law 4548/2018 and is announced by the Board of Directors in the immediately forthcoming general meeting, which may replace those elected, even if a relevant issue has not been included in the daily agenda. The actions of members elected by the above process are considered valid, even in the case where their election is not approved by the General Meeting.

2.1.8 In case of resignation, death or in any other manner loss of the capacity of Board member, the remaining members may continue the management and representation of the Company without replacing the former members according to the previous paragraph, with the condition that the number of such exceeds half of the members as such were numbered prior to the realization of the above events. In any case the remaining members cannot be less than three (3).

2.2 Information on the Board members

2.2.1 The present Board of Directors of the Company consists of nine (9) members and specifically of the following:

- (a) Georgios Ginosatis of Spyridonos, resident of Koropi Attica, 6 Karaiskaki Street, Chairman of the Board and Chief Executive Officer of the Company, executive member.
- (b) Stamatios Ginosatis of Spyridonos, resident of Koropi Attica, 204 Vas. Konstantinou Street, Vice-Chairman of the Board and Deputy CEO of the Company, executive member.
- (c) Asimina Ginosati, of Dimitrios Papanikolaou, resident of Koropi Attica 204 Vas. Konstantinou Street, executive Board Member.
- (d) Stamatina Ginosati of Georgios, resident of Koropi Attica, Haravgis Street, P.C. 2295, executive Board Member.
- (e) Nikolaos Vlachos of Matthaïos, resident of Glyfada Attica, 4 Sokratous Street, non-executive Board Member.
- (f) Dimitrios Ginosatis of Stamatios, resident of Koropi Attica, 204 Vas. Konstantinou Street, non-executive Board Member.
- (g) Spyridon Ginosatis of Stamatios, resident of Koropi Attica, 204 Vas. Konstantinou Street, non-executive Board Member.
- (h) Alikì Benroupi of Sam Samuel, resident of Filothei, Attica, Areti Grakou street no. 4, independent non-executive member of the BoD.
- (i) Nikolaos Regos of Eleftherios, resident of Papagou Attica, 7 Reppa Street, independent non-executive Board Member.

The abovementioned Board of Directors was elected by the Annual General Meeting of the Company's Shareholders held on June 30, 2017. The Annual General Meeting held on 29 June 2018 was subsequently approved for the election of a new member (Alice Burnup) in place of a resigned member. The constitution of the elected by the Annual Ordinary General Meeting of Shareholders of 30 June 2017, took place on the same day, while its reorganization took place on 21 June 2018.

The term of the current Board of Directors ends on June 30th 2022.

The decision of the annual Ordinary General Meeting of shareholders with regard to the election of the new Board of Directors as well as the respective minutes concerning the composition of the Board and the determination of the representation of the Company and other legal rights were registered in the General Electronic Commercial Registry (GEMI) on 12.07.2017 with registration numbers (KAK) 1115550 and 1115551 respectively, and in line with the issued announcement under protocol number 843104/12.07.2017 of the Department of Public SA and Sports SA of the Division of Companies and GEMI of the Directorate General of Market of the General Secretariat for Trade and Consumer Protection of the Ministry of Economy and Development.

The reconstruction of this body after the replacement of a resigned member was registered in the General Commercial Registry on July 4, 2018 with Registration Code (CIS) 1416301 and the protocol number of the relevant announcement 1198990 / 4.7.2018 of the Listed SA& Sports SA of the Company's Directorate & GEMI of the Directorate General of Market of the General Secretariat for Trade and Consumer Protection of the Ministry of Economy and Development.

2.3 Audit Committee

2.3.1 The Company, in full compliance with the provisions and requirements of article 44 of Law 4449/2017 elected during the Annual General Meeting of shareholders on June 29th, 2018 the Audit Committee, which consists of the following non-executive Board Members:

- 1) Mr. Nikolaos Regos of Eleftherios,
- 2) Ms. Alikì Benroubi of Samuel and
- 3) Mr. Nikolaos Vlachos of Matthaïos.

It is noted that from the above members, two (2) (Nikolaos Regos and Alikì Benroubi) are also independent non-executive members of the Board of Directors.

2.3.2 The responsibilities and duties of the Audit Committee include:

- a) monitoring the Financial reporting process and submission of proposals or recommendations for the integrity of the process,
- b) monitoring the effective operation of the internal control system and the risk management system, as well as monitoring the proper operation of the Company's internal audit unit,
- c) monitoring the course of the mandatory audit of annual separate and consolidated financial statements of the Company,
- d) reviewing and monitoring issues relating to the existence and maintenance of objectivity and independence of the legal auditor or auditing firm, especially as regards to the provision of other services by the legal auditor or the auditing firm, towards the Company,
- e) informing the Company's Board of Directors about the outcome of the mandatory audit and the explaining the contribution of the mandatory audit into the integrity of the Financial information, and
- f) the active participation in the process of appointing Certified Auditors and the articulation of a proposal with regard to the Auditing Firm which will undertake the mandatory and statutory audit of the financial statements.

2.3.3 The mission of the Audit Committee is to ensure the effectiveness and efficiency of the corporate activities, to control the reliability of Financial information provided to investors and Company shareholders, the compliance of the Company with the effective legal and regulatory framework, the protection of the Company's investments and assets and locating and handling the most significant risks.

The broad audit responsibilities of the Audit Committee include among others monitoring the correct and efficient operation of the internal control system and risk management system, auditing the financial statements before their approval by the Board of Directors, monitoring the financial reporting process applied by the Company, ensuring the coordination of the audit work, the quality, independence and performance of Auditors.

2.3.4 The Audit Committee convened 5 times during financial year 2018 (01/01/2018-31/12/2018).

2.3.5 It is clarified that the Ordinary Auditor of the Company, who conducts the audit of the annual and semi-annual financial statements, does not provide other non-auditing services to the Company, nor is he related in any other way with the Company, in order thus to ensure his objectivity, impartiality and independence, with the exception of assurance services that concern the conduct of the special tax audit required according to the provisions of article 65A of Law 4174/2013, according to which after the audit the "Annual Tax Certificate" is issued, following the relevant Report.

*** 3. General Meeting of shareholders**

3.1 Operation of the General Meeting and basic authorities of such

3.1.1 The General Meeting of shareholders is the highest-level body of the Company and is entitled to decide on any corporate affair and to decide on all issued submitted to such.

Specifically the General Meeting is exclusively responsible to decide on the following:

- a) the amendment of the provisions of the Articles of Association (as modifications are considered the increases, regular or extraordinary, and capital reductions),
- b) the election of members of the Board of Directors, except in the case of article 10 hereof,
- c) the election of Auditors,
- d) the approval of the overall management according to article 108 of Law 4548/2018 and the discharge of the Auditors,
- e) Approval of the annual and any consolidated financial statements of the Company,
- (f) the manner in which the profits of each financial year are disposed of;
- g) the approval of a fee or an advance payment of wages under Article 109 of Law 4548/2018,
- h) the approval of the remuneration policy of article 110 and the remuneration report of article 112 of law 4548/2018

- i) merger, spin-off, conversion, revival, extension of the duration or liquidation of the Company.
- j) appointment of liquidators and
- k) approval of the election, according to article 10 of the present Memorandum of Association, of temporary Board members, in replacement of members that have resigned, deceased or in any other way lost their member capacity.

3.1.2 The decisions of the General Meeting are mandatory also for shareholders that are absent or disagree.

3.1.3 The General Meeting of shareholders is convened by the Board of Directors and meets regularly at the Company's domicile or in the district of another Municipality within the domicile's prefecture, at least once each financial year and at the latest until the tenth (10th) calendar day of the nine month from the end of each financial year. The General Meeting may also convene in a district of the Municipality where the Athens Exchange is based.

The Board of Directors may convene an extraordinary General Meeting of shareholders, when deemed necessary or when requested by shareholders that represent the respective percentage as stated by law and the Memorandum of Association.

3.1.4 The General Meeting, with the exception of repeated Meetings and those equivalent to such, is convened at least twenty (20) days prior to the date set for the meeting. It is noted that non-working days are also counted. The release date of the invitation and the date of the meeting are not counted. The invitation to the General Meeting of shareholders must include the time, day, hour and location where the Meeting will convene, the issues of the daily agenda with clarity, the shareholders that have the right to participate, as well as exact instruction on the manner in which shareholders will be able to participate in the meeting and exercise their rights either in person or through a proxy or possibly from long-distance. An invitation to convene a General Meeting is not required in the case where shareholders representing the total share capital are present or represented and no one from such opposes to conducting the Meeting and to the decision making process.

3.1.5 The General Meeting is in quorum and convenes validly on the daily agenda issues when shareholders representing at least one fifth (1/5) of the paid up share capital or present or represented in such.

If this quorum is not achieved, then the General Meeting convenes again in twenty (20) days from the date of the meeting that was cancelled, after an invitation for such at least ten (10) days before. This repeated meeting convenes validly on the issues of the initial daily agenda regardless of the portion of the paid up share capital represented in such.

3.1.6 The decisions of the General Meeting are made with absolute majority of votes that are represented in such.

3. Exceptionally, for decision making on issues that concern:

- a) change of the Company's nationality,
- b) change of the Company's business objective,
- c) increase of the shareholders' obligations,
- d) a regular increase of the share capital, unless it is imposed by the law or by the capitalization of reserves or a reduction of the capital, unless it is done according to paragraph 5 of Article 21 or paragraph 6 of article 49 of law 4548/2018,
- e) issue of a loan with convertible bonds according to the article 71 of Law 4548/2018,
- f) change in the way earnings are distributed,
- g) extension of the duration or liquidation of the Company,
- h) merger, spin-off, conversion, revival of the Company,
- i) provision or renewal of authorization towards the Board of Directors for increase of the share capital according to article 24 of Law 4548/2018,
- j) any other case, in which the law states that the following quorum is required by the General Meeting to make a specific decision:

the General Meeting is at quorum and convenes validly on such issues, when shareholders representing one half (1/2) of the paid up share capital are present or represented in the Meeting.

3.1.7 The Chairman of the Board of Directors temporarily acts as Chairman of the General Meeting or in case he is unable then his legal deputy, and the Chairman assigns one of the shareholders or their

proxies present as Secretary, until the General Meeting ratifies the list of shareholders that are entitled to participate in the Meeting and elects the normal presidium. The Presidium consists of the Chairman and Secretary, who also acts as voting teller.

3.1.8 The discussions and decisions of the General Meeting are limited to issues of the daily agenda. The daily agenda is prepared by the Board of Directors and includes proposals of the Board towards the Meeting as well as possible proposals of the auditors or shareholders that represent one twentieth (1/20) of the paid up share capital. The discussions and decisions of the General Meetings are recording in a special book (minutes) and the relevant minutes are signed by the Chairman and Secretary of the Meeting. The beginning of the minutes include a record of shareholders that are present or represented in the General Meeting, whereas the minutes are prepared according to article 22 par. 8 of the Memorandum of Association.

Following a request by a shareholder, the Chairman of the Meeting must record the former's opinion in the minutes.

3.2 Shareholders' rights and how such are exercised

3.2.1 Participation and voting rights

3.2.1.1 Shareholders exercise their rights, in relation to the Company's Management, only through the General Meetings and according to those stated by law and the Memorandum of Association. Each share provides the right for one vote at the General Meeting, given those stated by article 50 of Law 4548/2018, as currently in effect.

3.2.1.2 The person having the shareholding capacity at the beginning of the fifth (5th) day before the date of the General Meeting (record date) is entitled to participate in the General Meeting

The above recording date also applies in the case of a postponement or a repeat session, provided that the postponement or the repeat session is not more than thirty (30) days from the recording date.

If this is not the case or if in the case of the repeat General Meeting a new invitation is published, according to the provisions of article 130 of law 4548/2018, the person having the shareholding status at the beginning of the third (3rd) day prior to the day of the postponement or the repeat General Meeting participates in the General Meeting. Proof of shareholding can be done by any legal means, and, in any case, based on information received by the Company from the Central Securities Depository if it provides registry services or through the participants and registered intermediaries in the Central Securities Depository in any other case.

3.2.1.3 Only those that have the shareholder capacity during the respective record date is considered by the Company to have the right of participation and voting at the General Meeting. In the cases of non-compliance with the provisions of article 124 of Law 4548/2018, the said shareholder participates in the General Meeting only after the latter's permission.

3.2.1.4 It is noted that the exercise of the above rights (participation and voting) does not require the blockage of the beneficiary's shares or any other relevant process, which limits the ability to sell or transfer shares during the time period between the record date and the date of the General Meeting.

3.2.1.5 The shareholder participates in the General Meeting and votes either in person or through a proxy. Each shareholder may appoint up to three (3) proxies. Legal entities participate in the General Meeting by appointing up to three (3) persons as representatives. However, if a shareholder owns Company shares, which appear in more than one securities accounts, this limitation does not obstruct the said shareholder from appointing different proxies for the shares that appear in each security account in relation to the General Meeting. A proxy that acts on behalf of more than one shareholder, can vote separately for each shareholder. A shareholder proxy must disclose to the Company, prior to the beginning of the General Meeting, any specific event that may be useful to shareholders in assessing the risk of the proxy serving other interests than those of the represented shareholder. According to the definition of the present paragraph, there might be conflict of interests specifically when the proxy:

a) is a shareholder that exercises control on the Company or is another legal entity controlled by the shareholder,

b) is a member of the Board of Directors or generally the management of the Company or of a shareholder that exercises control on the Company, or another legal entity that is controlled by a shareholder who exercises control on the Company,

c) is an employee or public accountant of the Company or shareholder that exercises control on the Company, or another legal entity controlled by the shareholder who exercises control on the Company,

d) is a spouse or first degree relative with one of the persons mentioned above in cases (a) through (c).

The appointment and revocation of a proxy is applied in written and disclosed to the Company in the same form, at least three (3) days prior to the date of the General Meeting.

3.2.2 Other shareholders' rights

3.2.2.1 Ten (10) days prior to the Ordinary General Meeting, any shareholder can obtain copies of the annual financial statements and reports by the Board of Directors and auditor from the Company. Such documents must be submitted in time by the Board of Directors to the Company's relevant office.

3.2.2.2 With the request of shareholders that represent one twentieth (1/20) of the paid up share capital, the Board of Directors of the Company is obliged to convene an Extraordinary General Meeting of shareholders, setting the date of such, which cannot be more than forty five (45) days from the day the request was delivered to the Chairman of the Board. The request must list the daily agenda issue. If a general meeting is not convened by the Board of Directors within twenty (20) days from the delivery of the relevant request, then the meeting takes place by the requesting shareholders, at the expense of the Company, by means of a decision by the court of the Company's domicile, which is issued during the injunction process. This decision states the place and time of the meeting, as well as the daily agenda. The decision cannot be offended by any legal means.

3.2.2.3 With the request of shareholders that represent one twentieth (1/20) of the paid up share capital, the Board of Directors of the Company is obliged to list additional issues on the daily agenda of the General Meeting that has already been set, if the relevant request is received by the Board at least fifteen (15) days prior to the General Meeting.

Additional issues must be published or disclosed under the responsibility of the Board of Directors in accordance with Article 122 of Law 4548/2018 at least seven (7) days prior to the general meeting. An application for inclusion of additional items on the agenda is accompanied by a justification or a draft decision for approval by the General Meeting and the revised agenda is published in the same way as the previous agenda, thirteen (13) days prior to the date of the General Meeting and at the same time it is made available to the shareholders on the Company's website together with the justification or the draft resolution submitted by the shareholders.

If the additional issues are not published, then the requesting shareholders are entitled to request postponement of the General Meeting according to paragraph 5 of article 141 of Law 4548/2018 and to proceed themselves with publishing the issues, according to those stated in the previous paragraph, at the expense of the Company.

3.2.2.4 Following a request of any shareholder that is submitted to the Company at least five (5) full days prior to the General Meeting, the Board of Directors is obliged to provide to the General Meeting the specifically required information on the Company's affairs, to the extent that such are relevant with the daily agenda issues.

3.2.2.5 With the request of a shareholder or shareholders that represent one twentieth (1/20) of the paid up share capital, the Chairman of the General Meeting is obliged to postpone the decision making process only once, for all or specific issues, by the Extraordinary or Ordinary General Meeting, defining the day when the meeting will re-convene for decision making that is stated on the shareholders' request, which however cannot be more than twenty (20) days from the day of the postponement. The General Meeting that follows the postponement is considered a continuance of the previous and thus the disclosure requirements of the shareholders' invitation are not repeated and new shareholders cannot take part in the Meeting, based on the relevant documentation of participation.

3.2.2.6 With the request of shareholders that represent one twentieth (1/20) of the paid up share capital, which must be submitted to the Company five (5) full days prior to the ordinary General Meeting, the Board of Directors is obliged to announce to the General Meeting, provided that the Meeting is an Ordinary one, the amounts paid during the past two-years for any cause by the Company

to each Board Member or the Managers of the Company, as well as any amounts emanating from any other contract of the Company signed for any cause with such individuals. The Board of Directors may decline the provision of such information for reasonable cause, stating the relevant justification in the minutes. Such a reasonable cause may consist according to the circumstances of the representation of requesting shareholders in the Board of Directors, according to the articles 79 or 80 of Law 4548/2018.

3.2.2.7 Following a request by shareholders that represent one tenth (1/10) of the paid up share capital, which is submitted to the Company within the time limit of the previous paragraph, the Board of Directors is obliged to provide to the General Meeting information on the development of corporate affairs and the financial position of the Company. The Board of Directors may decline the provision of such information for reasonable cause, which is stated in the minutes. Such a reasonable cause may consist according to the circumstances of the representation of requesting shareholders in the Board of Directors, according to the articles 79 or 80 of Law 4548/2018, provided that the respective Board members have received the relevant information in an adequate manner.

3.2.2.8 Following a request by shareholders that represent one twentieth (1/20) of the paid-up share capital, the decision making on any issue of the daily agenda of the General Meeting is conducted by open voting.

3.2.2.9 Shareholders of the Company, representing at least one twentieth (1/20) of the paid-up share capital, have the right to request an extraordinary audit of the Company by the court of law of the Company which suits it in the procedure of voluntary jurisdiction. Control shall be ordered if acts that violate provisions of the Company's law or the Articles of Association or decisions of the General Meeting are suspected. 3.2.2.10 Shareholders of the Company representing one fifth (1/5) of the paid-up share capital are entitled to request from the court the control of the Company, since it is believed on the basis of concrete evidence that the administration of corporate affairs is not exercised as required by sound and prudent management.

*** 4. Internal control system and risk management**

4.1 Basic characteristics of the internal control system

4.1.1 The Company's internal control is performed by the internal audit Service and conducted according to the audit schedule included in the Internal Operation Regulation adopted and approved by the Company.

It is noted that the audit, according to which the relevant Report is prepared, is performed within the regulatory framework of I. 3016/2002, as currently in effect, and specifically according to articles 7 and 8 of the latter law, as well as according to those stated by Decision No. 5/204/2000 issued by the Board of Directors of the Hellenic Capital Market Commission, as currently in effect following its amendment by Decision No. 3/348/19.07.2005 issued by the Commission's Board.

It is a basic responsibility of the Company's Management to ensure, through applying the necessary internal control systems, that the Group's overall organization has the ability to quickly and efficiently handle the risks from when such arise and in any case to take all the appropriate and necessary measures to minimize the consequences and adverse effects of such.

4.1.2 During the audit, the internal audit Service receives knowledge of all necessary accounting books, entries, files, bank accounts and portfolios of the Company and requests the complete and continuous cooperation of Management in order to be provided with all the requested information and data, with the objective of obtaining reasonable assurance for the preparation of a Report that will be free from substantial inaccuracies as regards to the information and conclusions included in such. The audit does not include any assessment of the appropriateness of the accounting policies applied as well as of the logic of estimations made by Management, as such are responsibilities of the Company's legal auditor.

4.1.3 The objective of the audit is to assess the general level and operational processes of the internal control system. In each audit period, specific audit areas-divisions are selected, while the operation and organization of the Company's Board of Directors is evaluated and reviewed on a constant and continuous basis, as well as the operation of the 2 basic Services that operate according to the provisions of I. 3016/2002, namely the Shareholders' Service Department and the Corporate Releases Department.

4.1.4 It is noted nevertheless that the internal control and risk management systems provide reasonable but not absolute security, given that such are designed so as to minimize the possibility of relevant risks arising, without however being able to absolutely prevent such.

4.2 Risk management of the Company and Group in relation to the financial reporting process (separate and consolidated)

The Company has developed and applies policies and processes for the preparation of financial statements with the objective to ensure the reliability of such and to comply with the laws and regulations that govern their preparations and publications.

Such processes concern the audit and recording of income and expenses as well as systematically monitoring the position and value of assets.

The policies and processes that have been established are evaluated and re-defined in case where such are considered inadequate or if changes in laws demand so.

At the end of each financial period, the Company's accounting department proceeds with actions that are required to prepare the financial statements according to law.

The established policies and processes related to the preparation of financial statements include, amongst others, the following:

Processes for closing financial periods, which include deadlines for submission, responsibilities, classification and analysis of accounts and information on required disclosures.

Reconciliations of the balances of the Customers and Suppliers accounts as well as other receivables and liabilities of the company in frequent time periods.

Processes that ensure that transactions are recognized according to the International Financial Reporting Standards.

Reconciliations of the bank accounts and loan accounts kept by the Company in approved Banks on a monthly basis.

Audits and reconciliation of checks receivable and payable.

Calculation of provisions for the Company's receivables and liabilities in cases when the relevant receipts have not yet been presented.

Physical recording of inventory and audits on imports-exports in warehouses on a monthly basis.

Audit and reconciliation of sales and issued receipts.

Policies and processes for purchases, payments, receipts, management of inventory etc.

Establishment of processes for accounting entries by different individuals in the context of distinguishing responsibilities.

Approvals and processes for the correct recording of Company expenses in the accounts of the kept Accounting Schedule and in the appropriate cost center.

Processes for approval of purchases, registration and monitoring of fixed assets and calculation of the required depreciations.

Processes for supervising and managing employees and payroll liabilities.

Processes that ensure the correct use of the Accounting Schedule applied by the Company and that the access and changes in such through the Company's IT system can be made only by authorized users with specific responsibilities.

The IT system used by the Company is continuously developed and upgraded by the corresponding IT department, in close cooperation with a recognized IT Company in order to adjust to the continuously expanding and specialized IT needs, with the objective to support the Company's long-term goals and prospects. Amongst others, the IT department is responsible for the application of security processes (back-ups on a daily basis) as well as for the application of processes established by the Company (Anti-virus Software and Firewall).

***5. Other management or supervisory bodies or committees of the Company**

At the present time, there are no other management or supervisory bodies or committees of the Company, apart from those mentioned above.

*** 6. Additional information**

FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY

6.1 Article 10 par.1 of the EU Directive 2004/25/EC dated April 21st 2004, relating to takeover bids, states the following as regards to companies whose total shares are listed on an organized market:

"1. Country members ensure that the companies mentioned in article 1 paragraph 1 disclose detailed information as regards to the following:

a) their capital structure, including securities that are not listed on an organized market of a country-member and, according to the case, indication of different categories of shares with the rights and obligations linked to each share category and the percentage of the total share capital such represent;

b) all the limitations on transfer of securities, such as limitations on the ownership of securities or the obligation to receive approval by the Company or other shareholders, with the reservation of article 46 of Directive 2001/34/EC;

c) the significant direct or indirect holdings (including indirect holdings through pyramid structures or cross-holdings) according to the definition of article 85 of directive 2001/34/EC;

d) the owners of any kind of securities that provide special control rights and the description of such rights.

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

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

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

(h) the rules governing the appointment and replacement of board members and the amendment of the Articles of Association;

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

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

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

6.2 The above information is included in detail in Chapter 6 of the present Report by the Board of Directors. As regards to items c, d, f, h and i of par. 1 of article 10, the Company states the following:

• as regards to item c': the important direct or indirect participations of the Company are the following:

(a) FLEXOPACK POLSKA Sp.z.o.o, (subsidiary) in which the Company participates with a stake of 100.00% of shares and voting rights.

(b) "FLEXOSYSTEMS Ltd Belgrade", (subsidiary) in which the Company participates with a stake of 100% of shares and voting rights.

(c) "INOVA SA PLASTICS" (associate) in which the Company participates with a stake of 50% of shares and voting rights, and

(d) "VLACHOU BROS SA" (associate) in which the Company participates with a stake of 47.71% of shares and voting rights.

(e) «FLEXOPACK INTERNATIONAL LIMITED»: Foreign company domiciled in Larnaca, Cyprus, fully owned by the Company (100% of the total shares and voting rights)

(f) «FLEXOPACK PTY LTD»: Fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company)

(g) «FLEXOPACK TRADE AND SERVICES UK LIMITED»: Fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company)

(h) «FLEXOPACK PROPERTIES PTY LTD» (subsidiary): Fully owned (100%) by the subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company) and

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(i) «FLEXOPACK NZ LTD» (subsidiary): Fully owned (100%) by the subsidiary «FLEXOPACK PTY LTD» (indirect participation of the Company)

(j) «FLEXOPACK FRANCE» (subsidiary): Fully owned (100%) by subsidiary «FLEXOPACK INTERNATIONAL LIMITED» (indirect participation of the Company)

Moreover, the significant direct or indirect holdings in the voting rights of the Company, according to the definition of provisions of articles 9 through 11 of l. 3556/2007, are the following:

(a) Stamatis Ginosatis, percentage of 29.180% (direct participation)

(b) Georgios Ginosatis, percentage of 16.750% (direct participation)

(c) Nikolaos Ginosatis, percentage of 16.289% (direct participation)

(d) Competrol Establishment, percentage of 8.093% (direct participation)

(e) Canaccord Genuity Wealth (International) Limited (former Collins Stewart (CI) Limited), percentage of 5.107% (direct participation)

- as regards to item d': there are no kind of securities (including shares), that provide special control rights.

- as regards to item f': there are no known limitations on voting rights (such as limitation of voting rights on owners of a specific percentage or number of shares, deadlines to exercise voting rights, or systems through which with the cooperation of the Company financial rights emanating from shares are distinguished by the ownership of the shares). As regards to exercising voting rights during the General Meeting, extensive reference is made in Section 3 of the present Corporate Governance Statement.

- as regards to item h': regarding the appointment and replacement of Board members and regarding the amendment of the Company's Memorandum of Association, there are no rules that differ from those stated by Law 4548/2018, as currently in effect. Such rules are described in detail in Section 2.1 of the present Corporate Governance Code.

- as regards to item o': there are no special authorities of Board members as regards to the issue or buyback of shares.

The present Corporate Governance Statement constitutes an inseparable and distinct part of the annual (Management) Report of the Company's Board of Directors.

SECTION I

Group's course and outlook for the current financial year 2019

Given the Group's strong export orientation, the prospects, results and the course of both the Company and the Group for the current year 2019 depend directly on the conditions prevailing primarily in the global and secondarily in the domestic economy and market.

The Group continues to implement a heavy investment plan targeting a greater extrovert strategy, the geographic dispersion and the expansion of its production units and of its production facilities in general, as well as the expansion of its global distribution network.

During the present period there are external factors that create fair and justified concerns about the course of the global economy, such as the threats from protectionism, the geopolitical uncertainty, the anxiety over Brexit and its final implementation, the need over a generally agreed solution on the refugee crisis, the shocks generated by the aggravation of the international relations, etc.

Further to the above, there is a restrained optimism for the Group's course in 2019, under the condition that there will be no negative factors in terms of raw materials price increase or consumer demand decrease.

The strategy of the Group during the current fiscal year is oriented towards the continuous adjustment into the conditions prevailing each time through the adoption of a relatively aggressive policy which can be summarized as follows:

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- Improvement and continuous development as well as upgrade of the spectrum of produced products, with an emphasis on high-quality product diversification compared to competition, as well as on penetration of new markets.
- Creation of new products that will cover effectively the broader and demanding needs of the market.
- Ongoing and systematic monitoring of market trends and needs, in order for the extracted products to cover the market's existing but also new needs, as well as to satisfy the customer needs.
- Further enhancement of the current modern production methods in order to meet the targets of reduction of energy consumption, reduction of the carbon footprint and essential contribution to sustainable development.
- Further penetration of the international markets via the maintenance or expansion of the Company's partnerships or through the creation of new fixed facilities for the utilization of the Group's knowhow and the larger degree of distribution network ownership.
- Expansion of the facilities and production capacity of the Group's subsidiaries in Poland and Australia with the aim to directly service the customer base of the geographic regions which are the basis of the subsidiaries. By this way, additional growth will be achieved in these markets, and finally
- Continuous development of the organizational and operating structures aiming at the further increase of efficiency, and the further reduction of costs.

Koropi, 19 April 2019
THE BOARD OF DIRECTORS

CHAPTER 3 : Audit Report by Independent Certified Auditor Accountant**Audit Report by Independent Certified Auditor Accountant****Towards the Shareholders of "FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY"****Audit Report on the Separate and Consolidated Financial Statements****Opinion**

We have audited the accompanying separate and consolidated financial statements of the Company **"FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY"**, which consist of the separate and consolidated statement of financial position of **December 31st 2018**, the separate and consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended on the aforementioned date, as well as the summary of significant accounting principles and methods and other explanatory notes.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of **"FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY"** and its subsidiaries as at **December 31st 2018**, their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, as such have been adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as incorporated into the Greek Legislation. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the separate and consolidated Financial Statements" section of our report. We are independent of the Company and its consolidated subsidiaries throughout our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as incorporated into the Greek Legislation and the ethical requirements that are relevant to the audit of the separate and consolidated financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the current legislation and the above-mentioned IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the audited year. These matters and the associated risks of material inaccuracy were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Inventory	
Important Audit Issue	Treatment of Audit Issue
<p>On 31.12.2018 held inventory of € 19.88 million (Company level : € 13.55 million)</p> <p>Inventory is valued at the lowest between the acquisition cost and the net liquidation value as it is noted in the Group's accounting policies. The net liquidation value is the estimated sale price minus any appropriate selling expense.</p> <p>Based on the above, the Management makes the appropriate estimations according to the movement of codes within the fiscal year as well as according to the planning for the next period.</p> <p>We viewed that this area, namely production cost – inventory, is one of the key audit issues given that inventory comprises an important item of the Assets and in view of the size of consumption as well as the estimates required in both the measurement of the inventory value and the calculation of the production cost.</p> <p>Information on the accounting policies of the Company for its inventory is presented in note 3.8 of the annual financial report.</p>	<p>We assessed the reasonability of the Management's assumptions which were applied in the valuation of the inventory via the following:</p> <ul style="list-style-type: none"> • The recording and the audit of procedures and of inventory management controls designed by the Management with regard to inventory. • The monitoring of the procedure for the measurement of the inventory and the performance of a physical inventory measurement at the storage facilities. • The comparison of the net liquidation value of inventory, as it is derived from sales after the end of the reporting period. • The performance of analytical procedures with regard to the movement of inventory and the detection of inventories with low level of tradability (or movement). • The sample-based confirmation of the fair determination of the acquisition price and production cost of the inventory. <p>Furthermore we assessed the adequacy and appropriateness of the disclosures in note 6.7 of the financial statements</p>
2. Recoverability of Trade Receivables	
Important Audit Issue	Treatment of Audit Issue
<p>On 31.12.2018 the trade receivables of the Group amount to € 11.14 million (Company level : € 21.08 million)</p> <p>Applying IFRS 9 as of 1 January 2018, the management assesses the recoverability of the Group's trade receivables and assesses the required impairment provision for expected credit losses.</p> <p>The management assesses the recoverability of the trade receivables and records an impairment loss so that these receivables are depicted according to their recoverable amount.</p>	<p>Our audit approach included, among other the following procedures:</p> <p>Understanding and examining of the processes with respect to monitoring the trade receivables.</p> <p>Assessment of the assumptions and the methodology used by the Company for the determination of their recoverability or their characterization as doubtful receivables.</p> <p>Assessment of the analysis of the maturity of customers and the estimation of the provision.</p>

<p>In order to estimate the amount of impairment of its trade receivables, the Management assesses their recoverability by reviewing the maturity of the customer balances, their credit history, and the settlement of subsequent payments according to the each settlement terms.</p> <p>We view that the assessment of the recoverability of the Groups' trade receivables is one of the key audit issues since receivables comprise an important item of the Assets and in view of the significant estimations and judgments made by the Management.</p> <p>Information on the accounting policies of the Company for its trade receivables are presented in note 3.7 of the annual financial report.</p>	<p>The assessment of the impact of the adoption of IFRS 9 in the current fiscal year, which led to a corresponding adjustment of the Group's accounting policy, to address impairment losses on trade receivables.</p> <p>Examination of the factors taken into account for the determination of the impairment loss.</p> <p>Collection of confirmation letters from third parties with regard to a representative sample of trade receivables, and the performance of procedures after the reporting date of the financial statements for the collection of cash receipts against the year-end balances.</p> <p>Examination of reply letters of lawyers concerning cases handled during the course of the year in order to detect any issues indicating balances of trade receivables which are not recoverable in future.</p> <p>Furthermore we assessed the adequacy and appropriateness of the disclosures in note 6.8 of the financial statements</p>
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Other Information

Management is responsible for the other information. The other information comprises the information included in the Board of Directors' Report for which reference is made to the "Report on other Legal and Regulatory Requirements", to the Statements of the Members of the Board of Directors, but does not include the financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with IFRSs, 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.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee (art. 44 L. 4449/2017) of the Company is responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as incorporated into the Greek Legislation, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs as incorporated into the Greek Legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based

on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the company and of its subsidiary audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the audited year and are therefore the key audit matters.

Report on other Legal and Regulatory Requirements

1. Management Report of Board of Directors

Taking into the account that the Management has the responsibility for the preparation of the Management Report of the Board of Directors and of the Corporate Governance Statement included in this report, pursuant to the provisions of paragraph 5, article 2 (part B) of Law 4336/2015 (Part B'), we note that:

- a) The Board of Directors' Management Report includes the corporate governance statements, which presents the information required by article 43bb of C.L. 2190/1920.
- b) In our opinion, the Management Report of the Board of Directors has been prepared according to the legal requirements of articles 43a and 107A of paragraph 1 (cases c' and d') of article 43bb of Cod. Law 2190/1920 and the contents of the report correspond to the attached separate and consolidated financial statements for the fiscal year ended on 31/12/2018.
- c) Based on the knowledge we acquired during our audit, for the Company "**FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY**" and its environment, we have not detected any material inaccuracies in the Management Report of its Board of Directors.

2. Additional Report to the Audit Committee

Our audit opinion on the accompanying separate and consolidated financial statements is consistent with the Additional Report to the Company's Audit Committee referred to in Article 11 of European Union (EU) Regulation 537/2014.

3. Provision of Non-Audit Services

We have not provided to the Company and its subsidiary the prohibited non-audit services referred to in Article 5 of EU Regulation 537/2014.

4. Auditor's Appointment

We have been appointed for the first time statutory auditors of the Company by the dated 30/06/1993 decision of the annual ordinary general meeting of shareholders. Since then, our appointment has been constantly renewed for a total period of 26 years based on the annual decisions of the Annual General Meetings of the Company Shareholders.

Athens, 22 April 2019

Makris D. Serafeim

Certified Auditor

SOEL Reg. No. 16311

Chartered Auditors Accountants S.A. (SOL S.A.)
a member of Crowe Horwath International
3 Fokionos Negri Street, 11257 Athens Greece
Certified Auditors Association Reg. No. 125

CHAPTER 4 : Annual Financial Statements**Annual Separate and Consolidated Financial Statements
As of 31st December 2018
(January 1st 2018 – December 31st 2018)****According to the International Financial Reporting Standards (IFRS)**

Statement of financial position

	Σημείωση	GROUP		COMPANY	
		31/12/2018	31/12/2017	31/12/2018	31/12/2017
ASSETS					
Non-current assets					
Tangible Assets	6.1	53,353	47,339	39,096	36,275
Goodwill	6.2	252	252	0	0
Intangible Assets	6.3	1,751	1,789	1,751	1,789
Investments in subsidiary companies	6.4	0	0	11,717	10,249
Investments in associate companies	6.5	3,596	3,036	2,199	2,199
Other Long-term Receivables	6.6	222	291	319	588
Total non-current assets		59,175	52,708	55,083	51,101
Current assets					
Inventories	6.7	19,876	17,377	13,547	11,887
Trade Receivables	6.8	11,147	12,254	21,087	20,432
Other Receivables	6.9	6,958	7,791	7,132	6,456
Cash and cash equivalents	6.10	13,223	12,046	10,529	9,339
Total current assets		51,205	49,468	52,296	48,114
Total Assets		110,380	102,176	107,379	99,214
EQUITY & LIABILITIES					
Share capital	6.11	6,329	6,329	6,329	6,329
Share premium	6.11	4,019	4,605	4,019	4,605
Capital Reserves	6.11	17,292	16,948	17,513	16,895
Retained Earnings	6.11	40,101	33,714	42,472	35,554
Total Shareholders' Equity		67,741	61,596	70,332	63,382
Non-controlling interests		0	0	0	0
Total Equity		67,741	61,596	70,332	63,382
LIABILITIES					
Long-term liabilities					
Deferred tax liabilities	6.12	1,966	2,247	1,945	2,427
Provision for employee benefits	6.13	935	854	935	854
Government grants	6.14	300	553	300	553
Long-term bank liabilities	6.15	14,143	10,551	13,073	9,125
Other long-term liabilities	6.15.1	1,638	449	513	0
Other provisions	6.16	403	386	238	238
Total Long-term Liabilities		19,386	15,041	17,005	13,198
Short-term liabilities					
Suppliers and related liabilities	6.17	16,161	15,484	13,665	13,352
Liabilities from income tax	6.18	2,768	3,873	2,749	3,871
Short-term bank liabilities	6.15	4,324	6,182	3,627	5,411
Total Short-term Liabilities		23,253	25,539	20,042	22,634
Total Liabilities		42,639	40,580	37,047	35,832
Total Equity & Liabilities		110,380	102,176	107,379	99,214

The accompanying notes constitute an inseparable part of the financial statements.

Income Statement

		GROUP		COMPANY	
		1/1- 31/12/2018	1/1- 31/12/2017	1/1- 31/12/2018	1/1- 31/12/2017
Continuing Operations					
Turnover	Note 6.19	84,492	81,523	72,424	70,284
Cost of Sales	6.20	(63,447)	(61,091)	(54,308)	(52,509)
Gross Profit		21,046	20,432	18,116	17,775
Other operating income	6.22	683	667	605	752
Administrative expenses	6.20	(4,088)	(3,741)	(3,154)	(2,799)
Research & Development Expenses	6.20	(1,089)	(927)	(1,058)	(809)
Distribution expenses	6.20	(5,881)	(5,511)	(3,734)	(3,574)
Other operating expenses	6.22	(110)	(85)	(109)	(44)
Operating Results		10,560	10,834	10,666	11,301
Financial income	6.23	2	5	19	27
Financial expenses	6.23	(680)	(700)	(604)	(630)
Other Financial Results	6.24	(570)	(388)	67	(371)
Proportion of associate companies' Result	6.5	560	622	0	0
Earnings before taxes		9,872	10,374	10,148	10,327
Income tax	6.25	(2,776)	(2,986)	(2,546)	(3,028)
Earnings after taxes		7,096	7,389	7,602	7,299
Allocated to :					
-Shareholders of the parent		7,096	7,383	7,602	7,299
-Non-controlling interests		0	5	0	0
		7,096	7,389	7,602	7,299
Basic Earnings per share that correspond to the parent's shareholders (Euro per share)	6.31	0.6055	0.6300	0.6487	0.6227

The accompanying notes constitute an inseparable part of the financial statements.

Statement of comprehensive income

	GROUP		COMPANY	
	1/1- 31/12/2018	1/1- 31/12/2017	1/1- 31/12/2018	1/1- 31/12/2017
Continuing Operations				
Earnings after taxes	7,096	7,389	7,602	7,299
<u>Other comprehensive income</u>				
<u>Amounts which may be transferred into the results in subsequent periods</u>				
Foreign exchange differences from consolidation of foreign subsidiaries	(274)	183	0	0
Future contracts on currency - Cash flow hedging	0	104	0	104
<u>Amounts which will not be transferred into the results in subsequent periods</u>				
Actuarial profit-(losses) in personnel benefit plan	(34)	13	(34)	13
Corresponding income tax	9	(4)	9	(4)
Other comprehensive income after taxes	(300)	296	(26)	113
Total comprehensive income after taxes	6,797	7,684	7,577	7,411
Allocated to :				
-Shareholders of the parent	6,797	7,675	7,577	7,411
-Non-controlling interests	0	9	0	0
	6,797	7,684	7,577	7,411

The accompanying notes constitute an inseparable part of the financial statements.

Consolidated statement of changes in equity

GROUP	Allocated to the shareholders of the parent company							Total Equity
	Share capital	Share premium	Reserves	FX differences from consolidation	Retained earnings	Non-controlling Total interests		
Balance as at 1/1/2017	6,329	4,605	16,288	(238)	26,937	53,920	68	53,988
Earnings after taxes	0	0	0	0	7,383	7,383	5	7,389
Other comprehensive income after taxes	0	0	104	179	9	292	4	296
Transfer to Reserves (Ordinary Reserve)	0	0	292	0	(292)	0	0	0
Acquisition of minority rights of a subsidiary company	0	0	0	0	0	0	(77)	(77)
Transfer of amortization of grants of L. 3299/04	0	0	324	0	(324)	0	0	0
Balance as at 31/12/2017	6,329	4,605	17,007	(59)	33,714	61,596	(0)	61,596
Change in accounting policy (Note 2.1)	0	0	0	0	(65)	(65)	0	(65)
Restated balance as at 1/1/2018	6,329	4,605	17,007	(59)	33,649	61,531	(0)	61,531
Earnings after taxes	0	0	0	0	7,096	7,096	0	7,096
Other comprehensive income after taxes	0	0	0	(274)	(26)	(300)	0	(300)
Transfer to Reserves (Ordinary Reserve)	0	0	365	0	(365)	0	0	0
Transfer of amortization of grants of L. 3299/04	0	0	253	0	(253)	0	0	0
Share capital increase (Note 6.11)	586	(586)	0	0	0	0	0	0
Share capital decrease (Note 6.11)	(586)	0	0	0	0	(586)	0	(586)
Balance 31/12/2018	6,329	4,019	17,625	(333)	40,101	67,741	(0)	67,741

The accompanying notes constitute an inseparable part of the financial statements.

Statement of changes in Parent Company's equity

COMPANY	Share capital	Share premium	Reserves	Retained earnings	Total Equity
Balance as at 1/1/2017	6,329	4,605	16,175	28,862	55,971
Earnings after taxes	0	0	0	7,299	7,299
Other comprehensive income after taxes	0	0	104	9	113
Transfer to Reserves (Ordinary Reserve)	0	0	292	(292)	0
Transfer of amortization of grants of L. 3299/04	0	0	324	(324)	0
Balance as at 31/12/2017	6,329	4,605	16,895	35,554	63,382
Change in accounting policy (Note 2.1)	0	0	0	(41)	(41)
Restated balance as at 1/1/2018	6,329	4,605	16,895	35,513	63,341
Earnings after taxes	0	0	0	7,602	7,602
Other comprehensive income after taxes	0	0	0	(26)	(26)
Transfer to Reserves (Ordinary Reserve)	0	0	365	(365)	0
Transfer of amortization of grants of L. 3299/04	0	0	253	(253)	0
Share capital increase (Note 6.11)	586	(586)	0	0	0
Share capital decrease (Note 6.11)	(586)	0	0	0	(586)
Balance as at 31/12/2018	6,329	4,019	17,513	42,472	70,332

The accompanying notes constitute an inseparable part of the financial statements.

Statement of cash flows

	GROUP		COMPANY	
	1/1- 31/12/2018	1/1- 31/12/2017	1/1- 31/12/2018	1/1- 31/12/2017
<u>Indirect method</u>				
<u>Cash flows from operating activities</u>				
Earnings before taxes	9,872	10,374	10,148	10,327
<u>Adjustments on Earnings for:</u>			0	
Depreciation of tangible assets	3,678	3,606	2,787	2,897
Amortization of intangible assets	289	271	289	271
Provisions	71	297	47	145
Impairment	0	40	0	0
Foreign exchange differences	570	388	(67)	371
Profit/(Loss) from the sale of tangible assets	(75)	(62)	(1)	(62)
Amortization of investment grants	(253)	(324)	(253)	(324)
Interest income	(2)	(5)	(19)	(27)
Interest expenses	680	700	604	630
Share of results in associate companies	(560)	(622)	0	0
Total adjustments on Earnings for Cash Flows	4,397	4,286	3,387	3,901
	14,270	14,660	13,534	14,228
<u>Working capital changes</u>				
(Increase) / decrease of inventories	(2,739)	(1,502)	(1,660)	(1,358)
(Increase) / decrease of receivables	1,360	(3,827)	(1,317)	(3,056)
Increase / (decrease) of liabilities	694	2,926	529	1,194
	(684)	(2,403)	(2,448)	(3,221)
Cash flows from operating activities	13,586	12,257	11,086	11,008
minus: Income tax paid	(3,873)	(3,326)	(3,860)	(3,322)
Net cash flows from operating activities	9,713	8,932	7,226	7,686
<u>Cash flows from investment activities</u>				
Share capital increase of subsidiary	0	0	(1,468)	(1,860)
Purchases of tangible fixed assets	(8,732)	(12,787)	(5,313)	(9,366)
Purchases of intangible assets	(251)	(195)	(251)	(195)
Receipts from sale of tangible and intangible assets	87	103	3	79
Interest received	2	5	19	27
Net cash flows from investment activities	(8,895)	(12,873)	(7,010)	(11,314)
<u>Cash flows from financing activities</u>				
Receipts from issued/collected loans (Note 6.34)	11,700	9,147	11,700	9,000
Payment of loans (Note 6.34)	(9,966)	(7,704)	(9,536)	(7,339)
Interest paid	(680)	(700)	(604)	(630)
Share capital return	(586)	0	(586)	0
Acquisition of minority rights of a subsidiary company	0	(81)	0	0
Net Cash flows from financing activities	468	662	974	1,031
Net (decrease)/ increase in cash and cash equivalents	1,287	(3,279)	1,190	(2,598)
Cash and cash equivalents at the beginning of the period	12,046	15,375	9,339	11,937
Effect from foreign exchange differences	(109)	(51)	0	0
Cash and cash equivalents at the end of the period	13,223	12,045	10,529	9,339

The accompanying notes constitute an inseparable part of the financial statements.

1. General Information on the Company and Group

The Group operates in the sector of producing flexible plastic packaging items mainly for the food industry but also for other advanced special applications.

The Company "FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY" (hereafter mentioned as "Company" or "FLEXOPACK") is specifically active in the production of flexible plastic packaging materials that broadly appeal to many sectors, the most important of which is the food packaging sector. The Company has developed advanced know-how in the production of multiple layer packing films, holding the leading position in the Greek market as the competition comes from a limited number of companies that are active abroad. At the same time targeting the provision of total packaging solutions (total packaging concept) to its customers, the Company systematically prepares, since year 2013, the expansion of its activities in a new production system utilizing rotary vacuum chamber machinery.

The Company was initially established as a General Partnership in 1979 in Koropi Attica. In 1998 it is converted from a General Partnership to a Société Anonyme, its current form, under the corporate name "FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY", according to L. 1297/1972 and C.L. 2190/1920 (Gov. Gazette 11/5.1.1989, S.A. and L.T.D. issue). The company's base (constitutive and administrative) is located at the Municipality of Koropi Attica, at the position Tzima (Postal Code 194 00, tel.: + 30 210 6680000) and is registered in the General Commercial Registrar with GEMI number 582101000.

Its duration has been set to 50 years.

The company's building facilities are located at the Tzima position in Koropi Attica, in two self-owned plots with a total area of 29,432 sq. m. The total useful area of the building facilities amounts to 25,700 sq.m. approximately.

From September 1995, the Company operates and is a holder of the ISO 9001 quality assurance certificate with No. 106563 for research, development, production, distribution and technical support of its products. The aforementioned certificate has been granted to the Company from the company Bureau Veritas Quality International.

Furthermore, in April 2003 the Company was certified with the new hygiene standard, the British Retail Consortium (BRC). This standard – with pan European recognition – introduces very high hygiene, products security and quality demands.

The Company's shares are listed and traded on the Athens Exchange from April 1996 (OASIS Code: ΦΛΞΕΟ).

2. Basis for the preparation of the financial statements

The consolidated and separate financial statements of FLEXOPACK PLASTICS SA of December 31st 2018 covering the period from January 1st up to December 31st 2018 have been prepared in accordance with the International Financial Reporting Standards (IFRS), as such have been adopted by the European Union.

Also, the Financial statements have been prepared based on the historic cost principle and the going concern principle.

The consolidated Financial statements of the Company include the Financial statements of the parent Company FLEXOPACK PLASTICS SA, as well as those of its subsidiaries mentioned in the following section 3.1.1 Group Structure and methods of companies' consolidation.

The Financial statements are expressed in thousand euro.

It is noted that any differences in summations of the accompanying financial statements and analysis are due to rounding.

Wherever it was deemed appropriate, the comparative financial accounts and items have been reclassified in order to be aligned with any changes made in the presentation of the items of the current year.

The accounting principles, based on which the accompanying financial statements have been prepared and which the Group applies systematically, are consistent with those applied in the previous financial year.

2.1 Change in Accounting Principles

IFRS 9 - "Financial Instruments"

According to IFRS 9, each financial asset is classified into one of the following three categories:

- (a) at amortized cost,
- (b) at fair value through other comprehensive income
- (c) at fair value through profit or loss.

Financial assets recognized at amortized cost are subsequently measured using the effective interest method and are tested for impairment. Profits and losses are recognized in profit or loss when the asset ceases to be recognized, modified or impaired.

Financial assets of the Group and the Company that are recorded at amortized cost include customer receivables and other receivables.

The Group and the Company as of 31/12/2018 did not hold financial assets measured at fair value through other comprehensive income measured at fair value through profit or loss.

The adoption of IFRS 9 has had an impact on the Group's accounting policies relating to the Group's financial assets and, in particular, the receivables from customers, while there has been no impact on the accounting policies related to Financial Liabilities.

The Group has applied since the 1st of January 2018 the simplified approach of IFRS 9 for the impairment of customer balances on the basis of expected credit losses.

The adoption of IFRS 9 led to a change in accounting for the impairment loss for financial assets as it replaced the treatment of IAS 39 for recognition of realized losses by recognizing the expected credit losses.

The adoption of the new standard was made without the revision of the comparative information and therefore the adjustments that emerged from the new impairment rules have not been recorded in the Financial position of 31st December 2017. Instead they were recognized in the opening Financial position of 1st January 2018.

As analyzed in the following table, the total effect settled at 65 thousand Euros for the Group and 41 thousand Euros for the Company and was recognized in the account "Results carried forward" on 1st January 2018.

Effect from change in accounting policy IFRS 9 in the "Retained Earnings" or "Results carried forward"

	GROUP	COMPANY
Retained earnings		
Balance as at 31/12/2017	33,714	35,554
Provision for doubtful receivables IFRS 9 - (Note 6.8)	(87)	(58)
Corresponding tax (Note 6.12)	22	17
Total effect (statement of changes in equity)	(65)	(41)
Restated balance as at 1/1/2018	33,649	35,513

For the determination of the abovementioned credit losses, no receivables from the Group's subsidiaries have been included.

There is no material change in the above provision for doubtful receivables (for expected credit losses) for the year 2018, so no additional provision has been formed. For the other financial assets measured at amortized cost, the general approach is used and the expected credit losses are calculated over a 12-month period. These financial assets are considered to have low credit risk and any provision for impairment is limited to the expected credit losses of the next 12 months. Management of the Company and the Group carried out an assessment of the effect of the standard, which has no impact on the Financial Statements.

IFRS 15 "Revenue from contracts with customers"

IFRS 15 replaces IAS 11 "Construction Contracts", IAS 18 "Revenue" and all related interpretations for contract revenue with customers, unless such contracts fall within the scope of other standards.

The new standard establishes a five-step model to measure revenue arising from customer contracts as follows:

1. Determination of the contract with the customer.
2. Determination of implementation obligations.
3. Determination of the transaction price.
4. Allocation of the transaction price to the performance obligations of the contract.
5. Revenue recognition when an entity fulfills an obligation to execute.

The underlying principle is that an entity recognizes revenue in a manner that reflects the transfer of the goods or services to customers to the amount it expects to be entitled to in exchange for those goods or services. Revenue is recognized when the customer acquires control of the goods or services by determining the time of the transfer of the control either at a given time or over time.

The new standard sets out the accounting for the additional costs of taking out a contract and the direct costs required to complete the contract.

It also stipulates that discounts on sales volume create a right for which provision should be made and recognized when it is exercised or expired. The Company provides a very limited number of customers with volume discounts based on the limits set in their contracts. These discounts are accounted for within the financial year and therefore the application of the new standard has no effect on the annual financial statements.

The Group analyzes revenue from contracts with customers by geographical distribution in Note 4.

The application of the new standard in the year 2018 had no impact on the consolidated financial statements and therefore there was no retroactive adjustment of the funds affected by the contracts with customers (income, receivables, liabilities, equity).

2.2 Significant accounting judgments, estimations and assumptions

The preparation of financial statements according to IFRS requires management to make decisions, perform estimations and use assumptions that affect the amounts presented in the financial statements, the assets, liabilities, as well as the disclosure of contingent assets and liabilities during the preparation date of the financial statements and the published income and expenses amounts for the reporting period. The actual results may differ from such estimations.

Estimations and judgments by the Management are continuously evaluated and are based on empirical data and other factors, such as expectations for future events considered probable under specific conditions.

Specific amounts which are included or affect the Financial statements, and the relevant disclosures, must be estimated. During the estimations, assumptions must be created as regards to the values or conditions that cannot be known with certainty during the preparation period of the financial statements. An important accounting estimation is considered as one that is important for the depiction of the company's financial position and results and demands the most difficult, subjective or

complicated judgments by management, often as a result of the need to create estimations regarding the effect of assumptions which are uncertain. The Group evaluates such estimations on a constant basis, based on the results of the past and based on experience, meetings with specialists, trends and other methods that are considered appropriate under the specific circumstances.

The significant accounting judgments, estimations and assumptions that refer to data, the evolution of which could affect the financial statements' accounts, are the following.

Estimated impairment of the value of investments in subsidiaries and associates

The Group, with the exception of goodwill which is being tested for impairment on annual basis, performs the relevant impairment audit of its investments' value when events or conditions increase the probability of such impairment. The recovered amounts of the cash flow generating units have been estimated according to the calculations of the value in use. For the calculation of the value in use, the estimated future cash flows are discounted into present value with the use of a discount factor.

The determination of the future flows is performed after in-depth analysis and estimates by the management with regard to the level of future profitability as well as the assessment of the existing conditions in the market. The basic assumptions which are being utilized are related to the following factors: Discount rate, levels of sales in the next 5-year period, gross profit margin and growth rate after the 5-year period.

The above calculations require the use of estimates.

Useful life of tangible fixed assets

Fixed assets are being depreciated along their estimated economic life.

The Management makes certain estimations regarding the useful life of depreciated fixed assets.

Provisions for impairment of trade receivables

The Group makes provisions for doubtful receivables in relation to certain customers when there is evidence or when there are certain elements which indicate that the cash collection with regard to a particular claim is not likely to occur. The Management of the Group proceeds with a periodical reassessment of the adequacy of the provision regarding the doubtful receivables in relation to its credit policy and according to the data of the Group's Legal Department. These data derive from the processing of historical information and from recent developments concerning cases under examination.

Income taxes of tax un-audited financial years

The provision for income tax requires judgment and is calculated by estimating the taxes that will be paid to the tax authorities.

There are many transactions and calculations which render the final determination of the tax uncertain. The Company recognizes liabilities from expected tax audits, based on estimates of whether or not additional taxes will be imposed. If the final outcome of the audit is different from the initially recognized, then the difference will affect the income tax of the period.

Recovery of deferred tax receivables

A deferred tax receivable is recognized for unutilized tax losses to the extent that there will be sufficient taxable earnings in future in order to be offset with these tax losses. For the determination of the amount of the deferred tax receivable which may be recognized there is the requirement of judgments and estimations that must be made by the Group's Management. These are based on the future taxable earnings in combination with the tax policies that will be followed in the future.

Obsolescence of inventories

Appropriate provisions are being performed for obsolete and useless inventories whenever it is deemed appropriate and necessary. The reductions of the inventory value at the net liquidation value and the other losses from the inventories are recorded in the statement of results during the period when they appear.

2.3 New accounting standards, interpretations and amendment of existing standards**Adoption of New and Revised International Standards**

New standards, amendments to standards and interpretations have been issued and are mandatory for annual periods beginning on or after 1 January 2018.

In the year 2018, the Group adopted IFRS 15 and IFRS 9. Unless otherwise stated, the other amendments and interpretations that are effective for the first time in the year 2018 have no impact on the Group's and Company's financial statements. The Group has not adopted early standards, interpretations or amendments issued by the IASB. and adopted by the European Union but not mandatory for the 2018 use.

Standards and Interpretations mandatory for the current financial year 2018**IFRS 9 "Financial Instruments"**

On 24 July 2014, the Council adopted the final version of IFRS 9, which includes guidance on the classification and measurement, impairment and hedge accounting of financial instruments. The Standard replaces IAS 39 and all previous versions of IFRS 9. IFRS 9 is mandatory for annual periods beginning on or after 1 January 2018 and adopted by the European Union on 22 November 2016.

The impact of adopting the standard in the current fiscal year is presented in Chapter 2.1 Changes in Accounting Policies.

IFRS 15 "Revenue from Contracts with Customers" and Clarifications in IFRS 15 "Revenue from Contracts with Customers"

On 28 May 2014 the IASB issued the IFRS 15 "Revenue from Contracts with Customers", which also includes the amendments to the standard issued on 11 September 2015 is mandatory for annual periods beginning on or after 1 January 2018 and is the new standard referring to revenue recognition. The IFRS 15 supersedes the IAS 18 "Revenue", IAS 11 "Construction contracts" and the interpretations IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31.

In April 2016, the IASB issued clarifications to IFRS 15 in order to provide clarification on how to apply these principles.

The effect from the adoption of the standard in the current fiscal year is presented in Chapter 2.1 Changes in Accounting Policies.

IFRS 4 "Insurance Contracts" (Amendment) "Application of the new IFRS 9 with IFRS 4"**IFRIC 22 Interpretation "Foreign currency transactions and Advance consideration"**

The Interpretation 22 was released by the Board on December 8, 2016 and clarifies the accounting for foreign currency transactions including the receipt or the payment of consideration in advance. Specifically, it applies for the foreign currency transactions where an entity recognizes a nonmonetary asset or liability arising from the payment or the receipt of consideration in advance before the entity recognize the related item as expense or revenue. The interpretation states that the date of the transaction, for the purpose of determining the exchange rate to use on initial recognition of the related item, should be the date on which an entity initially recognizes the non-monetary asset or liability arising from the advance consideration. If there are multiple payments or receipts in advance, the date of transaction is determined for each payment or receipt.

The interpretation is applicable for annual periods beginning on or after 1 January 2018 and was adopted by the European Union on March 28th, 2018.

IAS 40 "Investment Property" Transfers of Investment Property

IFRS 2 Share-based Payment (Amendment) "Classification and measurement of share-based payment transactions"**Annual Improvements to IFRS, Cycle 2014-2016**

The following amendments to the 2014-2016 cycle, adopted by the Council on 8 December 2016, apply in periods beginning on or after 1 January 2018 adopted by the European Union on 7 February 2018.

IFRS 1 First Implementation of International Financial Reporting Standards**IFRS 12 Disclosures of participations in other entities: Clarification of the purpose of the standard.**

The amendment clarified the scope of the standard by specifying that some of the disclosures apply to the entity's holdings that are classified as held for sale, except for the obligation to provide condensed financial information. The amendment is effective for annual periods beginning on or after 1 January 2017. As held for sale, as held for distribution or discontinued operations in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

IAS 28 (Amendment) "Measuring an Associate or Joint Venture at fair value"

The amendment clarifies that the selection to measure at fair value through profit or loss investments in an associate or a joint venture that are held by an entity that is an investment capital management, or other qualifying entity, is available for each investment in an associate or joint venture on an investment -by- investment basis, upon initial recognition.

Standards and Interpretations mandatory for subsequent periods that have not been applied earlier by the Company (or the Group)**IFRS 16 "Leases"**

On 13 January 2016, the IASB adopted IFRS 16 and replaced IAS 17. The new standard abolishes the existing distinction between operating and finance leases and requires the recognition of all lease agreements in the lessee's balance sheet, except for specific exceptions. The purpose of the standard is to ensure that lessees and lessors provide useful information that reasonably discloses the substance of the transactions relating to leases.

IFRS 16 introduces a single model for the accounting treatment on the part of the lessee requiring the lessee to recognize assets and liabilities for all lease agreements with a maturity of more than 12 months unless the underlying asset is of non-significant value. The new standard is applied to annual accounting periods beginning on or after 1 January 2019 and adopted by the European Union on 31 October 2017.

Its implementation is expected to result in the recognition of assets and liabilities to the Company and the Group due to existing contracts relating to the operating leases of real estate and passenger cars.

The Group and the Company will adopt the Standard from the mandatory date of application as of 1 January 2019 and will apply the Standard on the basis of the simplified method, without reformatting the comparative amounts.

Under this method, the Group and the Company will (a) recognize a liability that they will measure at present value as a result of the discounted leases remaining to be paid at the Group's borrowing rate, except for a foreign subsidiary using a different interest rate (b) recognize a right to use an asset by measuring that right in an amount equal to the corresponding liability that will be recognized.

The exemptions provided for in the model for lease agreements that expire within 12 months from the date of initial application and the lease agreements for which the underlying asset is of low value will also be used.

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The existing lease agreements of the Group concern operating leases of vehicles and buildings (Note 6.29). The Standard will mainly affect the accounting treatment of the Group's operating leases.

In particular, when adopting IFRS 16, liabilities arising from operating leases that, in accordance with IAS 17, are disclosed in the notes to the financial statements, will be presented as assets (usage rights) and leases in the statement of financial position.

On the basis of the figures as of 31/12/2018 and following the valuation carried out, the Management estimates that on January 1, 2019, it will recognize additional leases as well as equivalent rights to use fixed assets of approximately 1.120 thousand Euro for the Group and € 760 thousand for the Company.

The aforementioned increase in assets and the simultaneous increase of the liabilities are not expected to affect the Company's and the Group's net equity.

The increase in leases will also lead to a corresponding increase in the Group's net lending.

Furthermore, with the application of IFRS 16, the operating cost of lease is replaced with the depreciation charge for the rights-related assets and interest expense is deducted from the liabilities resulting, having as a consequence the improvement in the "Earnings before interest, tax, depreciation and amortization" (EBITDA). The estimated improvement for the year 2019 is expected to be approximately € 520 thousand for the Group and approximately € 250 thousand for the Company.

Finally, in the cash flow statement, the amounts relating to the payment of the lease and interest will be reflected in the financing activities instead of the operating activities that occurred prior to the application of IFRS 16, resulting in the increase in cash flows from operating activities and the corresponding decrease in the cash flows from financing activities.

IFRS 9 (Amendment) "Financial Instruments - Prepayment characteristics with negative remuneration"

The Council adopted on 12 October 2017 amendments to IFRS 9 to enable prepaid financial assets that allow or require a counterparty to a contract either to repay or to receive compensation for early termination of the contract, to be able to be measured at amortized cost or at fair value through other comprehensive income. The amendment is effective for annual periods beginning on or after 1 January 2019 and adopted by the European Union on 22 March 2018. The amendment is not expected to have a material impact on the Company's and the Group's financial statements.

IFRIC 23 Interpretation "Uncertainty over Income Tax Treatments"

Interpretation 23 is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. In such case should be considered:

-- whether tax treatments should be considered collectively or independently and on the assumption that the examinations will be done by the taxation authorities having full knowledge of all relevant information:

-- it is probable that the taxation Authorities will accept the entity's determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates and

-- an entity has to reassess its judgments and estimates if facts and circumstances change.

IFRIC 23 is applicable for annual periods beginning on or after 1 January 2019.

The amendment is not anticipated to have any significant effect on the Financial statements of the Company and the Group.

Standards and Amendments to Standards that have not been adopted by the EU

IFRS 17 "Insurance Contracts"

On May 18, 2017, the IASB issued IFRS 17, which replaces the current IFRS 4 standard.

IFRS 17 establishes the principles for the registration, valuation, presentation and disclosure of insurance contracts in order to provide a more uniform valuation and presentation approach for all insurance contracts.

The new standard is applied in annual accounting periods beginning on or after 1 January 2021 and does not apply to the Company and the Group.

Annual Improvements to IFRS, 2015-2017 Cycle

The following amendments of the 2015 - 2017 Cycle were issued by the IASB in December 2017, are applicable for annual periods beginning on or after 1 January 2019 and have not yet been approved by the European Union. The amendments below are not expected to have a material impact on the Financial statements of the Company and the Group unless it is stated otherwise.

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.

The amendments to IFRS 11 clarify that when an entity which participates but it does not jointly control a joint operation can be brought into a position to obtain joint control of a business that is a joint operation, as it is defined in IFRS 3. In such cases, the entity is not obliged to re-measure previously held interests in that business.

IAS 12 Income Taxes

The IASB by the amendments to IAS 12 clarified that an entity shall recognize all the income tax consequences of dividends distribution in profit or loss, in other comprehensive income or in equity, depending on where the transactions or events that generated distributable profits are initially recognized.

IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

IAS 28 (Amendment) "Long-term Investments in Associates and Joint Ventures"

The Council, in October 2017, issued amendments to IAS 28 "Investments in Associates and Joint Ventures". With this amendment, the Council clarified that the exemption in IFRS 9 is only applicable to participations that are accounted for using the equity method. Entities should apply IFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method does not apply and which are, in essence, part of the net investment in these associates and joint ventures.

The amendment is effective for annual periods beginning on or after 1 January 2019. The amendment is not expected to have a material impact on the Company's and the Group's financial statements.

IAS 19 (Amendment) "Employee Benefits" - Amendment, Curtailment or Settlement of the Benefit Scheme.

The International Accounting Standards Board, on 7 February 2018, issued an amendment to IAS 19 specifying how the service cost should be determined when changes are made to the defined benefit plan. In accordance with IAS 19, in the event of an amendment, curtailment or settlement, the net obligation or requirement for defined benefit should be recalculated.

The amendment to IAS 19 requires that the revised assumptions used also include the recalculation of the net liability or receivable in order to determine the service cost and net interest for the remainder of the period after the change in the plan.

Also, the amendment to IAS 19 clarifies the effect of an amendment, curtailment or settlement on the requirements in respect of the limitation on the recognition of the net asset (asset ceiling).

The amendment is effective for annual accounting periods beginning on or after 1st January 2019. The amendment is not expected to affect significantly the financial statements of the Company and the Group.

Amendments to the references of the IFRS conceptual framework (issued on 29 March 2018)

On 29 March 2018, the International Accounting Standards Board issued the revised conceptual framework, which redefines:

- The purpose of Financial Information,
- the qualitative characteristics of the financial statements,
- the definitions of the asset, the liability, the net position, as well as the income and expenses,
- the recognition criteria and the instructions regarding the timing of write-offs of assets and liabilities in the financial statements,
- the valuation bases and instructions on how they should be used and,

The purpose of reviewing the conceptual framework is to assist in preparing financial statements to develop consistent accounting policies for transactions and other events that do not fall within the scope of existing standards, or when a template provides a choice between accounting policies. In addition, the purpose of the review is to help all involved parties understand and interpret standards.

The International Accounting Standards Board also issued an accompanying document, "Amendments to Conceptual Framework References", which sets out the changes to the standards that are affected in order to update the references to the revised conceptual framework.

The amendment is applied by the authors who develop accounting policies under the conceptual framework in the annual accounting periods beginning on or after January 1, 2020.

IAS 1 and IAS 8 (Amendments) "Definition of Material"

The amendments clarify the definition of what is material and how it should be implemented, including guidance on the definition that has so far been reported in other IFRSs. The definition of material, which is an important accounting concept in IFRS, helps companies to decide whether the information should be included in their financial statements. The updated definition amends IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The amendment ensures that the definition of material is consistent across all IFRS standards. The amendment shall apply from or after 1 January 2020.

IFRS 3 (Amendment) "Business Combinations"

The amendment concerns the improvement of the company's definition in order to help companies determine whether or not they are acquiring a business or group of assets. The modified business definition focuses on the output of a business, which is the supply of goods and services to customers, while the former definition focused on returns in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.

Companies are required to apply the amended definition of the entity to acquisitions on or after 1 January 2020.

3. Basic accounting principles

The accounting principles based on which the accompanying financial statements have been prepared, and which are consistently applied by the Group, are presented as follows.

3.1 Consolidation

Subsidiaries

All companies that are managed or controlled, directly or indirectly, by another company (parent) either through the holding of majority voting rights in the undertaking or, in the case where there is no majority shareholding, through agreement of the Company with the other shareholders in the undertaking. That is to say that subsidiaries are companies in which control is exercised by the parent. Subsidiaries are consolidated completely (full consolidation) with the purchase method from the date that control over them is acquired and cease to be consolidated from the date that this control no longer exists.

The acquisition cost of a subsidiary is the fair value of the assets given as consideration, the shares issued and the liabilities undertaken on the date of the acquisition plus any costs directly associated with the transaction. The acquisition cost over and above the fair value of the individual assets acquired is booked as goodwill. If the total cost of the acquisition is lower than the fair value of the individual assets acquired, the difference is immediately booked directly in the results.

Inter-company transactions, balances and unrealized profits from transactions between Group companies are written-off. Unrealized losses are also eliminated except if the transaction provides indication of impairment of the transferred asset.

The participations in subsidiaries, are measured at acquisition cost minus any impairment losses in the Company's Financial statements.

The accounting principles of subsidiaries have been adjusted when deemed necessary in order to ensure consistency with the accounting principles adopted by the Group. The preparation date of the financial statements of subsidiaries coincides with that of the parent Company.

Non-controlling interests represents the percentage of profit or loss and equity that don't correspond to the Group and are presented separately in the consolidated income statements as well as in a separate line in equity in the consolidated of financial position.

Associate companies

Associates are companies on which the Group can exercise significant influence but not control. The assumptions used by the group imply that a holding of between 20% and 50% of a company's voting rights suggests significant influence on the company. In the Financial statements of the Company, investments in associates are measured at acquisition cost minus impairment losses, while in the consolidated Financial statements associates are consolidated with the equity method.

The Group's share in the profit or losses of associate companies after the acquisition is recognized in the results, while the share of changes in reserves after the acquisition is recognized in reserves. When the Group's share in the losses of an associate is equal or larger than its participation in the associate, including any other doubtful debts, the Group does not recognize any further losses, except if it has covered liabilities or made payments on behalf of the associate company.

Unrealized profits from transactions between the Group and its associates are eliminated according to the percentage of the Group's holding in the associates. The accounting principles of the associates have been amended so as to conform with those adopted by the Group.

3.1.1 Group Structure and consolidation method

The Group's companies with the respective addresses, and percentages by which the Company participates in their share capital, as well as the respective consolidation method in the consolidated Financial statements, are presented below.

Name	Domicile	Activity	% Participation 1/12/2018	% Participation 1/12/2017	Type of Participation	Relationship that dictated the consolidation	Year of Acquisition
Subsidiary Companies via Full Consolidation Method							
FLEXOPACK AEBE	Koropi - Attica	Production - Flexible plastic packaging	Parent	Parent			
FLEXOPACK POLSKA Sp. Zo.o	Malbork Poland	Production - Flexible plastic packaging	100	100	Direct	The participation percentage	2007
FLEXOSYSTEMS LTD	Begrade Serbia	Trading - Flexible plastic packaging	100	100	Direct	The participation percentage	2010
FLEXOPACK INTERNATIONAL LIMITED	Larnaca Cyprus	Holding company Trading - Manufacturing	100	100	Direct	The participation percentage	2014
FLEXOPACK PTY LTD	Brisbane Australia	Flexible plastic packaging	100	100	Indirect	The participation percentage	2014
FLEXOPACK NZ LIMITED	Auckland New Zealand	Trading - Flexible plastic packaging	100	100	Indirect	The participation percentage	2016
FLEXOPACK TRADE AND SERVICES UK LIMITED	Norwich England	Trading - Flexible plastic packaging	100	100	Indirect	The participation percentage	2014
FLEXOPACK PROPERTIES PTY LTD	Brisbane Australia	Property portfolio	100	100	Indirect	The participation percentage	2017
FLEXOPACK FRANCE	Lyon France	Trading - Flexible plastic packaging	100	-	Indirect	The participation percentage	2018

Subsidiaries "FLEXOPACK PTY LTD", "FLEXOPACK PROPERTIES PTY LTD", "FLEXOPACK TRADE AND SERVICES UK LIMITED" and "FLEXOPACK FRANCE", are fully controlled from the Cypriot subsidiary «FLEXOPACK INTERNATIONAL LIMITED» which is fully owned (100%) by the parent company "FLEXOPACK PLASTICS SA".

The subsidiary company «FLEXOPACK NZ LIMITED», is fully controlled by «FLEXOPACK PTY LTD».

Associate Companies via Equity Consolidation Method

VLACHOU BROS SA	Koropi - Attica	Production - Flexible plastic packaging	47.71	47.71	Direct		2001
INOVA PLASTICS SA	Thiva	Production - Rigid plastic packaging	50.00	50.00	Direct		2001

It is noted that the subsidiary company under the name "FLEXOPACK FRANCE" is being consolidated for the first time during the year 2018.

3.2 Operation and presentation currency and foreign currency translation

Euro is the Group's and Company's presentation and operation currency. Foreign exchange transactions are translated to euro based on the exchange rates in effect at the transaction dates. At the date when the financial statements are prepared, receivables and liabilities in foreign currency are translated in order to reflect the foreign exchange rates at the balance sheet date.

Profit and losses deriving from transactions in foreign currencies as well as from the valuation of foreign currency units at the end of the year are included in the income statement, with the exclusion of transactions that fulfill the conditions of cash flow hedging, which are depicted in the statement of comprehensive income.

The operating currency of the foreign subsidiaries is also the official currency of the country which each

company operates in. For foreign subsidiaries which do not operate in the euro area, the conversion of their financial statements will be as follows.

Assets and liabilities are translated with the exchange rates in effect during the date of the statement of financial position.

Equity is translated with the exchange rates in effect during the dates when such resulted.

Income and expenses are translated with the average exchange rate during the period. The resulting foreign exchange differences from the above translation are registered in the statement of comprehensive income until the sale, write-off of a subsidiary, when such are transferred to the results for the year.

3.3 Tangible fixed assets

Tangible fixed assets are reported in the Financial statements at acquisition cost, less accumulated depreciations and any accumulated impairment losses. The acquisition cost includes all the directly attributable expenses for the acquisition of the assets.

Subsequent expenditure is added to the carrying value of the assets or is booked as a separate asset only if it is probable that future economic benefits will flow to the Group and their cost can be accurately measured.

The cost of repairs and maintenance is booked in the results when such are realized.

Tangible assets under construction include fixed assets under construction and are presented at cost.

Tangible assets under construction are not depreciated until the asset is completed and ready for its intended productive operation.

Land is not depreciated. Depreciation of other tangible fixed assets is calculated using the straight line method over their useful lives, as follows:

- Buildings: 25 years – 50 years
- Mechanical equipment: 8-15 years
- Vehicles: 5-10 years
- Other equipment: 3-10 years

Upon sale of tangible fixed assets, any difference between the proceeds and the carrying value are booked as profit or loss in the results.

3.4 Goodwill

Goodwill is the difference between acquisition cost and the net assets that were acquired during the acquisition date of the subsidiary company. The resulting acquisition expenses are accounted for in expenses. The Company during the acquisition date recognizes the goodwill that resulted from the acquisition, presenting such as an asset at cost. Following initial recognition, goodwill is valued at acquisition cost less the cumulative losses due to impairment. Goodwill is not amortized however it is reviewed annually for any impairment, or even more frequently if there are events that indicate loss. Impairment losses related to goodwill cannot be reversed in subsequent periods.

In the case where the fair value of equity during the acquisition date of a company is larger than the price paid for its acquisition then a negative goodwill (income) is recorded directly as income in the income statement.

3.5 Intangible assets

Intangible assets are presented in the Financial statements at acquisition cost minus accumulated amortization and any accumulated impairment losses.

Amortization is calculated with the straight line method through the duration of their useful economic life.

Intangible assets comprise know-how rights, patents, cost for the development of new products and software licenses.

a) Know-how rights concern the purchase of a patent right and of all the applications of the patent of

the patent right group based on the “multiple layer heat-shrinkable packing film”, with all the rights and obligations stemming thereof. The initial recognition of the intangible asset has been done at cost (contractual consideration for purchase) which is reduced on an annual basis through amortization. The useful life of the intangible asset has been estimated by the Management at 20 years. It is noted that this right may become the object of a trade in the future.

b) Cost for the development of patents related to various products such as multiple-layer packing film, which are exported to various countries and amortized based on their useful life as this is estimated by Management at 20 years. The initial recognition is made at acquisition cost which is reduced annually through amortization.

c) Expenses related directly to research, which includes the cost of raw materials used. The cost of in-house research of products is recognized as an intangible asset. Until the completion of the research, assets are subject to impairment reviews. Amortization begins with the completion of the asset and is calculated based on the straight line method. The useful life of the above intangibles is estimated by Management at 10 years.

The expenses related to research activities are recognized as expenses during the period. Expenses realized during the research phase of a new product are recognized as intangible assets if the following are met:

- the technical viability of the under development product for internal use or sale may be proven.
- the intangible asset will create potential future benefits from the internal use or sale.
- there are adequate and available technical, economic and other resources for the completion of its development and
- the value of intangible asset may be reliably estimated.

d) Software: Software licenses are valued at acquisition cost less amortization. Amortization is effected using the straight line method throughout the useful life of these assets which ranges from 1 to 10 years.

3.6 Impairment of Assets

The Group examines at each date of the annual financial statements whether and to what extent there are indications that the value of an asset may be impaired. Apart from goodwill and intangible assets with an indefinite economic life, which are reviewed for impairment annually, the carrying values of other assets are subject to an impairment review when events or changing conditions imply that their carrying value may not be recoverable. The impairment loss of an asset is recorded as an expense in the income statement when the net book value of the asset is higher than its recoverable value. The recoverable value is defined as the highest between the fair value less the cost of sale and the value in use of the asset. Fair value less the cost of sale is the amount that can be received from the sale of an asset in the context of a bilateral agreement where both parties have full knowledge and proceed on their own will, after the deduction of any additional direct cost for the sale of the asset. Value in use is the present value of the estimated future cash flows expected to be generated as result of the asset's constant use and sale at the end of its useful life. For the purposes of determining the impairment, assets are grouped at the lowest possible level for which separate cash flows can be determined.

3.7 Trade receivables and other receivables

The trade and other receivables are initially recognized at fair value and in a later stage are valued at their net cost, after the deduction of any impairment losses. The impairment losses are recognized whenever there is objective evidence that the Group is not in position to collect the entire amounts which are due according to the contractual terms. The amount of impairment is the difference between the book value of the receivables and the present value of the estimated future cash flows. The amount of the provision is recorded as a expense in the statement of results.

3.8 Inventories

Inventories include raw and auxiliary materials, packaging items, consumables, spare parts, finished and semi-finished products and merchandise.

The cost of inventories includes all the purchasing and manufacturing expenses as well as the expenses that were realized in order to render the inventory at its current position and condition. The cost of inventories does not include financial expenses.

At the balance sheet date, inventories are valued at the lower of acquisition cost and net realizable value. Net realizable value is the estimated sales price during the normal course of business of the company less any relevant sales expenses.

The cost of inventories is defined by the weighted average method.

With regard to obsolete and scrap inventory, relevant provisions are formed and the corresponding losses are recorded in the statement of income during the period they arise.

3.9 Cash & cash equivalents

Cash and cash equivalents include cash in the bank and in hand as well as short term time deposits. Cash & cash equivalents have negligible market risk.

3.10 Suppliers and related liabilities

The trade liabilities are initially recognized at fair value and in later stage are being valued according to the net cost method via the utilization of the effective interest rate.

3.11 Financial Assets and Financial Liabilities**Initial recognition and subsequent measurement of financial assets**

As of 1 January 2019, in accordance with IFRS 9, the following two items are used as the basis for the classification of financial assets.

(a) the concept of an entity's business model for the management of financial assets as determined by key management personnel (in accordance with the definitions in IAS 24); and

(b) the characteristics of the contractual cash flows of the financial asset.

Each financial asset is classified into one of three categories:

(a) at amortized cost,

(b) at fair value through other comprehensive income

(c) at fair value through profit or loss.

Financial assets recognized at amortized cost are subsequently measured using the effective interest method and are tested for impairment. Profits and losses are recognized in profit or loss when the asset ceases to be recognized, modified or impaired.

Financial assets of the Group and the Company that are recorded at amortized cost include customer receivables and other receivables.

The Group and the Company as at 31/12/2018 did not hold financial assets measured at fair value through other comprehensive income measured at fair value through profit or loss.

Impairment of financial assets

The Group and the Company assess, at each reporting date, whether the value of a financial asset or a group of financial assets has been impaired as follows:

A provision for impairment against expected credit losses for all financial assets that are not measured at fair value through profit or loss is recognized.

Expected credit losses are based on the difference between all contractual cash flows payable under the contract and all cash flows that the Group or the Company expects to receive, discounted at the approximate original effective interest rate.

For corporate receivables and other receivables, the Group and the Company apply the simplified approach for calculating the expected credit losses, i.e. at each reporting date, measure the provision for a financial instrument for an amount equal to the expected credit loss, throughout their life without monitoring the changes in credit risk.

Derecognition of financial assets

A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to the inflow of cash resources have expired
- The Group or the Company retains the right to receive cash flows from that asset but has also undertaken to pay them to third parties in full without undue delay in the form of a transfer agreement;
- The Group or the Company has transferred the right to receive cash flows from that asset while either (a) it has transferred substantially all the risks and rewards thereof or (b) has not transferred substantially all the risks and rewards , but has passed the control of that item.

Initial recognition and subsequent measurement of financial liabilities

Financial liabilities may be classified into two categories:

- (a) Financial liabilities measured at fair value through profit or loss, and
- (b) Financial liabilities measured at amortized cost.

They are initially measured at their fair value less the cost of trade, in the case of loans and payables.

Financial liabilities of the Group and the Company consist of bank loans, liabilities to suppliers and related liabilities and subsequently from initial recognition are measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

A financial liability is derecognized when the commitment resulting from the obligation is canceled or expires. When an existing Financial Liability is replaced by another by the same Lender but under substantially different terms or the terms of an existing liability are substantially amended, such exchange or amendment is treated as a derecognition of the original liability and recognition of a new liability. The difference in the respective book values is recognized in the income statement.

Offsetting of financial receivables and liabilities

Financial assets and liabilities are offset and the net amount is reflected in the statement of financial position only when the Group or the Company legally holds that right and intends to offset them on a net basis with each other or to claim the asset and settle the obligation at the same time. The statutory right should not depend on future events and should be capable of being executed in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

3.12 Financial Derivatives

All financial derivatives are initially recorded at fair value during the settlement date and subsequently are valued at fair value. Changes in fair value are recorded in the results unless hedge accounting is applied. The fair value of financial derivatives is defined by the price of such in an active market, or by using valuation techniques in cases where there is no active market for such instruments.

3.13 Share capital

The share capital depicts the nominal value of the common shares issued and outstanding. The price paid above nominal value per share is recorded in the account "Share Premium" in Equity. Direct expenses paid for the issuance of new shares or rights are recorded in equity as a deduction from the amounts of the issue.

3.14 Loans

Loans are initially recognized at cost, namely at the fair value of the amount received, less any possible direct costs for the realization of the transaction. Subsequently, loans are valued at net book cost based on the effective interest rate method. The borrowing cost is recognized in the results of the period when such is realized.

Borrowing cost that is directly linked to the purchase or construction of an asset, which requires a significant period in order to render such ready for use, is capitalized as part of the asset's acquisition cost. From the beginning of the fixed asset's production operation and after, the loan's interest are charged in the results.

Loan liabilities are classified as short-term except for the cases where the Group has the right to postpone the payment of the liability for at least 12 months after the date of the annual financial statements.

3.15 Income tax (Current and deferred)

The period charge for income tax consists of the current tax and the deferred taxes, i.e. the tax charges or tax credits that are associated with economic benefits accruing in the period but which have been or will be assessed by the tax authorities in different periods.

The income expense stands for the sum of the currently payable tax and the deferred tax, plus any additional tax from previous years' tax audit.

The tax burden of the current year is based on the year's taxable profit. The taxable profit differs from the net accounting profit appearing in the results since it excludes income or expenses which are taxed or which are tax deductible in other years and since also it excludes items which are never being taxed or being tax deductible. The tax is calculated according to the effective tax rates or those which have been enforced at the date of the Statement of the Financial Position.

Deferred income tax is determined according to the liability method which results from the temporary differences between the book value and the tax base of assets and liabilities.

Deferred tax assets and liabilities are valued based on the tax rates that are expected to be in effect during the period in which the asset or liability will be settled, taking into consideration the tax rates (and tax laws) that have been put into effect or are essentially in effect up during the date of the annual financial statements.

Deferred tax assets are recognized to the extent that there will be a future tax profit to be set against the temporary difference that creates the deferred tax asset.

The Group proceeds with offsetting entries between tax receivables and tax liabilities whenever there is a legally applicable right for such action as well as whenever the deferred tax receivables and tax liabilities concern taxable income imposed by the same tax authority.

3.16 Employee benefits**Short-term benefits**

Short-term employee benefits (except post-employment benefits) monetary and in kind are recognized as an expense when they accrue. Any unpaid amount is booked as a liability, while in the case where the amount paid exceeds the amount of services rendered, the company recognizes the excess amount as an asset (prepaid expense) only to the extent that the prepayment will lead to a reduction of future payments or to reimbursement.

Post-employment Benefits

According to Law 2112/20, the Company pays to employees a compensation as a lump sum due to retirement or dismissal. The level of the paid indemnity depends on the years of service, the level of remuneration and whether it is due to retirement or dismissal.

In Greece, the indemnity payable in the case of retirement equals with 40% of the indemnity that would be payable in case of dismissal.

The relevant liability for employee indemnities recorded in the annual Financial statements is the present value of the commitment for the defined benefit less the changes deriving from the non

recognized actuarial profit and loss and the service cost. The commitment for the defined benefit is calculated by an independent actuarial officer with the use of the projected unit credit method. The liability is defined by taking into consideration several parameters such as age, service years, salary and specific obligations for paid benefits.

The provisions corresponding to the current financial year are recorded in the statement of comprehensive income.

Apart from the above, the Company and Group do not have legal or implied liabilities of long term nature towards employees.

3.17 Government Grants

The Group recognizes the government grants that cumulatively satisfy the following criteria: (a) There is reasonable certainty that the company has complied or will comply with the conditions of the grant and (b) it is certain that the amount of the grant will be received. They are booked at fair value and are systematically recognized as revenue according to the principle of matching the grants with the corresponding costs that they are subsidizing.

Grants that relate to assets are included in long-term liabilities as deferred income and are recognized systematically and rationally as revenue over the useful life of the fixed asset.

Amortization of grants is presented in "Other operating income" in the Income Statement.

3.18 Provisions for contingent claims-liabilities

Provisions are recognized when the Group has present obligations (legal or constructive) as a result of past events, their settlement through an outflow of resources is probable and the exact amount of the obligation can be reliably estimated. Provisions are reviewed at the end of each reporting period so that they may reflect the present value of the outflow that is expected to be required for the settlement of the obligation.

Contingent liabilities are not recognized in the Financial statements but are disclosed, except if the probability that there will be an outflow of resources is very small.

Contingent claims are not recognized in the Financial statements but are disclosed provided that the inflow of economic benefits is probable.

3.19 Recognition of income

Income includes the fair value of goods and services sold, net of Value Added Tax, discounts and returns. Inter-company income within the Group is eliminated completely.

The new IFRS 15 establishes a five-step model to measure revenue arising from contracts with customers as follows:

1. Determination of the contract (s) with the customer.
2. Determination of implementation obligations.
3. Determination of the transaction price.
4. Allocation of the transaction price to the performance obligations of the contract.
5. Recognition of income when the Company fulfills an obligation to execute.

In accordance with IFRS 15, revenue is recognized when the customer acquires control of the goods or services by specifying the time that the control is transferred either at a given point in time or over time.

The Group will recognize revenue in a way that reflects the transfer of the goods or services to customers to the amount it expects to be entitled to in exchange for those goods or services. Revenue from the service is recognized at the level of the completion of the services provided at the date of the balance sheet of the total number of the services rendered and the demand is reliably secured. Interest income is recognized on a time proportion basis using the effective interest rate.

3.20 Leases

Operating Leases: Leases where the lessor essentially maintains all benefits and risks emanating from ownership of the asset are classified as operating leases. The lease payments for operating leases are recorded as an expense in the results systematically during the lease period.

Financial Leases: Leases that transfer to the Group essentially all risks and benefits emanating from the leasing of the asset, are capitalized during the start of the lease at the fair value of the leased asset or in case the asset's value is lower, at the present value of the minimum leases. The Company and the Group had no financial leases as of December 31st 2018.

3.21 Dividend distribution

The distribution of dividends to shareholders of the parent Company is recognized as a liability in the Financial statements at the date on which the distribution is authorized by the Annual General Shareholders Meeting.

3.22 Earnings per Share

Basic earnings per share are calculated by dividing the year's net earnings corresponding to the common shareholders with the weighted average number of shares outstanding during the same year. There are no convertible bonds to shares or other securities that may be converted into shares and which would dilute the earnings of the year which the accompanying Financial statements refer to, and therefore diluted earnings per share have not been calculated.

4. Segment reporting

The Group is active in the production of flexible plastic film packing materials mainly utilized in the food industry.

Given that the conditions for application of I.F.R.S. 8 "Operating Segments" are not met, and specifically the condition (b) and (c) of paragraph 5 of the Standard are not met, the Group's activities are presented as one segment.

The above conditions define that an operating segment constitutes part of the company: a) for which operating results are reviewed regularly by the "Chief Operating Decision Maker", which corresponds to the parent company's Board of Directors for the Group, in order to make decisions regarding the allocation of resources and to assess its effectiveness and b) for which separate Financial information is available.

The geographical allocation of the Group's sales and assets is presented in the following table.

GROUP

1/1-31/12/2018	GREECE	EUROPE	OTHER COUNTRIES	Intra-Group Write-offs	TOTAL
Income from external customers	11,776	34,800	37,916	0	84,492
Assets	107,379	25,115	10,307	(32,420)	110,380
Purchases of Fixed Assets	5,861	3,148	1,401	0	10,410

GROUP

1/1-31/12/2017	GREECE	EUROPE	OTHER COUNTRIES	Intra-Group Write-offs	TOTAL
Income from external customers	11,924	34,648	34,951	0	81,523
Assets	99,214	20,136	10,644	(27,819)	102,176
Purchases of Fixed Assets	9,561	781	703	0	11,045

5. Risk management

Given its exporting activities and particularly its high extrovert strategy, the Group operates within an intense competitive global environment. The Group's general activities create several financial and other risks, including exchange rate risk, interest rate risk, credit and liquidity risk. The Group's overall risk management program focuses on the volatility of financial markets and aims at minimizing the potential adverse effects of such volatility on the Financial performance of the Group.

The Group's Financial assets and Financial liabilities mainly consist of cash & cash equivalents, trade receivables, loans and other receivables, as well as bank loans, liabilities towards suppliers and related liabilities.

Risk management is monitored by the finance department and is designed in the context of rules approved by the Board of Directors. The finance department defines and evaluates the financial risks related to the Group's activities and acts accordingly for the management of such, according to specific guidance and instructions received by the Board of Directors to handle each specific risk.

I. The usual financial risks to which the Group is exposed are as follows:

A. Exchange rate risk

The Group operates on a global level and realizes transactions in foreign currency, mainly a) in U.S. dollar (U.S.D.), b) in Polish zloty (PLN), c) in Australian dollar (AUD) and in British Pound (GBP).

The Group's exposure to foreign exchange risk mainly emerges from existing or expected cash flows in foreign currency (exports-imports), as well as from investments in foreign operations whose equity is exposed to exchange rate risk during the translation of their financial statements for consolidation purposes.

The Group's priced sales in foreign currency during the year 2018 represented 34.71% of total sales, of which 5.89% concerned sales in U.S.D., 7.63% sales in PLN, 16.60% sales in AUD, 3.38% sales in GBP and the remaining 1.21% sales in other foreign currencies.

Part of the foreign exchange risk that emanates from transactions in foreign currency according to the above is hedged with the use of forwards in foreign currency and foreign exchange futures for purchase or sale of currency, depending on the needs each time.

The Group monitors on constant basis the movements of the above exchange rates. Despite the fact that the largest part of the carried out transactions are expressed in Euros, the particular risk exists and may significantly affect the results of the Group.

The following table presents the exposure of the Company to exchange rate risk on 31/12/2018 and more specifically the effect on the earnings before taxes and the equity of the Group in case of a 5% change in the exchange rates compared to the exchange rate of 31/12/2018, keeping all other variables constant.

More specifically, the presented changes concern the exchange rates EUR/USD, EUR/PLN, EUR/AUD and EUR/GBP.

Sensitivity Analysis for Foreign Exchange Changes				
GROUP				
	Foreign Curren	Increase / (decrease) of foreign currency against €	Effect on earnings before taxes	Effect on equity
Amounts for 2018	USD	5.00%	46	33
		-5.00%	-46	-33
	PLN	5.00%	463	681
		-5.00%	-463	-681
	AUD	5.00%	425	302
		-5.00%	-425	-302
GBP	5.00%	113	84	
	-5.00%	-113	-84	
Amounts for 2017	USD	5.00%	126	89
		-5.00%	-126	-89
	PLN	5.00%	316	506
		-5.00%	-316	-506
	AUD	5.00%	372	335
		-5.00%	-372	-335
GBP	5.00%	37	24	
	-5.00%	-37	-24	

B. Cash flow risk due to changes in interest rates

The Group's operating income and cash flows are influenced by changes in interest rates, but the relatively low level of bank lending in the Group and the fact that long-term bank lending has been contracted with fixed interest rates makes this risk controlled and not capable of materially affecting the Group's activity and development.

The table below shows the effect on the Group's pre-tax profits and equity on potential interest rate changes in relation to the weighted average interest rate for the year 2018, based on the Group's total borrowings at 31/12/2018.

Sensitivity Analysis of Group's Loans against changes in interest rates

Interest and expenses on received bank loans

GROUP	Interest rate change	Effect on earnings before taxes	Effect on equity
Amounts for 2018	1%	-185	-131
	-1%	185	131
Amounts for 2017	1%	-167	-119
	-1%	167	119

C. Credit risk

The Group does not face significant credit risk until today. Trade receivables stem from a wide client base, both from Greece and mainly from abroad. The Group's turnover mainly consists of transactions with reliable and creditworthy firms and companies in general, with which it sustains a long-term collaboration and relation of mutual trust in the majority of cases.

It should be noted that the Group has established and systematically applies credit control procedures that aim at minimizing bad debt. The Credit Control Department defines credit limits per customer and specific sales and cash collection terms are applied, while possible security is requested when deemed necessary. The Group continuously and systematically monitors the performance and financial position of its customers, in order to be pro-active and to evaluate the need to take specific measures per customer, also according to the market characteristics and difficulties where each customer operates in. No doubtful debtors exist that have not been covered by provisions for doubtful receivables.

It is also noted that the particular risk, although it exists, especially with regard to customers active in countries which have been hit by economic recession but also with regard to customers within the Greek region, due to the imposed capital controls concerning the banking transactions is considered for the time being as relatively limited and controllable according to the historic data possessed by the Group and in the context of the precautionary measures that have been taken and as well as the procedures that have been established.

A potential credit risk is also inherent in the cash and cash equivalents. The particular risk may derive from a potential inability of a banking institution to fulfill its obligations against the Group. The Group applies procedures which limit its exposure to the credit risk related to each banking institution.

On December 31st 2018, the maturity of trade receivables was as follows:

Trade receivables	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Up to 3 months	10,598	12,189	11,409	14,086
Between 3 and 6 months	458	51	3,722	3,427
Between 6 months and 1 year	74	10	5,939	2,919
Over 1 year	17	5	17	0
	11,147	12,254	21,087	20,432
Non overdue and non-impaired	9,190	10,845	9,005	9,647
Overdue and non-impaired	1,957	1,410	12,082	10,785
Total	11,147	12,254	21,087	20,432

According to the table above, of the amount of 12,082 thousand Euros concerning overdue and non impaired receivables of the Company, the amount of 10,762 thousand Euros concerns receivables of the parent company from subsidiaries.

D. Liquidity risk

In General, the monitoring of liquidity risk is focused on systematic monitoring and effectively managing cash inflows and outflows on a constant basis, in order for the Group to be able to smoothly meet its cash liabilities.

Liquidity risk is maintained at low levels by holding and ensuring adequate cash balances, while it should also be noted that there are adequate unused credit lines with financial institutions in order to face any possible shortage in cash. Such case however, despite the clearly negative circumstances and conditions particularly seen in the domestic economy over the past years, has not yet appeared.

However, following the maintenance of banking restrictions and taking into account the negative data and unfavorable conditions prevailing on the domestic and global market today, this risk is estimated to be likely to affect the Group's liquidity to a controlled extent.

The following table summarizes the maturity dates of financial liabilities as at December 31st 2018, according to payments derived from the relevant loan agreements, in non-discounted prices.

Financial Liabilities

GROUP 2018	up to 6 months	6 to 12 months	2 to 5 years	> 5 years	Total
Bank Debt	2.931	1.392	10.781	3.363	18.467
Other long-term liabilities	0	0	1.638	0	1.638
Suppliers and related liabilities	15.816	346	0	0	16.162
Taxes payable	19	2.749	0	0	2.768
Total	18.766	4.487	12.419	3.363	39.035

GROUP 2017	up to 6 months	6 to 12 months	2 to 5 years	> 5 years	Total
Bank Debt	4.985	1.196	8.569	1.982	16.733
Other long-term liabilities	0	0	449	0	449
Suppliers and related liabilities	15.142	342	0	0	15.484
Taxes payable	2	3.871	0	0	3.873
Total	20.130	5.409	9.019	1.982	36.540

E. Capital Management

The Group's objectives in relation to capital management are the smooth operation of its business activities, ensuring financing for its investment plans and the optimal allocation of capital in order to decrease the cost of capital.

For the purpose of capital management, the Group monitors the following ratio:

"Net bank debt to Total Employed Capital"

Net bank debt is calculated as total short-term and long-term interest-bearing debt minus total cash & cash equivalents.

Total employed capital is calculated as total net debt plus total equity.

For financial years ended on December 31st 2018 and 2017 respectively, the above financial ratio evolved as follows.

EUR THOUS.

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Long-term debt obligations	14,143	10,551	13,073	9,125
Short-term debt obligations	4,324	6,182	3,627	5,411
Total bank debt	18,467	16,733	16,700	14,536
Minus : Cash and cash equivalents	13,223	12,046	10,529	9,339
Net Bank Debt (1)	5,244	4,687	6,171	5,197
Total Equity (2)	67,741	61,596	70,332	63,382
Total Employed Capital (1)+(2)	72,985	66,283	76,502	68,579
Net Bank Debt / Total Employed Capital	7.2%	7.1%	8.1%	7.6%

The Group may affect its capital structure via the repayment of existing debt or the collection of new debt, via the share capital increase or capital return towards the shareholders, and also via the distribution or the non-distribution of dividends or through other money distributions.

6. Notes on the Financial Statements

6.1 Tangible fixed assets

The Group's tangible fixed assets are analyzed as follows.

Tangible fixed assets					Vehicles, furniture and Other	Assets under constructio n	Total
	Plots	Buildings	Mechanical equipment	equipment			
Acquisition Cost as at January 1st 2017	5,861	13,518	44,709	2,714	9,307	76,109	
Accumulated Depreciations	0	(3,787)	(30,612)	(1,796)	0	(36,195)	
Book value as at January 1st 2017	5,861	9,731	14,097	917	9,307	39,914	
Additions	53	55	567	478	9,696	10,850	
FX differences on acquisition cost	2	205	(14)	(0)	60	252	
Transfers	0	0	7,572	37	(7,609)	0	
Sales - Reductions	0	0	(234)	(38)	0	(272)	
Depreciations of the current period	0	(475)	(2,889)	(242)	0	(3,606)	
FX differences of depreciations	0	(19)	(10)	0	0	(30)	
Depreciations of sold, written-off goods	0	0	192	38	0	230	
Acquisition Cost as at December 31st 2017	5,916	13,778	52,601	3,191	11,454	86,939	
Accumulated Depreciations	0	(4,281)	(33,318)	(2,000)	0	(39,600)	
Book value as at December 2017	5,916	9,496	19,282	1,191	11,454	47,339	
Additions	1,233	1,486	7,902	446	(908)	10,159	
FX differences on acquisition cost	(35)	(122)	(304)	(25)	(37)	(522)	
Transfers	0	6,930	1,894	1	(8,825)	0	
Sales - Reductions	0	0	(71)	(0)	0	(72)	
Depreciations of the current period	0	(617)	(2,753)	(308)	0	(3,678)	
FX differences of depreciations	0	19	38	9	0	67	
Depreciations of sold, written-off goods	0	0	60	0	0	60	
Acquisition Cost as at December 31st 2018	7,114	22,072	62,022	3,613	1,684	96,505	
Accumulated Depreciations	0	(4,879.3)	(35,974)	(2,299)	0	(43,151)	
Book value as at December 31st 2018	7,114	17,193	26,049	1,314	1,684	53,353	

The Group does not possess tangible fixed assets based on leasing agreements.

The Company's tangible fixed assets are analyzed as follows.

COMPANY

Tangible fixed assets	Plots	Buildings	Mechanical equipment	Vehicles, furniture and Other equipment	Assets under construction	Total
Acquisition Cost as at January 1st 2017	5,830	9,673	42,378	2,291	4,748	64,921
Accumulated Depreciations	0	(3,394)	(30,057)	(1,648)	0	(35,098)
Book value as at January 1st 2017	5,830	6,279	12,322	643	4,748	29,823
Additions	0	12	457	334	8,563	9,366
Transfers	0	0	2,504	3	(2,506)	0
Sales - Reductions	0	0	(200)	(38)	0	(238)
Depreciations of the current period	0	(263)	(2,470)	(164)	0	(2,897)
Depreciations of sold, written-off goods	0	0	182	38	0	220
Acquisition Cost as at December 31st 2017	5,830	9,685	45,140	2,591	10,804	74,050
Accumulated Depreciations	0	(3,657)	(32,344)	(1,774)	0	(37,775)
Book value as at December 2017	5,830	6,028	12,795	817	10,804	36,275
Additions	0	1,398	4,373	361	(523)	5,610
Transfers	0	6,930	1,838	1	(8,769)	0
Sales - Reductions	0	0	(5)	0	0	(5)
Depreciations of the current period	0	(406)	(2,169)	(212)	0	(2,787)
Depreciations of sold, written-off goods	0	0	4	0	0	4
Acquisition Cost as at December 31st 2018	5,830	18,013	51,345	2,953	1,513	79,655
Accumulated Depreciations	0	(4,063)	(34,510)	(1,986)	0	(40,559)
Book value as at December 31st 2018	5,830	13,950	16,836	967	1,513	39,096

6.2 Goodwill

Gross book value at December 31st 2016	248
Cumulative impairment loss	0
Net book value at December 31st 2016	248
Acquisition of minority interests due to share capital increase of subsidiary	4
Gross book value at December 31st 2017	252
Cumulative impairment loss	0
Net book value at December 31st 2017	252
Gross book value at December 31st 2018	252
Cumulative impairment loss	0
Net book value at December 31st 2018	252

The amount of goodwill refers to the acquisition of the Polish company FLEXOPACK POLSKA Sp. z.o.o.

Impairment Review of Goodwill

FLEXOPACK SOCIÉTÉ ANONYME COMMERCIAL AND INDUSTRIAL PLASTICS COMPANY

For purposes of reviewing goodwill for possible impairment on 31/12/2018, the aforementioned subsidiary constitutes an individual cash flow generating unit. As regards to goodwill recognized from the acquisition of FLEXOPACK POLAND Sp. z.o.o., the recoverable amount of such was calculated based on the "value in use", discounting its future cash flows.

The definition of the subsidiary's future cash flows took place by well-founded estimations of management for the level of the subsidiary's future profitability and by evaluating current market conditions. The basic assumptions regarding the estimation of the subsidiary's value, are as follows:

Discount rate 8.42%

Average growth of turnover in the next five years 8.22%

Growth rate after five-years 1.00%

According to the impairment review on 31/12/2018 no impairment losses emerged for the above goodwill.

6.3 Intangible assets

The Group's and Company's intangible assets are analyzed as follows:

Intangible Assets	GROUP			COMPANY		
	Software	Other intangibles	Total	Software	Other intangibles	Total
Acquisition Cost as at January 1st 2017	1,313	2,147	3,460	1,312	2,147	3,459
minus: Accumulated Amortization	(689)	(905)	(1,595)	(688)	(905)	(1,594)
Book value as at January 1st 2017	624	1,241	1,865	624	1,241	1,865
Additions	40	155	195	40	155	195
Amortization during the period	(106)	(165)	(271)	(106)	(165)	(271)
Acquisition Cost as at December 31st 2017	1,353	2,302	3,654	1,352	2,302	3,653
minus: Accumulated Amortization	(795)	(1,070)	(1,865)	(794)	(1,070)	(1,864)
Book value as at December 31st 2017	558	1,231	1,789	558	1,231	1,789
Additions	90	161	251	90	161	251
Amortization during the period	(113)	(176)	(289)	(113)	(176)	(289)
Acquisition Cost as at December 31st 2018	1,443	2,462	3,905	1,442	2,462	3,904
minus: Accumulated Amortization	(908)	(1,246)	(2,154)	(907)	(1,246)	(2,153)
Book value as at December 31st 2018	535	1,216	1,751	535	1,216	1,751

Other intangible assets include know-how use rights, costs incurred for the development of trading names and mainly costs for the establishment of patents on different applications of multiple layer packing films abroad. They also include cost for the development of new products with a book value of 79 thousand euro as of 31/12/2018.

6.4 Participations in Subsidiaries

In the parent financial statements, investments in subsidiaries are valued at acquisition cost.

The movement of investments is analyzed as follows.

	COMPANY	
	<u>31/12/2018</u>	<u>31/12/2017</u>
Opening balance	10,249	8,390
Purchase of shares of FLEXOPACK POLSKA Sp. Zoo	0	81
Share capital increase in FLEXOPACK POLSKA Sp. Zo.o	1,118	429
Share capital increase in FLEXOPACK INTERNATIONAL LIMITED-CYPRUS	350	1,350
Closing balance	11,717	10,249

Increase in the share capital of the subsidiary "FLEXOPACKINTERNATIONALLIMITED"

The Company's management proceeded with the capital increase of the amount of three hundred fifty thousand (350,000) Euros of the 100% subsidiary of "FLEXOPACK INTERNATIONAL LIMITED" based in Larnaca, Cyprus. This increase was made for the purpose of: a) the payment of the initial share capital of Euro 250 thousand of the subsidiary company FLEXOPACKFRANCE and b) to cover the expenses of Euro 100 thousand of the subsidiary "FLEXOPACK PROPERTIES PTY LTD", in order for the latter to prepare the plans for the erection of an industrial building.

Completion of the payment of the share capital increase of the subsidiary "Flexopack Polska Sp. Zoo »

The share capital increase of the subsidiary under the name "FLEXOPACK POLSKA Sp. Zoo ", which was decided on 2/11/2017, with the payment of the remaining amount of 1,118 million Euros.

Condensed Financial information on subsidiary companies

	Country	COMPANY	
		<u>31/12/2018</u>	<u>31/12/2017</u>
		<u>Establishment - Acquisition Cost</u>	
<u>Direct participation</u>			
FLEXOPACK POLSKA Sp. Zo.o	Poland	6,847	5,729
FLEXOSYSTEMS LTD BELGRADE	Serbia	70	70
FLEXOPACK INTERNATIONAL LIMITED	Cyprus	4,800	4,450
		11,717	10,249
<u>Indirect participation</u>			
FLEXOPACK PTY LTD	Australia	2,813	2,813
FLEXOPACK TRADE AND SERVICES UK LIMITED	England	200	200
FLEXOPACK NZ LIMITED	New Zealand	0	0
FLEXOPACK PROPERTIES PTY LTD	Australia	1,383	1,283
FLEXOPACK FRANCE	FRANCE	50	0

The subsidiary companies FLEXOPACK PTY LTD, FLEXOPACK TRADE AND SERVICES UK LIMITED, FLEXOPACK PROPERTIES PTY LTD and FLEXOPACKFRANCE are fully controlled by the Cypriot subsidiary

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company FLEXOPACK INTERNATIONAL LIMITED which is fully owned (100%) by the parent company FLEXOPACK PLASTICS AEBE.

The subsidiary company FLEXOPACK NZ LIMITED is fully controlled by FLEXOPACK PTY LTD.

6.5 Participations in associate companies

Participations of the Company in associate companies are analyzed as follows.

	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
INOVA SA	1,663	1,599	1,199	1,199
VLACHOS BROS S.A.	1,933	1,437	1,000	1,000
	3,596	3,036	2,199	2,199

The movement of investments in associate companies is as follows:

	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Opening balance	3,035	2,413	2,199	2,199
Proportion in profit/loss (after taxes)	560	622	0	0
Closing balance	3,596	3,035	2,199	2,199

Condensed Financial information on associate companies:

	Domicile	Acquisition Cost	Assets	Liabilities	Income	Earnings (losses) before taxes	Earnings (losses) after taxes
YEAR 2018							
INOVA SA	Ελλάδα	1,199	6,152	2,827	5,464	230	128
VLACHOS BROS S.A.	Ελλάδα	1,000	15,070	11,019	21,364	1,336	1,040
YEAR 2017							
INOVA SA	Ελλάδα	1,199	6,722	3,524	5,103	248	162
VLACHOS BROS S.A.	Ελλάδα	1,000	12,660	9,648	19,698	820	690

6.6 Other long-term receivables

The Group's and Company's other long-term receivables are analyzed as follows:

	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Other Long-term Receivables				
Guarantees given to PPC	71	71	71	71
Other given Guarantees	47	43	47	43
Long-term loan to subsidiary	0	0	100	300
Guarantee given to banking institution in favor of subsidiary	0	74	0	74
Other Long-term Receivables	103	103	100	100
Total	222	291	319	588

6.7 Inventories

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

	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Inventories				
Raw Materials	11,122	10,901	8,152	7,357
Consumables	149	110	132	100
Spare parts & packaging items	805	1,209	750	1,195
Products & other inventory	7,987	5,384	4,699	3,421
Total	20,062	17,604	13,733	12,073
Provisions for impairment	(186)	(227)	(186)	(186)
Total	19,876	17,377	13,547	11,887

6.8 Trade receivables

The Group's and Company's customers and other trade receivables are analyzed as follows:

	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Trade receivables				
Customers (open account)	10,101	10,772	5,806	6,715
Receivables from associates	930	1,041	15,067	13,206
Checks Receivable	272	511	272	511
Impairment provisions	(68)	(70)	0	0
Change in accounting policy (Note 2.1)	(87)	-	(58)	-
Total	11,147	12,254	21,087	20,432

As of 31 December 2018, the maturity of trade receivables was as follows:

Trade receivables	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Up to 3 months	10,598	12,189	11,409	14,086
3 - 6 months	458	51	3,722	3,427
6 months - 1 year	74	10	5,939	2,919
Over 1 year	17	5	17	0
Total	11,147	12,254	21,087	20,432
Non overdue and non impaired	9,190	10,845	9,005	9,647
Overdue and non impaired	1,957	1,410	12,082	10,785
Total	11,147	12,254	21,087	20,432

Of the amount of 12,082 thousand Euros concerning overdue and non impaired receivables of the Company, the amount of 10,762 thousand Euros concerns receivables of the parent company from related companies.

6.9 Other receivables

The Group's and Company's other receivables are analyzed as follows:

Other receivables	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Receivables from the Greek State for income taxes	3,007	3,270	3,007	3,270
Receivables from the Greek State for V.A.T.	416	1,136	416	1,136
Receivables from other countries for V.A.T.	83	134	83	134
Purchases of inventory under receipt	2,492	2,478	1,112	1,409
Discounts on purchases under settlement	556	452	475	357
Deferred expenses	322	115	192	115
Prepayments and loans to employees	51	59	31	34
Short-term loans to subsidiaries	0	0	1,800	0
Sundry Debtors	32	146	16	0
Total	6,958	7,791	7,132	6,456

6.10 Cash & cash equivalents

Cash and cash equivalents refer to the Group's and Company's cash in hand and to short-term bank deposits and term deposits held at call with banks.

The Group's and Company's cash and cash equivalents are as follows:

Cash and cash equivalents	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Cash in hand and at banks	13,223	12,046	10,529	9,339
Total	13,223	12,046	10,529	9,339

6.11 Equity

i) Share Capital and Share Premium

	Share Capital	Share premium	Treasury Shares	Total
31/12/2018	6,329	4,019	0	10,348
31/12/2017	6,329	4,605	0	10,934

The Company's share capital consists of 11,720,024 common fully paid-up shares, with a nominal value of € 0.54 each. The total share capital amounts to € 6,328,812.96.

The share premium reserve of the Company derived from the issuance of shares paid for cash at a value higher than their nominal value.

The Annual Ordinary General Meeting of Shareholders held on 29 June 2018 decided, inter alia:

- (a) the increase of the share capital of the Company by the amount of 586.001,20 Euro, by capitalization of part of the reserve "share premium" and an increase of the nominal value of each share of the Company by the amount of 0,05 Euros , i.e. from 0.54 Euro to 0.59 Euros and
- (b) the reduction of the share capital of the Company by the amount of 586.001,20 Euro, with a corresponding decrease of the nominal value of each share of the Company by the amount of 0,05 Euros, i.e. from 0,59 Euro to 0,54 Euros; and return-payment of the corresponding amount to the shareholders of the Company.

After the aforementioned increase and simultaneous decrease of the share capital of the Company with corresponding increase and equal reduction of the nominal value of each share, the Company's share capital amounts to € 6,328,812.96, is fully paid up and is divided into 11,720. 024 common registered shares of nominal value 0.54 Euros each.

ii) Reserves

The Group's and Company's reserves are analyzed as follows:

Reserves	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Statutory reserve	2,992	2,627	2,992	2,627
Specially taxed reserves	13,247	12,994	13,247	12,994
Other reserves analyzed as follows:				
Tax-exempt reserves of L. 1828/89	876	876	876	876
Tax-exempt reserves of L. 3220/2004	321	321	321	321
Reserves from specially taxed income	33	33	33	33
Other reserves	156	156	43	43
Total other reserves	1,387	1,387	1,274	1,274
Reserve from FX differences	(333)	(59)	0	0
Grand total	17,292	16,948	17,513	16,895

1. Statutory reserve:

According to Greek corporate law, companies are obliged to create 5% of the period's earnings as a statutory reserve until such reaches one third of the paid up share capital. During the Company's life the statutory reserve cannot be distributed.

2. Special taxed reserves:

Special taxed reserves of the Parent Company were created to cover its own participation in the context of implementing investment plans, according to the provisions of several development laws.

The Group's Management does not intend to capitalize or distribute such reserves and thus has not recognized a relevant deferred tax liability.

3. Other reserves

Other reserves include tax-exempt reserves and reserves taxed under special provision and are analyzed as follows.

-Tax-exempt reserves according to L. 1828/89 and tax-exempt reserves according to L. 3220/2004

Such reserves have been created according to the provisions of tax law and are capitalized, with the payment of income tax.

-Tax-exempt reserves or reserves taxed according to special laws

Such reserves concern interest income that was either not taxed or on which tax has been withheld at the source. According to Greek tax law, these reserves are exempt from income tax, with the condition that they will not be distributed to shareholders.

The Company does not intend to distribute the above reserves and thus it has not recognized a deferred tax liability for the income tax that will be rendered payable in case of distribution.

4. Reserve for foreign exchange differences:

This reserve is used to register foreign exchange differences from the translation of financial statements of foreign subsidiaries.

The movement of the Group's and Company's reserves is as follows:

GROUP	Statutory reserve	Specially taxed reserves	Other reserves	FX differences from consolidation	Total
Balance as at January 1st 2017	2,335	12,670	1,283	(238)	16,050
Formation of reserves from net earnings of the period	292	0	0	0	292
Transfer of amortization of grants of L. 3299/04 from balance carried forward	0	324	0	0	324
Reserve from hedging of cash flow risk	0	0	104	0	104
FX differences due to consolidation of subsidiaries abroad	0	0	0	179	179
Balance as at December 31st 2017	2,627	12,994	1,387	(59)	16,948
Formation of reserves from net earnings of the period	365	0	0	0	365
Transfer of amortization of grants of L. 3299/04 from balance carried forward	0	253	0	0	253
FX differences due to consolidation of subsidiaries abroad	0	0	0	(274)	(274)
Balance as at December 31st 2018	2,992	13,247	1,387	(333)	17,292

COMPANY

	Statutory reserve	Specially taxed reserves	Other reserves	Total
Balance as at January 1st 2017	2,335	12,670	1,170	16,175
Formation of reserves from net earnings of the period	292	0	0	292
Transfer of amortization of grants of L. 3299/04 from balance carried forward	0	324	0	324
Reserve from hedging of cash flow risk	0	0	104	104
Balance as at December 31st 2017	2,627	12,994	1,274	16,895
Formation of reserves from net earnings of the period	365	0	0	365
Transfer of amortization of grants of L. 3299/04 from balance carried forward	0	253	0	253
Balance as at December 31st 2018	2,992	13,247	1,274	17,513

iii) Retained earnings

Retained earnings

	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Balance as at January 1st	33,714	26,937	35,554	28,862
Change in accounting policy (Note 2.1)	(65)	-	(41)	-
Restated balance as at 1/1/2018	33,649	26,937	35,513	28,862
Net Results for the period	7,096	7,383	7,602	7,299
Revaluation of earnings-(losses) from defined benefit plans	(26)	9	(26)	9
Transfers to reserves	(365)	(292)	(365)	(292)
Transfer of amortization of grants of L. 3299/04 to reserves	(253)	(324)	(253)	(324)
Balance as at December 31st	40,101	33,714	42,472	35,554

6.12 Deferred tax assets and liabilities

The calculation of deferred tax assets and liabilities is conducted at the individual Group company level and to the extent where receivables and liabilities arise, such are offset between each other (at the level of each individual company).

The deferred tax assets and liabilities are offset when there is an applicable legal right to offset current tax assets against current tax liabilities and when the deferred income taxes refer to the same tax authority.

The Group's and the Company's deferred tax assets and liabilities result from the following items:

GROUP	Deferred tax liabilities/assets		Deferred tax	
	Statement of Financial Position		Income statement	
	31/12/2018	31/12/2017	1/1- 31/12/2018	1/1- 31/12/2017
Deferred tax assets				
Provision for staff indemnities	258	266	(8)	18
Trade receivables	0	0	0	(34)
Other provisions	155	183	(29)	112
Tax loss of subsidiary	33	156	(124)	(10)
Change in accounting policy (Note 2.1)	0	22	(22)	0
	445	628	(183)	86
Deferred tax liabilities				
Intangible assets	(197)	(216)	20	(13)
Tangible assets	(2,215)	(2,637)	422	204
Other	0	0	0	8
	(2,412)	(2,853)	441	199
Net deferred tax liabilities	(1,966)	(2,247)		
Net charge of deferred tax on the results			258	286
Deferred tax recognized in the results			250	290
Deferred tax recognized in the other comprehensive income			9	(4)
Total			259	286

COMPANY	Deferred tax liabilities/assets		Deferred tax	
	Statement of Financial Position		Income statement	
	31/12/2018	31/12/2017	1/1- 31/12/2018	1/1- 31/12/2017
Deferred tax assets				
Provision for staff indemnities	238	248	(10)	8
Trade receivables	0	0	0	(34)
Other provisions	72	65	7	11
Change in accounting policy (Note 2.1)	0	17	(17)	
	310	329	(20)	(14)
Deferred tax liabilities				
Intangible assets	(197)	(216)	20	(13)
Tangible assets	(2,059)	(2,524)	465	268
	(2,255)	(2,740)	485	255
Net deferred tax liabilities	(1,945)	(2,427)		
Net charge of deferred tax on the results			465	241
Deferred tax recognized in the results			456	245
Deferred tax recognized in the other comprehensive income			9	(4)
Total			465	241

6.13 Provision for staff indemnities due to retirement

The Group and Company recognize the liability for staff retirement indemnities as the present value of the legal commitment for the payment of staff retirement lump sum. The relevant liability was calculated based on an actuarial study and is analyzed as follows:

Employee benefits due to retirement from service	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Balance at beginning	854	825	854	825
Debits - (credits) in the results	47	42	47	42
Debits - (credits) in the statement of total comprehensive income	34	(13)	34	(13)
Balance at end	935	854	935	854

The main actuarial assumptions used are the following:

	31/12/2018	31/12/2017
Discount rate	1.6%	1.7%
Future salary increases	2.0%	2.0%
Inflation	1.5%	1.5%

6.14 Government grants

The Group has received grants that relate to fixed assets and are provided from governmental entities in order to purchase fixed assets for long-term exploitation.

The Group registers the effect from the acceptance of government grants for fixed assets according to IAS 20, as deferred income in the category of long-term liabilities. The transfer of grants to the results of each period is conducted with the straight line method according to the expected useful lives of the respective fixed assets which they finance.

At the Group and Company level, the grants are analyzed as follows:

Government grants	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Opening balance	553	878	553	878
Additions	0	0	0	0
Amortization on income	(253)	(324)	(253)	(324)
Total	300	553	300	553

6.15 Long-term and short-term loans

The Group's long-term bank loans are in Euro.

The Group's total long-term debt is under floating interest rates based on 3-month Euribor and fixed interest margins.

The Group's short-term debt is also under floating interest rates based on Euribor plus a margin, apart from an amount of 339 thousand Euros (based on the exchange rate of 31/12/2018) which is denominated in Polish Zloty (PLN).

The amounts of the long-term loans which are payable within a year starting from the balance sheet date are recorded as short-term liabilities, whereas the amounts payable at a later stage, are recorded as long-term ones.

The Group does not possess any loans value at fair. The book values of the Group's loans are estimated to approach their fair value and therefore the discount which would be used for the determination of the fair value is almost equivalent to the interest rates charged to the Group.

Long-term and short-term liabilities from the Group's and Company's loans are analyzed as follows:

	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Long-term debt				
Common bond loans	15,500	11,036	15,500	11,036
Long-term Bank Debt	1,428	1,783	0	0
	16,928	12,819	15,500	11,036
Minus part of bond loans payable in the next period	2,427	1,911	2,427	1,911
Minus part of long-term bank debt payable in the next period	358	357	0	0
Total long-term debt	14,143	10,551	13,073	9,125
Short-term debt				
Bank debt	1,448	3,797	1,200	3,500
Factoring	91	117	0	0
Short-term portion of bond loans	2,427	1,911	2,427	1,911
Short-term portion of long-term bank debt	358	357	0	0
Total short-term debt	4,324	6,182	3,627	5,411
Total debt	18,467	16,733	16,700	14,536
Maturities of long-term debt				
Up to 1 year	2,784	2,267	2,427	1,911
2 - 5 years	10,781	8,569	9,710	7,143
Over 5 years	3,363	1,982	3,363	1,982
Total	16,928	12,819	15,500	11,036
Weighted average interest rate charged on the results	3.89%	3.75%	3.90%	3.88%

The ordinary bond loans, which also carry no collateral, of the Company are the following:

A) On December 21st, 2018, the Company signed a Common, Paper, Bond Loan Coverage Agreement through Private Placement, in accordance with the provisions of Law 3156/2003 and Cod. Law 2190/1920, of a total nominal value of Euro 6,000,000, with the coverage of it by the Banking Company, under the name "NATIONAL BANK OF GREECE SA". Attorney-at-law for payments and Representative of the Bondholders was designated "NATIONAL BANK OF GREECE SA".

The proceeds of this non-commercially secured Common Bond Loan will be used by the Company for the refinancing of existing loans, namely the Bond Loan issued on 26.09.2016 amounting to € 2,500,000 issued by the Company as well as short-term loan amounting to € 1,500,000 , and to cover general business purposes and needs.

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B) On the 24th of December 2018, the Company signed a Common, Paper, Bond Loan Coverage Agreement through Private Placement, in accordance with the provisions of Law 3156/2003 and Cod. Law 2190/1920, with a total nominal value of Euro 5,000,000 and covered by the Banking Company under the name "EUROBANK ERGASIAS SA". Attorney-at-law for payments and Representative of the Bondholders was designated "EUROBANK ERGASIAS SA".

The proceeds of this non-secured Common Bond Loan will be used by the Company, on one hand, by the amount of 3.250.000 Euros, for the refinancing of existing bank loans and, in particular, for the repayment of a Bond Issuance of the Company with a balance of 2.250.000 Euros, as well as for a short-term loan amounting to Euro 1,000,000 and, on the other hand, by the amount of 1,750,000 Euros, in order to cover its working capital needs.

C) The Company on 27th January 2017, in continuation of the decision of the extraordinary General Meeting of its shareholders held on 10th January 2017, signed a Contractual Agreement for the Coverage of a Common Bond Loan via private placement, according to the clauses of Law 3156/2003 and of C.L. 2190/1920, as they are currently in effect, for a total nominal value of 6,000,000 million Euros and duration of seven (7) years. The banking companies under the names «ALPHA BANK SOCIETE ANONYME» and «ALPHA BANK LONDON LTD» covered the above mentioned bond loan by 99.98% and 0.02% respectively.

The objective of the above Bond Loan is the early and full repayment of the balance of two issued common bond loans of the Company in both of which "ALPHA BANK SOCIETE ANONYME" is the counterparty bond lender, as well as the expansion of the Company's investment plan.

The Company has the right to proceed with an early repayment of the existing aforementioned common bond loans without penalty or other cost.

The terms of the above bond loans include the obligation to preserve specific ratios of (a) total debt to equity, and (b) earnings before interest, taxes, depreciation and amortization (EBITDA) to debit interest and (c) total net debt to EBITDA.

The subsidiary company «FLEXOPACK POLSKA Sp. Zo.o» has signed an agreement with a banking institution based in Poland since the year 2015 concerning a long-term loan of 2.5 million Euros in order to finance its investment program. The balance of the remaining loan as of 31/12/2018 amounted to 1.428 million Euros.

6.15.1 Other long-term liabilities

	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Other long-term liabilities				
Suppliers of fixed assets	1,638	449	513	0
	1,638	449	513	0

6.16 Other provisions

Other Provisions	GROUP	COMPANY
January 1st 2017	238	238
Additional provisions for the year	148	0
December 31st 2017	386	238
Additional provisions for the year	17	0
December 31st 2018	403	238
 <u>Analysis of provisions</u>		
Provision for other taxes	235	235
Other provisions	169	4
Total	403	238
 Analysis of additional provisions for the year		
Other provisions	17	0
Total	17	0

6.17 Suppliers and other liabilities

The Group's and Company's balances for the suppliers' and other related liabilities accounts are analyzed as follows:

	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Suppliers and related Liabilities				
Suppliers	13,454	12,513	10,449	10,155
Liabilities to associates	59	76	1,361	1,321
Checks payable	157	279	157	279
Customer prepayments	36	107	36	107
Sundry creditors	38	41	27	29
Payable employee remuneration	506	434	379	327
Accrued expenses	462	520	341	374
Purchases under settlement	240	353	54	7
Social Security Funds	435	460	435	406
Other taxes, other than income tax	773	703	426	347
Total	16,161	15,484	13,665	13,352

6.18 Liabilities from income tax

	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Income Tax	3,028	3,275	3,009	3,273
Difference of income tax prepayment	(259)	598	(259)	598
	2,768	3,873	2,749	3,871

The income tax is paid via six (6) equivalent monthly installments within the same financial year. The first payment is made with the submission of the tax statement at, the latest, the last day of the sixth month following the end of the taxed year.

6.19 Turnover

The Group's and Company's turnover is analyzed as follows:

	GROUP		COMPANY	
	1/1- 31/12/2018	1/1- 31/12/2017	1/1- 31/12/2018	1/1- 31/12/2017
Income from sale of merchandise	9,527	7,254	7,806	6,566
Income from sale of products	72,190	72,008	61,957	61,273
Income from sale of other inventories	747	648	334	408
Income from provision of services	2,029	1,614	2,328	2,037
	84,492	81,523	72,424	70,284

6.20 Analysis of Expenses per category

The analysis of the Group's expenses per category is as follows:

GROUP	1/1-31/12/2018				1/1-31/12/2017					
	Cost of Goods Sold	Distribution Expenses	R&D Expenses	Administrative Expenses	Total	Cost of Goods Sold	Distribution Expenses	R&D Expenses	Administrative Expenses	Total
Remuneration & other employee benefits	8,143	1,086	317	2,561	12,107	7,530	1,148	221	2,264	11,162
Third party fees & expenses	404	710	12	570	1,696	323	602	5	509	1,440
Third party benefits (energy, insurance, maintenance etc.)	4,881	419	46	356	5,702	4,148	572	17	406	5,144
Taxes - Duties	45	9	1	219	275	45	10	1	91	146
Various expenses (transport, export expenses, etc.)	1,075	3,538	170	258	5,040	1,358	3,091	152	360	4,960
Depreciations of fixed assets	3,511	77	34	57	3,678	3,474	53	31	48	3,606
Amortization of intangible assets	60	38	156	35	289	52	33	144	42	271
Provision for staff indemnity	9	5	0	33	47	18	2	0	22	42
Cost of inventories recognized as an expense	45,639	0	353	0	45,992	44,197	0	356	0	44,553
Total	63,767	5,881	1,089	4,088	74,825	61,144	5,510	927	3,742	71,323
Own-production of assets	(320)	0	0	0	(320)	(53)	0	0	0	(53)
Total	63,447	5,881	1,089	4,088	74,505	61,091	5,510	927	3,742	71,271

The analysis of the Company's expenses per category is the following:

COMPANY	1/1-31/12/2018				1/1-31/12/2017					
	Cost of Goods Sold	Distribution Expenses	R&D Expenses	Administrative Expenses	Total	Cost of Goods Sold	Distribution Expenses	R&D Expenses	Administrative Expenses	Total
Remuneration & other employee benefits	6,113	606	317	2,060	9,096	5,929	668	221	1,752	8,570
Third party fees & expenses	221	508	12	320	1,062	148	506	5	257	917
Third party benefits (energy, insurance, maintenance etc.)	3,763	326	46	273	4,407	3,278	332	17	332	3,958
Taxes - Duties	45	9	1	86	141	44	10	1	27	83
Various expenses (transport, export expenses, etc.)	538	2,180	170	307	3,194	834	1,984	152	335	3,304
Depreciations of fixed assets	2,649	63	34	41	2,787	2,794	40	31	32	2,897
Amortization of intangible assets	60	38	156	35	289	52	33	144	41	271
Provision for staff indemnity	9	5	0	33	47	18	2	0	22	42
Cost of inventories recognized as an expense	41,212	0	322	0	41,534	39,412	0	238	0	39,650
Total	54,611	3,734	1,058	3,154	62,557	52,509	3,574	809	2,799	59,691
Own-production of assets	(303)	0	0	0	(303)	0	0	0	0	0
Total	54,308	3,734	1,058	3,154	62,254	52,509	3,574	809	2,799	59,691

6.21 Employee Benefits

The Group's and Company's employee benefits are analyzed as follows:

	GROUP		COMPANY	
	1/1- 31/12/2018	1/1- 31/12/2017	1/1- 31/12/2018	1/1- 31/12/2017
Employee benefits				
Wages and daily wages and benefits	8,479	7,990	5,929	5,820
Social security expenses	1,689	1,637	1,460	1,444
End of service indemnities	6	12	6	12
Other employee benefits	305	285	73	55
Total	10,479	9,924	7,468	7,331

	GROUP		COMPANY	
	1/1- 31/12/2018	1/1- 31/12/2017	1/1- 31/12/2018	1/1- 31/12/2017
Benefits towards Management				
Remuneration of Board of Directors	1,628	1,238	1,628	1,238
Other benefits of Board of Directors	105	97	105	97
Total	1,733	1,335	1,733	1,335
Fees and benefits of executive BoD members	1,187	1,058	1,187	1,058
Fees and benefits of non-executive BoD members	546	277	546	277
Total	1,733	1,335	1,733	1,335

Employed staff as at 31/12/18. Group 375 individuals. Company 271 individuals.
Employed staff as at 31/12/17. Group 333 individuals. Company 245 individuals.

6.22 Other Operating Income and Expenses

The Group's and Company's other operating income and expenses are analyzed as follows:

	GROUP		COMPANY	
	1/1- 31/12/2018	1/1- 31/12/2017	1/1- 31/12/2018	1/1- 31/12/2017
Other income				
Amortization of received grants	253	324	253	324
Extraordinary income from services	207	171	207	351
Profit from sale of fixed assets	76	62	1	62
Other income from previous years	75	0	5	0
Various grants	3	76	0	0
Other income	69	33	139	15
Total	683	667	605	752
Other expenses				
Provisions for inventory impairment	0	40	0	0
Other expenses from previous years	17	33	17	33
Other expenses	93	12	92	11
Total	110	85	109	44

6.23 Financial Income and Expenses

The Group's and Company's financial income and expenses are analyzed as follows:

	GROUP		COMPANY	
	1/1- 31/12/2018	1/1- 31/12/2017	1/1- 31/12/2018	1/1- 31/12/2017
Financial income				
Bank interest	0	2	0	0
Other financial income	2	3	19	27
	2	5	19	27
Financial expenses				
Interest and expenses of bank loans	599	644	541	590
Other bank expenses	81	56	63	40
	680	700	604	630

6.24 Other Financial Results

The Group's and Company's financial results are analyzed as follows:

	GROUP		COMPANY	
	1/1- 31/12/2018	1/1- 31/12/2017	1/1- 31/12/2018	1/1- 31/12/2017
Other Financial Results				
Foreign exchange differences realized - profit	361	419	100	0
Foreign exchange differences realized - (losses)	(608)	(466)	0	(116)
Foreign exchange differences from valuation of receivables and liabilities in foreign currency (losses) / profit	(323)	(340)	(33)	(256)
	(570)	(388)	67	(371)

It is noted that the losses recorded in the financial results are attributed to foreign exchange differences due to the measurement of liabilities in Euro of the Group's subsidiaries in Poland and Australia.

Below the relevant exchange rates are presented:

Exchange rates versus Euro	31/12/2018	31/12/2017
US dollar (USD)	1.1450	1.1993
Polish zloty (PLN)	4.3014	4.1770
Australian dollar (AUD)	1.6220	1.5346
Pound sterling (GBP)	0.89453	0.88723

6.25 Income Tax

The income tax of the Group and the Company is analyzed as follows:

Income Tax	GROUP		COMPANY	
	1/1- 31/12/2018	1/1- 31/12/2017	1/1- 31/12/2018	1/1- 31/12/2017
Income Tax	3,032	3,275	3,009	3,273
Deferred tax (Note 6.12)	(250)	(290)	(456)	(245)
Other taxes on earnings from previous years	(6)	0	(6)	0
Total income tax	2,776	2,986	2,546	3,028

Following, an analysis and reconciliation of the nominal and effective tax rate is presented.

	1/1- 31/12/2018	1/1- 31/12/2017	1/1- 31/12/2018	1/1- 31/12/2017
Earnings before taxes (IFRS)	9,872	10,374	10,148	10,327
Tax Rate	29%	29%	29%	29%
Income tax based on effective tax rate	2,863	3,009	2,943	2,995
Tax corresponding to:				
Tax free income	(73)	(165)	(73)	(94)
Subsidiaries' loss for which no deferred tax was recognized	566	27	0	0
Proportion of Results by associate companies	(162)	(181)	0	0
Non deductible expenses	2	297	16	128
Προσαρμογή αναβαλλόμενου φόρου λόγω αλλαγής του φορολογικού συντελεστή	(272)	0	(272)	0
Results of subsidiaries taxed with a different tax rate	(56)	(29)	0	0
Elimination of intra-company profit	(24)	27	0	0
Tax exemption Law 3908/2011	(62)	0	(62)	0
Other taxes and differences from previous years	(6)	0	(6)	0
Tax expense in the income statement	2,776	2,986	2,546	3,028
Weighted tax rate	28.12%	28.78%	25.09%	29.33%

The income tax for the year 2018 has been calculated with 29% tax rate. The corresponding tax rate for the year 2017 had settled at 29% as well.

It is finally noted that the effective final tax rate differs from the nominal.

There are several factors influencing the effective tax rate, the most important of which is the non-tax deduction of certain expenses, the differences in depreciation rates between the useful lives of the fixed assets and the rates set in the income tax and the possibility of tax-free rebates and tax-reserves.

The Company in fiscal year 2018 used a tax exemption of Law 3908/2011 amounting to € 62 thousand.

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More specifically, on 28/12/2018, was published the Decision No. 141471 / YPE / 6/0003 / C / N.3908 / 2011 decision of completion of the Minister of Economy and Development concerning the investment of the company that had been subject in 2011 to the provisions of the Law .3908 / 2011 in the General Business category. The total benefit for the company amounts to € 308,195.72 and is granted in the form of the tax exemption, which will be distributed equally over 5 years.

Pursuant to article 23 of L.4579 / 2018 (Government Gazette A '201 / 03-12-2018) the rate of corporate income tax of legal entities is gradually reduced from 29%, currently in force, to 25% by 2022. In particular, the rate shall be reduced by one percentage point per fiscal year and shall be as follows: (a) 28% for the income for the tax year 2019; (b) 27% for the income for the tax year 2020; (c) 26% for the income of the tax year 2021; (d) 25% of the income for the tax year 2022 and thereafter. Therefore, the deferred tax was calculated using the new tax rates, as they will be in effect in the year in which the asset or liability is expected to be settled

This adjustment resulted in a decrease of the deferred tax of the Group and the Company by € 272 thousand which was recorded in the income tax income statement and was fully recognized in the income statement for the year 2018.

6.26 Contingent Receivables - Liabilities

6.26.1 Information regarding contingent and assumed liabilities

	GROUP		COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Letters of bank guarantees to third parties for the account of subsidiaries	2,888	2,897	2,888	2,897
Letters of bank guarantees as insurance for liabilities	2,343	2,343	2,343	2,343
	5,231	5,240	5,231	5,240

There are no litigious claims or differences under dispute of the Company or its subsidiaries as well as decisions by courts or arbitration bodies that could have a significant impact on the Company's and Group's financial position or operation.

6.26.2 Tax un-audited financial years

FLEXOPACK A.E.B.E.	2013-2018
FLEXOPACK POLSKA Sp. Zo.o	2013-2018
FLEXOSYSTEMS Ltd Belgrade	2013-2018
FLEXOPACK INTERNATIONAL LIMITED-CYPRUS	2014-2018
FLEXOPACK PTY LTD	2014-2018
FLEXOPACK NZ LIMITED	2016-2018
FLEXOPACK TRADE AND SERVICES UK LIMITED	2014-2018
INOVA SA	2013-2018
VLACHOS BROS S.A.	2013-2018

In application of the relevant tax provisions : a) paragraph 1 of article 84 of Law 2238/1994 (unaudited cases concerning income tax), b) paragraph 1 of article 57 of Law 2859/2000 (unaudited cases related to VAT) and c) paragraph 5 of article 9 of Law 2523/1997 (penalties imposed for income tax cases), the right of the Greek State to impose any tax with regard to the fiscal years up to 2012 including, has been waived until 31/12/2018, with the exception of special or extraordinary provisions which may provide for a longer waiving period and under the respective conditions which these provisions stipulate.

Tax compliance report

With the article 82 §5 of Law 2238/94, beginning from year 2011, and in a later stage with the article 65A of Law 4174/2013, the Certified Auditors and the auditing firms performing mandatory audits in societe anonyme companies are obliged to issue a Tax Compliance Report with regard to the application of tax provisions in tax objects. The particular report is submitted to the audited company and via electronic means to the Ministry of Finance.

For the years 2011 – 2017, the Company as well as the associate companies INOVA S.A. PLASTICS AND IRON and VLACHOU BROS S.A. received a relevant Report, without any reservation with regard to the tax objects which were audited. With the article 56 of Law 4410/3.8.2016 for the years from 1.1.2016, the issuance of a Tax Compliance Report is no longer mandatory (only optional).

For the fiscal year 2018, the Company and the above associate companies selected the above mentioned tax audit of the Certified Auditors Accountants, which is in progress and from the relevant Tax Compliance Report, which is expected to be granted after the publication of the 2017 financial statements, it is anticipated that no additional and material tax burdens will emerge.

According to the Ministerial Decision (POL) 1006/05.01.2016, the companies for which a tax certificate “without reservation” has been issued, are not being excluded from the obligation concerning an ordinary tax audit from the pertinent tax authorities. As a result, the tax authorities may proceed with their own tax audit and impose any penalties and additional taxes. The Group’s management estimates that the results from such future tax audits will not have any material impact of the financial position of the Group or the Company.

6.26.3 Information regarding contingent receivables

There are no contingent receivables that are of significance to report in the Company’s and Group’s Financial statements.

6.27 Current liens

No collateral or liens are written on the fixed assets of the parent Company.

With regard to the fixed assets of the Group, there is a lien written for a banking institution in Poland, amounting to 3.0 million Euros, on the production facilities of the Polish subsidiary «FLEXOPACK POLSKA Sp. Zo.o». The purpose of the lien is to be used as insurance against the repayment of a long-term bank loan, of 2.5 million Euros, granted to the subsidiary.

6.28 Audit company’s fees

Οι συνολικές αμοιβές των νομίμων ελεγκτών της Εταιρίας και του Ομίλου έχουν ως εξής.

	GROUP		COMPANY	
	1/1- 31/12/2018	1/1- 31/12/2017	1/1- 31/12/2018	1/1- 31/12/2017
Audit Fees	71	71	43	43
	71	71	43	43

6.29 Operating leases

The operating leases concern long-term leases of vehicles mainly of private use and the rent of a building of subsidiary company in Australia FLEXOPACK PTY LTD.

Future payments of the Group that concern Operating leases are analyzed as follows:

	GROUP		COMPANY	
	1/1- 31/12/2018	1/1- 31/12/2017	1/1- 31/12/2018	1/1- 31/12/2017
Leases from operating leasing payable:				
Up to 1 year	563	533	249	228
From 2 to 5 years	699	949	577	545
Over 5 years	0	15	0	15
Total	1,262	1,497	826	787
Charges to the results	612	580	295	291

6.30 Transactions with related parties

The company's transactions with related parties, according to IAS 24, are as follows.

1/1/-31/12/2018

COMPANY	Sales of goods and services	Purchases of goods and services	Receivables	Liabilities
FLEXOPACK POLSKA Sp. Zo.o	4.239	5.719	5.970	1.302
FLEXOSYSTEMS Ltd -Belgrade	783	0	178	0
FLEXOPACK PTY LTD- AUSTRALIA	10.198	7	8.491	0
FLEXOPACK TRADE AND SERVICES UK LIMITED	2.575	0	1.396	0
FLEXOPACK FRANCE	0	0	1	0
INOVA SA	245	1	94	1
VLAHOU BROS SA	2.239	87	836	58
OTHER RELATED PARTIES	0	84	0	0
	20.279	5.898	16.967	1.361

Benefits towards management and executives

Transactions and remuneration of senior executives and management	2.019
Receivables from senior executives and management	0
Liabilities towards senior executives and management	75

1/1/-31/12/2017

COMPANY	Sales of goods and services	Purchases of goods and services	Receivables	Liabilities
FLEXOPACK POLSKA Sp. Zo.o	4,113	4,270	4,172	1,240
FLEXOSYSTEMS Ltd -Belgrade	603	0	168	0
FLEXOPACK PTY LTD- AUSTRALIA	9,171	13	7,439	5
FLEXOPACK TRADE AND SERVICES UK LIMITED	1,031	0	687	0
FLEXOPACK FRANCE	0	0	0	0
INOVA SA	298	1	121	1
VLAHOU BROS SA	2,348	185	920	76
OTHER RELATED PARTIES	0	84	0	0
	17,564	4,553	13,506	1,321

Benefits towards management and executives

Transactions and remuneration of senior executives and management	1,593
Receivables from senior executives and management	0
Liabilities towards senior executives and management	50

	GROUP		COMPANY	
	1/1-31/12/2018	1/1-31/12/2017	1/1-31/12/2018	1/1-31/12/2017
Sales of goods and services				
To subsidiaries	0	0	17,792	14,918
To associates	2,483	2,646	2,483	2,646
	2,483	2,646	20,276	17,564
Purchases of goods and services				
From subsidiaries	0	0	5,726	4,283
From associates	88	186	88	186
From other related parties	84	84	84	84
	172	270	5,898	4,553
Sales of fixed assets				
To subsidiaries	0	0	3	0
	0	0	3	0
Receivables				
From subsidiaries	0	0	16,037	12,465
From associates	930	1,041	930	1,041
	930	1,041	16,967	13,506
Liabilities				
To subsidiaries	0	0	1,302	1,245
To associates	59	76	59	76
	59	76	1,361	1,321

Notes:

It is also noted:

1. No other transactions related to the Company parties exist according to the provisions of the International Accounting Standard 24 apart from the above mentioned.
2. No loans or any other credit facilitations have been granted to the Board members or other senior executives of the Company and their families.
3. Apart from the above fees, no other transactions exist between the Company and the directors and the members of the Board.
4. In the context of its ordinary activity the Company has provided a guarantee towards a bank, in favor of its subsidiary «FLEXOPACK PTY LTD» which is based in Australia, with a maximum guarantee amount of 74,000 Euros approximately.
5. The Company has granted to a banking institution based in Poland (a) a guarantee for a maximum amount of 2.5 million Euros, as insurance against the repayment of a long-term bank loan, of 2.5 million Euros, granted to its subsidiary company «FLEXOPACK POLSKA Sp. Zo.o». The current balance of the above loan settled at 1.428 million Euros on 31/12/2018. (b) a guarantee for a maximum amount of 1.35 million PLN (323,000 Euros approximately) as insurance against the repayment of a short-term credit line towards the above subsidiary.
In addition, the Company granted a short-term loan of € 1,700,000 to the aforementioned subsidiary within the year 2018 in order to repay its investment plan and this amount is included in the above table of transactions (Receivables) between the Company and its affiliated parties.
6. The Company has provided a 5-year loan of 500 thousand Euros to its subsidiary «FLEXOPACK PTY LTD», based in Australia, for the implementation of the latter's ongoing investment plan which concerns the development and installation of production facilities. The current balance of the above loan is estimated at 200 thousand euro as 31/12/2018. It is included in the above table of related party transactions concerning transactions between the Company and its affiliates.
7. There were no changes in the transactions between the Company and its related parties that could have a material effect on the Financial position and performance of the Company for the period 1.1.2018-31.12.2018.
8. The transactions described above have been concluded under normal market conditions and contain no exceptional or individual trait which would render imperative the further analysis of them or the analysis of them per related party.
9. There is no separate transaction that exceeds 10% of the value of the assets of the Company, as reflected in its latest published statements.
10. There is no separate transaction which may be regarded as significant within the meaning of Circular no. 45/2011 of the Hellenic Capital Markets Commission.
11. The Company's transactions and outstanding balances with subsidiaries have been eliminated from the consolidated financial statements.

6.31 Earnings per share

Earnings per share are analyzed as follows:

	GROUP		COMPANY	
	1/1- 31/12/2018	1/1- 31/12/2017	1/1- 31/12/2018	1/1- 31/12/2017
Earnings after taxes corresponding to shareholders of the parent (1)	7,096	7,383	7,602	7,299
Weighted number of shares outstanding (2)	11,720.024	11,720.024	11,720.024	11,720.024
Basic earnings per share (Euro per share) (1)/(2)	0.6055	0.6300	0.6487	0.6227

6.32 Dividends

The Company's Board of Directors taking into account the results of the year 2018, the broader capital needs of the Company, as well as the wider financial environment which the Company activates in, intends to propose the following to the Annual General Meeting of Shareholders:

- (a) a return of capital to Company's shareholders equal to 703.201,44 euro, which corresponds to 0,06 euro per share,
- (b) The non-distribution of dividend from the earnings of the year 2018.

6.33 Measurement of Fair Value

The Group and the Company use the following hierarchy to identify and disclose fair values of financial assets using the following valuation method:

Level 1: fair values are determined by reference to published active money market transactions.

Level 2: fair values are determined using measurement techniques for which all parameters that have a material impact on the fair value of the asset are supported by observable market prices (directly or indirectly).

Level 3: fair values are determined using measurement techniques for which the parameters that have a significant impact on the fair value recorded are not supported by observable market prices.

The Group held no financial instruments valued at fair as of 31/12/2018.

The financial assets and the Financial liabilities of the Group consist of cash & cash equivalents, trade receivables, loans and other receivables, as well as bank loans, liabilities towards suppliers and related liabilities. Their fair values do not significantly differ from their book values mainly due to their short-term nature.

Furthermore, all Group's bank loans are based on floating rates and therefore their fair values do not significantly deviate from their book values.

6.34 Reconciliation of cash flows from financing activities

Based on the amended IAS 7, the reconciliation of debt liabilities between the statement of financial position and the financing activities of the statement of cash flows is presented below:

GROUP	31.12.2017	1/1/- 31/12/2018			31.12.2018
	Statement of Financial Position	Receipts in the Statement of Cash Flows	Payments in the Statement of Cash Flows	Transfers	Statement of Financial Position
Long-term liabilities	10.551	11.000	-6.891	-516	14.144
Short-term liabilities	6.182	700	-3.075	516	4.323
	16.733	11.700	-9.966	0	18.467

GROUP	31.12.2016	1/1/- 31/12/2017			31.12.2017
	Statement of Financial Position	Receipts in the Statement of Cash Flows	Payments in the Statement of Cash Flows	Transfers	Statement of Financial Position
Long-term liabilities	4.791	9.000	-1.704	-1.536	10.551
Short-term liabilities	10.498	147	-6.000	1.536	6.182
	15.290	9.147	-7.704	0	16.733

COMPANY	31.12.2017	1/1/- 31/12/2018		31.12.2018	
	Statement of Financial Position	Receipts in the Statement of Cash Flows	Payments in the Statement of Cash Flows	Transfers	Statement of Financial Position
Long-term liabilities	9.125	11.000	-6.536	-516	13.073
Short-term liabilities	5.411	700	-3.000	516	3.627
	14.536	11.700	-9.536	0	16.700

COMPANY	31.12.2016	1/1/- 31/12/2017		31.12.2017	
	Statement of Financial Position	Receipts in the Statement of Cash Flows	Payments in the Statement of Cash Flows	Transfers	Statement of Financial Position
Long-term liabilities	3.000	9.000	-1.339	-1.536	9.125
Short-term liabilities	9.875	0	-6.000	1.536	5.411
	12.875	9.000	-7.339	0	14.536

6.35 Events after the reporting date of the financial statements

There are no significant events after the end of the reporting period, which concern either the Group or the Company, and whose disclosure is required by the International Accounting Standards (IAS).

Koropi, 19/4/2019

THE CHAIRMAN OF THE BOARD THE VICE-CHAIRMAN OF THE BOARD THE CHIEF FINANCIAL OFFICER

GEORGIOS S. GINOSATIS
ID No/AE 153990

STAMATIOS S. GINOSATIS
ID No /Σ.500301

ANASTASIOS A. LYMBEROPOULOS
ID No /X.094106 Reg. No.3544/99

CHAPTER 5 : Website for the uploading of the financial information

According to the provisions of Law 3556/2007 as well as the Decision 8/754/14-4-2016 of the Board of Directors of the Hellenic Capital Market Commission, it is announced that the Annual Financial Report of the year 2018 has been recorded and uploaded in the Internet at the address www.flexopack.com. The above uploading fulfils all the requirements of article 7 of the above decision of the Capital Market Commission.