# THRACE PLASTICS HOLDING AND COMMERCIAL S.A.

## ANNUAL FINANCIAL REPORT

---

## January 1st to December 31st 2017

(In accordance with Law 3556/2007 and the relevant executive decisions of the Board of Directors of the Hellenic Capital Market Commission)


***Company Reg. No. 11188/06/B/86/31***
***General Commerce Reg. No. 12512246000***
***Domicile: Magiko, Municipality of Avdira, Xanthi Greece***
***Offices: 20 Marinou Antypa Str., 17455 Alimos, Attica Greece***

**Information regarding the preparation**
**of the Annual Financial Report**
**for the period from January 1st to December 31st 2017**

The present Financial Report, which refers to the period from 1.1.2017 to 31.12.2017, was prepared in accordance with the provisions of article 4 of L.3556/2007 (Gov. Gaz. 91A'/30-04-2017) as it is in effect following its amendment from Law 4374/2016 and the relevant decisions issued by the Board of Directors of the Hellenic Capital Market Commission under Reg. No. 8/754/14-4-2016 and 1/434/03-07-2007 as well as with the protocol no. 62784/06-06-2017 Circular of the Division of Enterprises and GEMI of the Ministry of Finance, Development and Tourism. The present Report was approved by the Board of Directors of "THRACE PLASTICS HOLDING S.A." ("Company") on April 17th, 2018, and has been posted on the Company's website www.thracegroup.gr where such will remain available to investors for a period of at least (10) ten years from the publication date and includes:



- The comparative amounts of the previous fiscal year 01/01/2016 – 31/12/2016 of the Company have been adjusted and depict the continuing activities of the Company.

- Any deviation in the numbers' last digit is due to rounding.

## I. STATEMENTS BY REPRESENTATIVES OF THE BOARD OF DIRECTORS

(according to article 4 par. 2 of L 3556/2007)

We, the representatives of the Board of Directors, hereby state and confirm that to our knowledge:

(a) The Annual Financial Statements (Parent and Consolidated) of the Company, which concern the period from January 1st 2017 to December 31st 2017, were prepared in accordance with the accounting standards in effect, accurately present the Assets and Liabilities, Equity and Results of the Company, as well as those of the companies included in the consolidation and considered aggregately as a whole, and

(b) The Annual Report by the Company's Board of Directors accurately presents the significant events of the year 2017 and their effect on the annual financial statements, the significant transactions between the Company and its related parties, the developments, performance and position of the Company, as well as of the companies included in the consolidation and considered aggregately as a whole, including the description of basic risks and uncertainties such face.

**Xanthi, 17 April 2018**

**The signatories:**

| The Chairman of the Board and Chief Executive Officer | The Vice-Chairman | The Member of the Board |
|---|---|---|
| **Konstantinos St. Chalioris** | **Theodosios A. Kolyvas** | **Dimitris Malamos** |

# II ANNUAL REPORT BY THE BOARD OF DIRECTORS OF THRACE PLASTICS HOLDING S.A. ON THE FINANCIAL STATEMENTS OF THE YEAR FROM 1-1-2017 TO 31-12-2017

## INTRODUCTION

The present Annual Management Report by the Board of Directors (hereinafter also for abbreviation purposes "Report") was prepared in accordance with the relevant provisions of Law 2190/1920, Law 3556/2007, as it is in effect following its amendment from Law 4374/2016 and the relevant decisions issued by the Board of Directors of the Hellenic Capital Market Commission, and especially the decisions with number 1/434/3.7.2007 and 8/754/14.4.2016, as well as with the protocol no. 62784/06-06-2017 Circular of the Division of Enterprises and GEMI of the Ministry of Finance, Development and Tourism

The Report includes the total required information with a concise as well as comprehensive, objective and adequate manner and with the principle of providing the complete and substantial information with regards to the issues included in such.

Given the fact that the Company prepares consolidated and non-consolidated (separate) financial statements, the present Report constitutes a single report referring mainly to the consolidated financial data of the Company. Any reference to non consolidated financial data takes place in certain areas which have deemed as necessary by the Board of Directors of the Company for the better understanding of the contents of the report.

It is noted that the present Report includes, along with the 2017 financial statements, the required by law data and statements in the Annual Financial Report, which concern the financial year ended on 31 December 2017.

The sections of the Report and the contents of such are in particularly as follows:

## SECTION I: Significant events that took place during the financial year 2017

Below, the most significant events that took place during the fiscal year 2017 are presented:

**1. On 2nd February 2017**, the Extraordinary General Meeting of the Company's shareholders took place which decided the following:

- The reduction of the Company's share capital by the amount of eight hundred and ninety three thousand, ninety Euros and eighty eight cents (893,090.88 Euros) via the reduction of the Company's total number of shares from 45,094,620 to 43,741,452 common registered shares, due to the cancellation of the total treasury shares held by the Company amounting to 1,353,168 treasury shares, in accordance with the article 16 of P.L. 2190/1920.
- The initiation of a new stock repurchase plan of the Company via the Athens Exchange in accordance with the clauses of article 16 of P.L. 2190/1920, and specifically the repurchase within a period of twenty four (24) months from the date of the decision, meaning until 02.02.2019 at the latest, of up to 4,374,145 common registered shares at maximum, representing 10% of the Company's outstanding share capital (as of today standing at 43,741,452 shares as result of the decision made with regard to the reduction of the share capital via the reduction of the

number of shares due to cancelation of treasury shares), at a price range between one Euro and fifty cents (1.50 €) and three Euros and fifty cents (3.50 €).

**2.** The Company "Thrace Plastics" following the granting of the necessary approvals, proceeded on **6th March 2017** with the purchase from "GR. SARANTIS CYPRUS LTD" (selling company) of thirteen thousand six hundred twenty five (13,625) common registered shares of the Societe Anonyme under the name "THRACE SARANTIS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME" and with the distinctive title "THRACE SARANTIS SA", which represented a percentage of 50% of the paid-up share capital of the company, for a total consideration of one million (1,000,000) Euro.
Following the above transaction, the Company became the sole shareholder of the above mentioned Societe Anonyme, as it already participated in the share capital of the latter by 50%. Following a relevant decision of the Extraordinary Shareholders Meeting of the above Societe Anonyme on 06/03/2017, the company was renamed in «THRACE POLYFILMS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME».

**3.** On **29th March 2017,** the Company announced to the investors' community that the Draft Merger Agreement was approved and signed by its fully owned subsidiary under the name "THRACE GREENHOUSES SOCIETE ANONYME" with regard to the absorption by the latter of the Societe Anonyme under the name "ELASTRON AGRICURTURAL COMMERCIAL AND INDUSTRIAL SOCIETE ANONYME". According to the above mentioned Draft Merger Agreement, the Board of Directors of the two merged companies decided the merger to be implemented according to the clauses of articles 68-77a of P.L. 2190/1920 as well as the articles 1-5 of L. 2166/1993, as they are currently in effect, whereas the date of the balance sheet transformation was set on December 31st, 2016.

The above merger was approved by the decision under the protocol number Γ/ΕΞ/2117-1/26.07.2017 of the Regional Vice-Governor of Xanthi of the Region of Eastern Macedonia and Thrace (ΑΔΑ: Ω44Μ7ΛΒ-ΜΗΛ), and was registered in the General Electronic Commercial Registry (G.E.MI.) on 28/07/2017 under the code number 112663, according to the clauses of articles 68, paragraph 2 and 69-77 of C.L. 2190/1920 and of the articles 1-5 of Law 2166/1993, as they are currently in effect. Furthermore, with this decision of the Regional Vice-Governor of Xanthi it was approved the amendment of article 5, paragraph 1 of the Articles of Association of the Societe Anonyme under the name "THRACE GREENHOUSES SOCIETE ANONYME", according to the relevant decision of the company's Extraordinary Shareholders Meeting on 22/06/2017.

**4.** The Ordinary General Meeting of shareholders that took place on **11th May 2017** approved the annual financial statements and decided not to distribute any dividend from the earnings of the year 2016 since the top priority of the Management of both the Company and the Group was to maintain satisfactory levels of liquidity in the context of the completion of the Group's ongoing and extended investment plan.

**5.** On **5th May 2017**, the company Thrace Protect Single Person Private Capital Company was established as subsidiary of the company Thrace Nonwovens & Geosynthetics SA. The newly established company will gradually be responsible for the safeguarding of the facilities of the Group's companies.

**6.** In **August 2017**, in the context of the changes made in the Group's organizational structure, aiming at the most appropriate and effective administrative operation, the further expansion of its production and distribution network and the most complete servicing of the markets via the utilization of the entire spectrum of products and services, the following actions were taken:

a) the company Pareen LTD which was fully owned (100%) by the parent company, was transferred to its subsidiary company Synthetic Holdings LTD (fully owned by 100% as well), which is domiciled in the United Kingdom, via the issuance of new shares which the Company received in exchange.

b) the merger through absorption of the company Thrace Linq Inc based in Summerville of USA, having as business objective the production and trading of technical fabrics, by the company Delta Real Estate Investments LLC, also based in Summerville of USA and owner of a property which hosted until then the business activity of "Thrace Linq Inc". Following the completion of the above merger procedure, the absorbing company Delta Real Estate Investments LLC was renamed into Thrace Linq Inc.

**7.** On **3rd October 2017** and in the context of the internal restructuring of Group's participations, the Management of the Company informed the investors' community that the Boards of Directors of the parent Company and of its subsidiary (100% owned) company under the name "THRACE POLYFILMS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME" approved the terms of the agreement with regard to the spinoff of the sector of production and trade of Industrial Packaging products from the parent Company and its contribution into the subsidiary "Thrace Polyfilms". The spinoff and contribution of the sector was decided to be implemented according to the clauses of Law 2166/1993, whereas the date of 30.06.2017 was set as the Transformation Balance Sheet date.

**8.** On **2nd November 2017** the Extraordinary General Meeting of shareholders convened and approved the following items among others:

- The spin-off of the business segment of production and trade of industrial packaging products of the Company and the contribution of the segment into the fully owned (100%) subsidiary Societe Anonyme under the name "THRACE POLYFILMS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME" according to the provisions of Law 2166/1993 and Law 2190/1920 as they are currently in effect, and they also validated unanimously the entire terms of the common Spin-off Plan Agreement as of 27/09/2017, the Valuation Report as of 12/09/2017 with regard to the book value of the above business segment compiled by the Certified Auditor Michael K. Pappas (SOEL Reg. No. 33331) (with Transformation Balance Sheet date on 30/06/2017), and also the entire relevant statements made by the Board of Directors.
- The amendment of the Company's business objective following the spin-off of the business segment of production and trade of industrial packaging products and also the subsequent amendment of article 3 of the Company's Articles of Association, according to the precise form that was previously announced by the Company, and in line with the clauses of article 27, paragraph 3, case d' of P.L. 2190/1920.
- The change of the Company's name from "THRACE PLASTICS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME" into "THRACE PLASTICS HOLDING SOCIETE ANONYME" and the subsequent amendment of article 1 of the Company's Articles of Association, according to the precise form that was previously announced by the Company, and in line with the clauses of article 27, paragraph 3, case d' of P.L. 2190/1920.

**9.** On **12th December 2017**, the Company informed the investors' community that the fully owned by 100% subsidiary "THRACE POLYFILMS SA" proceeded with the signing of a binding agreement for the acquisition of 100% of the share capital and the voting rights of the Societe Anonyme under the name "E.VI.SAK. Hellenic Industry of Sacks and Plastic Materials" which is domiciled in Nea Karvali, County of Kavala, Greece, for a total consideration of 2.49 million Euros. The business objective of the Company is the production of polyethylene-based plastic sacks utilized in the packaging of fertilizers and in raw plastic materials. Specifically the particular company processes low density polyethylene (LDPE) and low density linear polyethylene (LLDPE) for the production of one-layer or three-layer films. These films are cut and sealed with heat, and in a later stage are utilized in the final product such as the sack or the uncut roll of film. The production capacity of the Company currently accounts for 26 million plastic sacks and films on annual basis. The Company's share capital amounted to 103.2 thousand Euros on 31.12.2016 and the total Shareholders' Funds to 3.7 million Euros. The turnover for the entire fiscal year 2016 settled at 3.1 million Euros.

**10.** On **14th December 2017**, the decision with Registration Code Number Γ/ΕΞ/3656-1/13-12-2017 of the Periphery of Xanthi was registered in the General Electronic Commercial Registry (GEMI). Via the above decision it was approved the absorption of the industrial business segment (production plant 7 at the Industrial Zone of Xanthi) of the Societe Anonyme under the name "Thrace Plastics Industrial and Commercial Societe Anonyme" by the Societe Anonyme under the "Thrace Polyfilms Industrial and Commercial Company".

**11.** On **22nd December 2017**, the decision with Registration Code Number 142129/22.12.2017 (Online Publication Number – ADA Ω1ΥΧ465ΧΙ8-ΒΚΛ) of the Department of Listed and Sport-Related Societe Anonymes of the Companies and GEMI Division, of the General Directorate of the Market, of the General Secretary for Commerce and Consumer Protection, of the Ministry of Economy and Development, was registered in the General Electronic Commercial Registry (GEMI). Based on the above presented decision, the amendment of articles 1 and 3 of the Company's Articles of Association was approved.

Following the spin-off of the business segment of production and trade of industrial packaging products of the Company, and also the subsequent registration in GEMI of the amendment's decision of article 3 of the Company's Articles of Association, the new form of the article is now as follows:

***«Article 3***
***Business Objective***

*A. The Company's business objective is the following:*

● *The participation in the capital as well as the financing of companies of any legal form, type and objective, listed or non-listed on an organized market, which are domiciled and legally operate in the domestic or/and the international market.*

● *The provision of accounting and tax services, the provision of organizational, IT infrastructure, administrative, business collaboration, recruitment services, and also the provision of financial and investment advisory services to any type of companies and organizations in general, of both the public and the private sector in Greece and abroad.*

● *The provision by the Company on separate basis or jointly with other physical or legal entities, in both the domestic as well as the international market of administrative, secretarial, support, organizational, economic analysis, cost analysis, estimation, supervision services as well as services with regard to the preparation and compilation of statistical, technical and economic studies and analyses in relation to any commercial, industrial, economic or investment activity in general.*

*● The provision of advisory services and services in general for the operation, expansion, development, control, administration and improvement of any work project or company, such as commercial, industrial, financial and investment company.*
*● The provision of services in the area of marketing and sales, strategic communication, the organization, coordination and the administration of communication and public relation actions, the advertising, the sales promotion, the organization of forums-seminars and exhibitions in Greece and abroad, as well as other relevant activities.*
*● The preparation of financial and investment studies, business research studies and viability studies for physical or legal entities, the survey on the prospects of certain business sectors of economic or business activity, the organization and the implementation of any type of scientific, educational and training programs in Greece and abroad.*
*● The placement, in general, of the Company's cash reserves in any kind of investments, bonds, corporate shares, securities, equities, participation securities, movable assets and financial instruments in general, listed or non-listed on an organized market, in Greece or/and abroad.*
*● The acquisition, management, development, construction, operation, disposal, leasing and utilization with any manner of any type or kind of properties.*
*● The development, study, construction, erection, restructuring, redevelopment, operation, maintenance, administration and broader utilization of buildings, residences, professional premises and in general of building facilities of any type.*
*● The preparation of studies, investment programs and the provision of technical advice on issues concerning the construction, upgrade, maintenance, organization, management, utilization and operation of building facilities and properties of any type, as well as the preparation of estimations on relevant issues for the account of third parties.*
*● The intermediation in the utilization and operation of properties via commission fees and the rendering of advisory services in the area of property development and management in general.*
*● The execution of transactions in general which include among others the purchase or sale, leasing, sub-leasing of properties domestically and abroad, and the utilization of properties in any manner as well as any business activity in relation to the above mentioned objectives.*
*● The acquisition of properties for permanent utilization and operation.*
*● The provision of internet services such as the development and hosting of websites on the internet, the digitalization of catalogues, photos, etc.*
*● The provision of services in general to any physical or legal entity in Greece or abroad, for facilitation of all the above activities.*
*● The acquisition and utilization, with any manner, of every right, trademark, patent or privilege that is deemed necessary, useful or relevant to the business objectives of the Company.*

*B. Towards the fulfillment of its business objective the Company may:*
*1. To participate in any company which already operates or which is going to be established with a similar, equivalent or different business objective and of any corporate type or in any Joint Venture in Greece or abroad, and also to cooperate or establish a partnership with any domestic or foreign physical or legal entity in any manner.*
*2. To establish subsidiary companies, branches, factories, agencies, offices and any other type of facilities or to simply appoint representatives in any place domestically or abroad.*
*3. To acquire tangible rights on any type of properties or to lease any type of properties or movable assets in Greece as well as any type of transportation means.*
*4. To provide guarantees and sign agreements for guarantees towards as well as with any physical or legal entity, domestic or foreign, within the applicable framework according to*

*the law, provided that the above are related to the achievement of the corporate objectives or they are deemed necessary for their fulfillment.*
*5. To develop and trade trademarks, licenses, know-how rights as well as other rights of intellectual, commercial and industrial ownership.*
*6. To represent any company, domestic or foreign, with a similar, related or relevant business objective for its own account or for the account of third parties, via commission fees or via participation in the profits.*
*7. To grant, in exchange for a fee, the utilization of its own facilities to third parties, to assign the administration of the Company to other legal entities, as well as to undertake the administration of other companies.*
*8. To administer and come into possession of capital from companies of private law and through state-owned or international financing programs, to participate either separately or in collaboration with physical or legal entities, of any type, in auctions and tender offers in Greece or/and abroad and to submit tender offers in order to undertake the execution of any type of projects which are relevant to its business objective.*
*9. To conduct any work and activity, under the broadest available scope, which the Company views as appropriate or complementary to the above presented business objectives and generally to carry out any action which is considered either directly or indirectly as necessary, appropriate or suitable for the realization and implementation of the above presented business objectives.*

Moreover, due to the amendment of the Company's business objective in the Articles of Association, the relevant article 1 in the Company's Articles of Association was formed as following:

***«Article 1.***
***Company Name***

*1. The Company's name is "THRACE PLASTICS HOLDING AND COMMERCIAL SOCIETE ANONYME" and its distinctive title is "THRACE PLASTICS CO. S.A.".»*
*2. With regard to its international transactions, the name and the distinctive title may be written or expressed in foreign language as well, via accurate translation or wit Latin characters.*

**12.** On **27th December 2017**, the audit concerning the fiscal year 2011 for the subsidiary company of the Group "Thrace Nonwovens & Geosynthetics SA" completed, and additional taxes of €239 as well as tax surcharges of € 288 were imposed. The Management of the Company did not accept the outcome of the tax audit and appealed to the authorities by paying in cash only 50% of the aggregate imposed amount as the law requires.

**13.** For the **fiscal year 2017**, the Group implemented investments of 21.7 million Euros of which 14.1 million Euros concerned the Technical Fabrics Unit and 7.6 million Euros concerned the Packaging Unit.

## SECTION II: Main Risks and Uncertainties

The financial products used by the Group, mainly consist of bank deposits, bank overdrafts, receivable and payable accounts and loans.

The Group's activities, in general, create several financial risks. Such risks include market risk (foreign exchange risk and risk from changes of raw materials prices), credit risk, liquidity risk and interest rate risk.

Amounts in thousand Euro, unless stated otherwise

### Risk of Price Fluctuations of Raw Materials

The Group is exposed to fluctuations in the price of polypropylene (represents 55% of the cost of sales), which are mainly faced by a similar change in the selling price of the final product. The possibility that the increase in the price of polypropylene cannot be fully passed on to the selling price, causes the compression of margins. For this reason, the Company accordingly adjusts, to the extent it is feasible, its inventory policy as well as its commercial policy in general. Therefore the particular risk is deemed as relatively controlled.

### Credit Risks

The Group is exposed to credit risks, and in order to manage such, it consistently applies a clearly defined credit policy that is continuously monitored and reviewed, in order to assure that the provided credit does not exceed the credit limit per customer. Also, with regard to the majority of customers insurance contracts are made to cover sales per customer, while collaterals are not required on the assets of customers. During the preparation date of the annual financial statements, provisions were made for doubtful customer receivables and the Management considers that there is no other substantial credit risk that is not covered by insurance coverage or provisions.

The following table presents an analysis of the maturity of trade and other receivables on 31/12/2017:

| *Maturity of Trade Receivables 31.12.2017* | *Group* |
|---|---|
| 01 – 30 days | 19,850 |
| 31 – 90 days | 31,657 |
| 91 – 180 days | 5,575 |
| 180 days and over | 6,842 |
| **Subtotal** | **63,924** |
| Provisions for doubtful receivables | (6,592) |
| **Total** | **57,332** |

The above amounts are expressed in terms of days of delay in the table below:

| *Analysis of delayed customer receivables 31.12.2017* | *Group* |
|---|---|
| Timely receivables | 43,203 |
| Overdue receivables 1 – 30 days | 11,570 |
| Overdue receivables 31 – 90 days | 1,958 |
| Overdue receivables above 91 days | 7,113 |
| **Subtotal** | **63,924** |
| Provisions for doubtful customer receivables | (6,592) |
| **Total** | **57,332** |

Amounts in thousand Euro, unless stated otherwise

With regard to uninsured receivables in delay for over 90 days, which the Group has classified as doubtful, relevant provisions have been made which are deemed as sufficient.

Correspondingly, the amounts of maturity and delay for the financial year 2016 are presented in the following tables:

| *Maturity of Trade Receivables 31.12.2016* | *Group* |
|---|---|
| 01 – 30 days | 20,467 |
| 31 – 90 days | 25,366 |
| 91 – 180 days | 4,965 |
| 180 days and over | 6,522 |
| **Subtotal** | **57,320** |
| Provisions for doubtful receivables | (6,680) |
| **Total** | **50,640** |

| *Analysis of delayed customer receivables 31.12.2016* | *Group* |
|---|---|
| Timely receivables | 40,908 |
| Overdue receivables 1 – 30 days | 8,430 |
| Overdue receivables 31 – 90 days | 1,421 |
| Overdue receivables above 91 days | 6,561 |
| **Subtotal** | **57,320** |
| Provisions for doubtful customer receivables | (6,680) |
| **Total** | **50,640** |

**Liquidity risk**

The monitoring of liquidity risk is focused on managing cash inflows and outflows on a constant basis, in order for the Group to have the ability to meet its cash flow obligations flexibly and directly. The management of liquidity risk is applied by maintaining cash equivalents and approved bank credits. During the preparation date of the annual financial statements, there were adequate, unused bank credits, approved to the Group, which are considered sufficient to face a possible shortage of cash equivalents.

Short-term liabilities are renewed at their maturity, as they are part of the approved bank credits.
The following table presents the liabilities according to their maturity dates.

| **Group 31.12.2017** | **Up to 1 month** | **1-6 months** | **6-12 months** | **Over 1 year** | **Total** |
|---|---|---|---|---|---|
| Suppliers | 11,357 | 25,664 | - | - | **37,021** |
| Other short-term liabilities | 6,771 | 11,495 | 2,564 | - | **20,830** |
| Short-term debt | 5,380 | 39,303 | 27,980 | - | **72,664** |
| Long-term debt | - | - | - | 15,737 | **15,737** |
| Other long-term liabilities | - | 208 | 181 | 208 | **598** |
| **Total 31.12.2017** | **23,508** | **76,671** | **30,726** | **15,945** | **146,850** |

Amounts in thousand Euro, unless stated otherwise

| Group 31.12.2016 | Up to 1 month | 1-6 months | 6-12 months | Over 1 year | Total |
|---|---|---|---|---|---|
| Suppliers | 10,105 | 20,718 | 808 | 168 | **31,799** |
| Other short-term liabilities | 8,692 | 7,955 | 2,363 | 99 | **19,109** |
| Short-term debt | 1,868 | 34,774 | 30,497 | - | **67,139** |
| Long-term debt | - | - | - | 18,663 | **18,663** |
| Other long-term liabilities | 122 | - | 3 | 214 | **339** |
| **Total 31.12.2015** | **20,787** | **63,447** | **33,671** | **19,144** | **137,049** |

**Foreign exchange risk**

The Group is exposed to foreign exchange risks arising from existing or expected cash flows in foreign currency and investments that have been made in foreign countries. The management of the various risks is made by the use of natural hedge instruments. In particular, the Group's policy is to take out loans at the level of balances in foreign currency for the rest of the customers too.

The effect of changes in foreign exchange rates on the financial statements from the conversion of foreign Subsidiaries' balance sheets is presented in the following table:

| Foreign Currency | 2017 | | | 2016 | | |
|---|---|---|---|---|---|---|
| Change of foreign currency against Euro | USD | GBP | Other | USD | GBP | Other |
| **Profit before tax** | | | | | | |
| +5% | (534) | (96) | 16 | (711) | (47) | 16 |
| -5% | 590 | 106 | (18) | 785 | 52 | (18) |
| | | | | | | |
| **Equity** | | | | | | |
| +5% | 42 | (764) | (230) | (61) | (1.213) | (197) |
| -5% | (46) | 844 | 255 | 67 | 1.340 | 217 |

**Interest rate Risk**

The Group’s long-term loans have been provided by Greek and foreign banks and are mainly denominated in Euro. The repayment period varies, according to the loan (credit) contract each time, while long-term loans are mainly linked to Euribor plus a margin.

The Group’s short-term loans have been provided by several banks, under Euribor, plus a margin and Libor plus a margin.

It is estimated that a change in the average annual interest rate by 1 percentage point, will result in a (charge) / improvement of Earnings Before Tax as follows:

| *Possible interest rate change* | *Effect on Earnings before Tax* | |
|---|---|---|
| | 2017 | 2016 |
| Interest rate increase 1% | **(884)** | (858) |
| Interest rate decrease 1% | **884** | 858 |

Amounts in thousand Euro, unless stated otherwise

## Capital Adequacy Risk

The Group controls capital adequacy using the Net Debt to Operating Profit ratio and the Net Bank Debt to Equity ratio. The Group's objective in relation to capital management is to ensure the ability for its smooth operation in the future, while providing satisfactory returns to shareholders and benefits to other parties, as well as to maintain an ideal capital structure so as to ensure a low cost of capital. For this purpose, it systematically monitors working capital in order to maintain the lowest possible level of external financing.

| *Capital Adequacy Risk* | *Group* | |
|---|---|---|
| | **31.12.2017** | **31.12.2016** |
| Long-term debt | 15,737 | 18,663 |
| Short-term debt | 72,663 | 67,139 |
| **Total debt** | **88,400** | **85,802** |
| Minus cash & cash equivalents | 30,593 | 31,080 |
| **Net debt** | **57,808** | **54,722** |
| | | |
| **EBITDA** | **30,130** | **35,161** |
| **NET BANK DEBT /EBITDA** | **1,92** | **1,55** |
| | | |
| **EQUITY** | **137,585** | **122,788** |
| **NET BANK DEBT / EQUITY** | **0.42** | **0.44** |

## Risk due to capital controls imposed in the Greek banking system

The Greek banks entered into a bank holiday period on 28.06.2015 via an Act of Legislative Content which imposed capital controls in accordance with the respective decision of the Ministry of Finance. The bank holiday was terminated on 20.07.2015 whereas capital controls still remain intact until the date of the present Report despite the constant improvements made in the relevant legislative framework towards the relaxation of the initially established capital control measures.

During the entire period from the beginning of the bank holiday and the subsequent additional capital controls (28.06.2015) until today, the Company along with the other Greek companies of the Group demonstrated that is fully prepared and possesses the appropriate operating and organizational structures in order to manage tough and extreme situations with calmness, systematic actions and effectiveness.

However the Management by realizing the especially tough -and ongoing even in the current year- domestic business environment, which the Company activates in, takes all the necessary measures in order to ensure its smooth operations and development as well as to minimize any negative effect.

Amounts in thousand Euro, unless stated otherwise

Moreover taking into consideration the nature of the activities of the Group in Greece and abroad, any negative developments are not expected to materially affect its smooth operations.

In this context there is sufficient dispersion of the Group's cash reserves in Greece and abroad. However the Management continues to monitor and evaluate the situation and its potential effect, in order to ensure that all necessary actions and measures are taken for the minimization of the negative effect on the operations, financial performance, cash flows and financial position of the Company and the Group in general.

## SECTION III: Significant Transactions with Related Parties

The most significant transactions between the **Company** and its related parties, as such are defined by International Accounting Standard 24, are described below (in Euro thous.):

We note that the following reference to the particular transactions includes the following data:

a) The amount of the most significant transactions for the year 2017
b) Their unpaid balance at the end of the year (31.12.2017)
c) The nature of relation between the related party and the Company, as well as
d) Any information concerning the transactions, which is necessary for the understanding of the Company's financial position, only to the extent that these transactions are material and have not been conducted under normal market terms.

| | *Income* |
|---|---|
| Don & Low | 1,008.0 |
| Thrace NW & Geosynthetics | 1,639.2 |
| Thrace Plastics Pack | 797.7 |
| Thrace Ipoma | 348.9 |
| Synthetic Holdings | 250.9 |
| Synthetic Packaging | 143.2 |
| Thrace Polybulk AB | 252.3 |
| Thrace Polybulk AS | 178.8 |
| Thrace Linq | 307.1 |
| **Total** | **4,926.2** |

| *Customers - Receivables* | *31,12,2017* |
|---|---|
| | |
| Thrace NW & Geosynthetics | 7,979 |
| Thrace Polyfilms | 2,251 |
| Thrace Eurobent | 148 |
| **Total** | **10,378** |

- The fees paid to the members of the Management during the fiscal year 2017, amounted to EUR 2,046 thous. versus EUR 2,062 thous. in 2016 on parent level, whereas on group level accounted for EUR 5,024 thous. versus EUR 5,186 thous. in 2016.

- The Company has issued letters of guarantee in favor of third parties of € 834, while it has provided guarantees in favor of its subsidiaries for security against loans amounting to € 34,449 thousand.

- During the fiscal year 2017, the total fees paid to the Company's legal auditors amounted to € 596 thousand for the Group and to € 76 thousand for the Company.

- There were no changes in transactions between the Company and its related parties that could have had substantial effects on the financial position and performance of the Company during the financial year 2017.

- All transactions described above have taken place under normal market terms and contain no special or extraordinary features which in opposite case would have made compulsory the further analysis, also per related party, of the above.

## SECTION IV: Analytical Information according to Article 4 par. 7 of Law 3556/2007, as currently in effect

The Company, according to article 4 par. 7 of L. 3556/2007 is obliged to include in the present Report, analytical information regarding a series of issues, as follows:

### 1. Structure of Company's share capital

The Company's share capital on 31.12.2017 amounted to twenty eight million eight hundred sixty nine thousand, three hundred fifty eight Euros and thirty two cents (€28,869,358.32) and was divided into forty three million seven hundred forty one thousand, four hundred fifty two (43,741,452) common registered shares, with a nominal value of sixty six cents (€ 0.66) each.

All Company shares are common, registered, with voting rights, and are listed on the organized Market of the Athens Exchange and specifically in the Main Market under the Chemicals – Specialized Chemicals sector. The structure and the formation of the Company's share capital are presented in detail in article 5 of the Company's Articles of Association. The Company's shares were listed on the Athens Exchange on 26 June 1995. From each share, all rights and obligations stipulated by the law and the Company's Articles of Association emanate. The possession of each share results automatically into the acceptance of the Company's Articles of Association and the decisions that have been made by the various bodies of the Company in accordance with the law and the Articles of Association. Each share provides for one (1) voting right.

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

The transfer of Company shares takes place as stipulated by the Law and there are no limitations regarding such transfers in relation to its Articles of Association or other special agreements or other regulatory provisions.

**3. Significant direct or indirect participations according to the definition of Law 3556/2007**

With regards to significant participations in the share capital and voting rights of the Company, according to the definition of provisions of articles 9 to 11 of L. 3556/2007, Mr. Konstantinos Chalioris holds, on 31/12/2017, a percentage of 43.292% of the Company's share capital and voting rights and Mrs. Eufimia Chalioris holds, on 31/12/2017, a percentage of 20.851% of the Company's share capital and voting rights. No other physical or legal entity owned a percentage over 5% of the share capital. The data regarding the number of shares and voting rights held by individuals with a significant participation have been derived from the Shareholder Registry kept by the Company and from disclosures provided to the Company according to Law.

**4. Shares incorporating special control rights**

There are no Company shares that provide special control rights to owners.

**5. Limitations on voting rights**

According to the Company's Articles of Association, there are no limitations on voting rights.

**6. Agreements of Company shareholders**

To the knowledge of the Company there are no shareholder agreements, which result in limitations on the transfer of shares or limitations on the exercise of voting rights that emanate from its shares.

**7. Rules for appointment and replacement of Board members and the amendment of the Articles of Association, which deviate from the provisions of C.L.2190/1920**

The rules stated by the Company's Articles of Association regarding the appointment and replacement of its Board of Directors' members and the amendment of the provisions of its Articles of Association, do not differ from those stipulated by C.L. 2190/1920 as it is in effect.

**8. Responsibility of the Board of Directors or specific Board members for the issuance of new shares or the purchase of treasury shares.**

According to paragraph 13 of article 13 of C.L. 2190/1920, as currently in effect, the Board of Directors is enabled to increase the share capital of the Company by issuing new shares, in the context of the approved by the General Meeting Stock Option Plans, for the acquisition of company shares by beneficiaries.

According to the provisions of article 16 of C.L. 2190/1920, as currently in effect, the Company may acquire treasury shares, only following approval by the General Meeting, up to 1/10 of its paid up share capital, under the specific terms and procedures stipulated by the provisions of article 16 of CL 2190/1920, as currently in effect. There are no opposite statements in the Company's articles of Association.

**9. Significant agreements made by the Company and put into effect, amended or terminated in case of a change in the Company's control following a tender offer.**

There are no such agreements, which are put into effect, amended or terminated, in case of a change in the Company's control following a tender offer.

**10. Significant agreements made by the Company with Board members or the Company's personnel**

There are no agreements of the Company with the members of its Board of Directors or its personnel, which provide for the payment of indemnity specifically in case of resignation or termination of employment without reasonable cause or of termination of their term or employment, due to a tender offer.

## SECTION V: Treasury Shares

The Extraordinary General Meeting of Shareholders on 2nd February 2017 approved among other issues the following:
i) the reduction of the Company's share capital by the amount of eight hundred and ninety three thousand, ninety Euros and eighty eight cents (893,090.88 Euros) via the reduction of the Company's total number of shares from 45,094,620 to 43,741,452 common registered shares, due to the cancellation of the total treasury shares held by the Company amounting to 1,353,168 treasury shares, in accordance with the article 16 of P.L. 2190/1920 as it is currently in effect and via the subsequent amendment of article 5 of the Company's Articles of Association.
The Management Committee of the Stock Markets of Hellenic Exchanges (EHAE) was informed accordingly during its meeting on 2nd March 2017 with regard to the above share capital reduction due to the cancellation of the Company's treasury shares. Following the above and based on the Company's decision, it is approved that from 8th March 2017, the trading of the cancelled 1,353,168 shares on the Athens Exchange will be ceased.
ii) the approval of the stock repurchase plan of the Company via the Athens Exchange in accordance with the clauses of article 16 of P.L. 2190/1920, and under the following terms and conditions:
a) The maximum number of shares repurchased will account for 4,374,145 representing 10% of the Company's outstanding share capital,
b) The price range of the stock repurchase was set from one Euro and fifty cents (1.50) per share (minimum level) up to three Euros and fifty cents (3.50) per share (maximum level) and finally,
c) The duration of the stock repurchase plan was determined at a maximum of 24 months from the approval of the above decision, meaning until 02.02.2019 at the latest.
In the context of the above plan, the Company at the preparation date of the present Report had acquired 4,324 own shares.

## SECTION VI: Evolution and Performance of the Group

### 1. Group Results

The following table presents the course of the Group's results throughout the year 2017, compared to 2016:

| *(amounts in thousand euro)* | 2017 | 2016 | *% Change* |
|---|---|---|---|
| **Turnover** | **318,509** | **291,900** | ***9.1%*** |
| **Gross Profit** | **66,890** | **66,403** | ***0.7%*** |
| ***Gross Profit Margin*** | ***21.0%*** | ***22.7%*** | |
| Other Operating Income | 2,144 | 1,688 | *27.0%* |
| *As % of Turnover* | 0.7% | *0.6%* | |
| Distribution Expenses | 30,146 | 26,727 | *12.8%* |
| *As % of Turnover* | *9.5%* | *9.2%* | |
| Administrative Expenses | 16,839 | 16,080 | *4.7%* |
| *As % of Turnover* | *5.3%* | *5.5%* | |
| Research & Development Expenses | 1,948 | 1,134 | *71.8%* |
| *As % of Turnover* | *0.6%* | *0.4%* | |
| Other Operating Expenses | 1,808 | 1,510 | *19.7%* |
| *As % of Turnover* | 0.6% | *0.5%* | |
| Other Income / (Losses) | -1,114 | 265 | |
| **EBIT** | **17,179** | **22,905** | ***-25.0%*** |
| ***EBIT Margin*** | ***5.4%*** | ***7.8%*** | |
| **EBITDA** | **30,130** | **35,160** | ***-14.3%*** |
| ***EBITDA Margin*** | ***9.5%*** | ***12.0%*** | |
| Financial Income / (Expenses) | -5,439 | -5,854 | *-7.1%* |
| Income/(Expenses) from Companies consolidated with the Equity Method | 996 | 1,276 | *-21.9%* |
| Profit / (Losses) from Participation | 1,098 | 0 | - |
| **EBT** | **13,834** | **18,327** | ***-24.5%*** |
| ***EBT Margin*** | ***4.3%*** | ***6.3%*** | |
| *Income Tax* | 3,025 | 4,668 | *-35.2%* |
| **Total EAT** | **10,809** | **13,659** | ***-20.9%*** |
| ***EAT Margin*** | ***3.4%*** | ***4.7%*** | |
| Minority Interest | 258 | 275 | |
| **Total EATAM** | **10,551** | **13,384** | ***-21.2%*** |
| ***EATAM Margin*** | ***3.3%*** | ***4.6%*** | |
| **Earnings per Share (in euro)** | **0.2412** | **0.304** | ***-20.7%*** |

**Turnover € 318,509*(+9.1%)***

The Group's sales volume amounted to 121.8 thousand tons in 2017 versus 109.1 thousand tons in 2016 posting an increase of 11.6%. Specifically, the sales volume in the Technical Fabrics unit reached 96.3 thousand tons in 2017 compared to 85.9 thousand tons in 2016 (+12.1%), whereas in the Packaging unit it reached 30.6 thousand tons in 2017 versus 28.0 thousand tons in the previous year (+9.1%).

**Gross Profit € 66,890 *(+0.7%)***

Gross Profit Margin stood at 21.0% in year 2017 compared to 22.7% in 2016. In the Technical Fabrics unit, the Gross Profit margin settled at 19.8% versus 21.5% in 2016, whereas respectively in the Packaging unit the respective margin settled at 20.6% compared to 22.4% in 2016.

The following factors contributed to the contraction of the gross profit margin:

1. The need to allocate the additional volumes following the new investments led to lower prices on average as result of both the product mix and the more elastic and aggressive pricing policy. According to the Group's strategy, the production plants

Amounts in thousand Euro, unless stated otherwise

must first utilize to the maximum and if possible in full their production capacity and allocate the new volumes, and in a later stage to gradually and systematically improve the product mix and increase sale prices.

2. The gradual increase of raw material prices in the first four months of the year was not possible to be transferred, by some companies of the Group, in the final sale price in full. Also the exchange rate of the GBP versus the EUR resulted into a further increase of the raw material prices in Scotland, which was deemed impossible to be transferred to the final customers.
3. The increased production expenses due to the new investments implemented within the Group. The investments are required in order to support the higher sales volumes.
4. The weak movement of the American market.

**Other Operating Income** **€ 2,144 *(+27.0%)***

The increase is mainly due to an income from ADMIE in the context of the more efficient management of electric energy.

Specifically the analysis of the Other Operating income during the fiscal year 2017 compared to the year 2016 is presented below:

| *Other Operating Income* | *Group* | |
|---|---|---|
| | **2017** | **2016** |
| Grants | **206** | 248 |
| Rental Income | **478** | 437 |
| Income from provision of services | **290** | 294 |
| Macquette income | **210** | 221 |
| Reverse entry of non-utilized provisions | **32** | 52 |
| Other operating income | **929** | 436 |
| **Total** | **2,145** | 1,688 |

The grants concern subsidies on the recruitment of graduates as well as the professional training of the Group's employees.

**Distribution Expenses** **€ 30,146 *(+12.8%)***

As percentage of Turnover, Distribution Expenses stood at 9.5% in 2017 versus 9.2% in 2016.

**Administrative Expenses** **€ 16,839 *(+4.7%)***

As percentage of Turnover, Administrative Expenses stood at 5.3% versus 5.5% in fiscal year 2016.

**Research & Development Expenses** **€ 1,948 *(+71.8%)***

The Research and Development Expenses stood at 0.6% of Turnover in 2017 versus 0.4% in 2016.

Amounts in thousand Euro, unless stated otherwise

**Other Operating Expenses € 1,808 *(+19.7%)***

The analysis of the other operating expenses in year 2017 compared to the year 2016 is presented below:

| *Other Operating Expenses* | *Group* | |
|---|---|---|
| | **2017** | **2016** |
| Provisions for doubtful receivables | **269** | 79 |
| Other taxes and duties not incorporated into the operating cost | **257** | 220 |
| Depreciation - amortization | **139** | 127 |
| Personnel indemnities | **178** | 141 |
| Commissions / other banking expenses | **186** | 178 |
| Expenses for the purchase of maquettes | **433** | 382 |
| Other operating expenses | **346** | 383 |
| **Total** | **1,808** | 1,510 |

**Other Earnings / (Losses) (€ 1,114) (compared to earnings of € 265 in 2016)**

The significant increase of Other Losses is due to the negative foreign exchange differences which were generated from the receivables of the Group's subsidiaries in USD as result of the depreciation of the Dollar against the Euro.

**EBIT € 17,179 *(-25.0%)***

EBIT margin settled at 5.4% in 2017 versus 7.8% in 2016.

The factors contributing to the drop in the margin were the same with the ones in the case of the gross profit margin, in addition to the following:

1. The increased sales expenses (mainly in terms of personnel) due to the new investments implemented in the Group. The investments are required for the support of the increased sales volumes.
2. The negative foreign exchange differences due to the exchange rate EUR/USD and EUR/GBP.

**EBITDA € 30,130 *(-14.3%)***

EBITDA margin settled at 9.5% in 2017 versus 12.0% in 2016.

The factors contributing to the drop in the margin were the same with the ones in the case of the gross profit margin and EBIT.

**Financial Results (€ 5,439) *(-7.1%)***

The following table presents the analysis of financial income and expenses during the year 2017 compared to the year 2016.

Amounts in thousand Euro, unless stated otherwise

| *Financial Income* | *Group* | |
|---|---|---|
| | **2017** | **2016** |
| Interest and similar income | **25** | 40 |
| Foreign exchange differences | **765** | 2.606 |
| **Total** | **790** | 2.646 |
| Income from dividends | **-** | - |

| *Financial Expenses* | *Group* | |
|---|---|---|
| | **2017** | **2016** |
| Debit interest and similar expenses | **(4.692)** | (5.417) |
| Foreign exchange differences | **(594)** | (422) |
| Financial cost due to measurement of receivables at current values | **-** | (2.014) |
| Financial result of defined contribution plans | **(943)** | (647) |
| **Total** | **(6.229)** | (8.500) |

**Profit from the companies that are consolidated with the Equity method € 996 *(-21.9%)***

The particular profit concerns the Group's companies which are being consolidated via the Equity method. These companies are the following: Lumite Inc (participation stake of 50.0%) Thrace Greenhouses S.A. (participation stake of 50.91%), Thrace Greiner Packaging SRL (participation stake of 46.42%) and Thrace Eurobent S.A. ( participation stake of 51.0%).

**Earnings before Taxes (EBT) € 13,834 *(-24.5%)***

EBT Margin settled at 4.3% in 2017 compared to 6.3% in 2016.

**Earnings after Taxes (EAT) € 10,809 *(-20.1%)***

EAT Margin settled at 3.4% in 2017 compared to 4.7% in 2016.

**EATAM € 10,551 *(-21.2%)***

EATAM Margin settled at 3.3% in 2017 compared to 4.6% in 2016.

**2. Parent Company's Results**

Following the spin-off of the business segment of production and trade of Industrial Packaging products and its contribution to the fully owned (100%) subsidiary company THRACE POLYFILMS SA which was ratified by the Extraordinary General Meeting of Shareholders of both companies on 2nd November 2017, and which was completed on 14th December 2017, the Company's business objective, apart from being a holding company, relates also to the provision of support services to its subsidiaries. Specifically the Company's income is generated from the provision of administrative, operating and organizational support services, financial and tax services, IT and consulting services in the areas of marketing and sales, the preparation of economic studies and visibility studies, and the general provision of services and advice which ensure the proper operation of subsidiaries at all levels. Specifically for the year 2017, the Other Operating Income for the provision of the above services amounted to € 5,268 compared to € 5,046 in 2016.

*Amounts in thousand Euro, unless stated otherwise*

The Operating Profit before Taxes, Financial and Investment Results amounted to € 948 in 2017 compared to Losses of € 795 in 2016. Also the Company generated Income from the subsidiaries' dividends of € 1,234 in 2017 compared to € 1,763 in 2016. Earnings before Taxes from continuing activities in 2017 amounted to € 1,340 in 2017 compared to Loss of € 556 whereas Earnings after Taxes reached € 868 versus a Loss of € 723 in 2016.

### 3. Results of the Group per Business Unit

| **Sector** | **Technical Fabrics** | | | **Packaging** | | | **Other** | | **Elimination of Transactions among Business Units** | | **Group** | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2017** | 2016 | *% Ch.* | **2017** | 2016 | *% Ch.* | **2017** | 2016 | **2017** | 2016 | **2017** | 2016 |
| **Turnover** | **247,789** | 225,299 | *10.0%* | **83,726** | 76,021 | *10.1%* | - | 1,618 | **-13,006** | -11,037 | **318,509** | 291,901 |
| **Gross Profit** | **48,990** | 48,333 | *1.4%* | **17,219** | 17,035 | *1.1%* | - | 311 | **681** | 724 | **66,890** | 66,403 |
| ***Gross Profit Margin*** | ***19.8%*** | *21.5%* | | ***20.6%*** | *22.4%* | | - | *19.2%* | - | - | ***21.0%*** | *22.7%* |
| **Total EBITDA** | **18,907** | 22,560 | *-16.2%* | **11,519** | 10,825 | *6.4%* | **1,475** | 1,778 | **-1,771** | -2 | **30,130** | 35,161 |
| ***EBITDA Margin*** | ***7.6%*** | *10.0%* | | ***13.8%*** | *14.2%* | | - | *109.9%* | - | - | ***9.5%*** | *12.0%* |

The business units of the Group are the following:

**Technical Fabrics Sector**
Production and trade of technical Fabrics for industrial and technical use.

**Packaging Sector**
Production and trade of packaging materials, plastic bags, and plastic boxes for the packaging of food and colors and other packaging materials for agricultural use.

Following the absorption of Elastron Agricultural SA from Thrace Greenhouses SA, the Group participates with 50.91% in Thrace Greenhouses SA which is consolidated according to the equity method. Following the above, the Group will not be reporting the Agricultural activity on separate basis.
The particular business activity will be reported as Other activities which will include the transactions of the Parent Company as well. The Parent Company after the spin-off of the business segment of production and trade of industrial packaging products and the contribution of the segment into the subsidiary Thrace Polyfilms SA was transformed into a holding company which apart from the investment activities will be also providing Administrative – Financial – IT services to its subsidiaries.

Amounts in thousand Euro, unless stated otherwise

## 4. Consolidated Balance Sheet of the Group

The following table summarizes the basic information of the Group's financial position as of 31.12.2017:

| | 31.12.2017 | 31.12.2016 | % Change |
|---|---|---|---|
| Tangible Fixed Assets | 114,394 | 107,437 | 6.5% |
| Investment Property | 113 | 113 | 0.0% |
| Intangible Assets | 11,424 | 11,605 | -1.6% |
| Interests in Related Companies | 12,839 | 11,347 | 13.1% |
| Other Long-term Receivables | 7,669 | 7,387 | 3.8% |
| Deferred Tax Assets | 1,334 | 2,633 | -49.3% |
| **Total Fixed Assets** | **147,773** | **140,522** | **5.2%** |
| Inventories | 59,634 | 57,695 | 3.4% |
| Income Tax Prepaid | 1,702 | 1,526 | 11.5% |
| Trade Receivables | 57,332 | 50,640 | 13.2% |
| Other Receivables | 7,672 | 8,028 | -4.4% |
| Cash & Cash Equivalents | 30,593 | 31,080 | -1.6% |
| **Total Current Assets** | **156,933** | **148,969** | **5.3%** |
| **TOTAL ASSETS** | **304,706** | **289,491** | **5.3%** |
| Shareholders' Equity | 135,113 | 120,672 | 12.0% |
| Minority Interest | 2,365 | 2,116 | 11.8% |
| **TOTAL EQUITY** | **137,478** | **122,788** | **12.0%** |
| Long-term Loans | 15,737 | 18,663 | -15.7% |
| Provisions for Employee Benefits | 15,847 | 24,369 | -35.0% |
| Other Long-term Liabilities | 5,130 | 5,624 | -8.8% |
| **Total Long-term Liabilities** | **36,714** | **48,656** | **-24.5%** |
| Short-term Bank Debt | 72,663 | 67,139 | 8.2% |
| Suppliers | 37,021 | 31,799 | 16.4% |
| Other Short-term Liabilities | 20,830 | 19,109 | 9.0% |
| **Total Short-term Liabilities** | **130,514** | **118,047** | **10.6%** |
| **TOTAL LIABILITIES** | **167,228** | **166,703** | **0.3%** |
| **TOTAL EQUITY & LIABILITIES** | **304,706** | **289,491** | **5.3%** |

**Fixed Assets € 147,773 *(+5.2%)***

Significant decrease of the deferred tax receivables by € 1,299 due to the decrease of the liability generated by the pension plan of Don & Low LTD.

**Current Assets € 156,933 *(+5.3%)***

Inventories amounted to € 59,634 thous. on 31.12.2017 increased by 3.4% compared to 31.12.2016.

The average inventories turnover ratio settled at 85 days compared to 90 in 2016.

Trade Receivables amounted to € 57,332 decreased by 13.2% compared to 31.12.2016.

The average Trade Receivables Turnover ratio settled at 62 days compared to 65 days in 2016.

Amounts in thousand Euro, unless stated otherwise

**Equity** **€ 137,478 *(+12.0%)***

Equity settled at € 137,478 posting an increase of 12.0% compared to 31.12.2016.

**Provisions for Employee Benefits** **€ 15,847 (*-35.0%)***

The above decrease was due to the corresponding decrease of the actuarial deficit of the pension plan of Don & Low Ltd, which was mainly due to the increase of the assets.

The total liability of the Don & Low LTD pension plan is analyzed as follows:

| | **31.12.2017** | **31.12.2016** |
|---|---|---|
| Present Value of Liabilities | 145,401 | 151,483 |
| Present Value of Fixed Assets | 132,101 | 129,175 |
| **Net Liability Recognized in Balance Sheet** | **13,300** | **22,308** |

The Asset allocation of the plan is as follows:

| **Asset allocation** | **31.12.2017** | **31.12.2016** |
|---|---|---|
| Mutual Funds (Stock Market) | 37,534 | 32,002 |
| Mutual Funds (Bond Market) | 32,236 | 31,418 |
| Mutual Funds (Diversified Growth Funds) | 62,106 | 65,055 |
| Other | 225 | 701 |
| **Total** | **132,101** | **129,175** |

The assets of the plan are measured at fair value and mainly consist of Mutual Funds of Baillie Gifford. The exchange rate Euro / British Pound affected negatively the value of the assets on 31.12.2017.

**Net Bank Debt** **€ 57,807(*+5.6%*)**

The Net Bank Debt to Equity ratio settled at 0.42x compared to 0.45x on 31.12.2016, remaining at low levels on constant basis.

**Suppliers** **€ 37,021 *(+16.4%)***

The average Suppliers Turnover Ratio settled at 50 days versus 51 days in 2016.

## 5. Financial Ratios

Following the above analysis, some basic Financial Ratios of the Group are hereafter presented:

Amounts in thousand Euro, unless stated otherwise

| Capital Structure Ratios | 2017 | 2016 | Explanation |
|---|---|---|---|
| Total Liabilities / Equity | 1.2 | 1.4 | Relation between Liabilities and Equity |
| Net Bank Debt / Equity | 0.4 | 0.4 | Relation between Bank Debt and Equity |
| Net Bank Debt/EBITDA | 1.9 | 1.6 | Relation between Bank Debt and Earnings before Interest, Taxes, Depreciation and Amortization |
| Fixed Assets / Total Assets<br>Current Assets / Total Assets | 0.4 | 0.4 | Asset Allocation between Current and Non-current Assets |
| Equity / Net Fixed Assets | 1.2 | 1.1 | The level of financing of the Tangible Assets from the Equity |
| **Leverage Ratios** | **2017** | **2016** | |
| Equity / Total Assets | 0.5 | 0.4 | Relation between Equity and Total Assets |
| Interest Coverage | 3.7 | 4.3 | Debit Interest – Credit Interest Coverage from Operating Earnings (EBIT) |
| **Liquidity Ratios** | **2016** | **2015** | |
| Current Ratio | 1.2 | 1.3 | Total Current Assets/Total Short-term Liabilities |
| Acid Test Ratio | 0.7 | 0.8 | (Total Current Assets - Inventories)/ Total Short-term Liabilities |
| **Profit Margins (%)** | **2017** | **2016** | |
| Gross Profit | 21.0% | 22.7% | Gross Profit/Total Turnover |
| EBITDA | 9.5% | 12.0% | EBITDA/ Total Turnover |
| EBT | 4.3% | 6.3% | Earnings before Taxes/ Total Turnover |
| EATAM | 3.3% | 4.6% | Earnings after Taxes and Minorities / Total Turnover |
| **Receivables and Turnover (in days)** | **2017** | **2016** | |
| Average Customer Turnover | 62 | 65 | [(Customers 2017+ Customers 2016)/2] / Turnover 2017*365 days |
| Average Inventory Turnover | 85 | 90 | [(Inventories 2017+ Inventories 2016)/2] / Cost of Sales 2017*365 days |
| Average Suppliers Turnover | 50 | 51 | [(Suppliers 2017+ Suppliers 2016)/2] / Cost of Sales 2017*365 days |

## SECTION VII: Definition and Agreement of Alternative Performance Measures (APM)

In the context of its decision making concerning the financial, operating and strategic planning as well as the evaluation of its performance, the Group utilizes Alternative Performance Measures (APM). These indicators mainly serve the better understanding of the financial and operating results of the Group, its financial position as well as its cash flow statement. The Alternative Performance Measures (APM) should be always taken into account in line with the financial statements which have been prepared according to the International Financial Reporting Standards and in no case the APM replace the above.

### Alternative Performance Measures

During the description of the developments and the performance of the Group, ratios such as the EBIT and the EBITDA are utilized.

### EBIT (The indicator of earnings before the financial and investment activities as well as the taxes)

The EBIT serves the better analysis of the Group's operating results and is calculated as follows: Turnover minus Cost of Sales plus other operating income minus the total operating expenses, before the financial and investment activities. The EBIT margin (%) is calculated by dividing the EBIT by the turnover.

**EBITDA (The indicator of operating earnings before the financial and investment activities as well as the depreciation, amortization, impairment and taxes)**
The EBITDA serves the better analysis of the Group's operating results and is calculated as follows: Turnover minus Cost of Sales plus other operating income minus the total operating expenses before the depreciation of fixed assets, the amortization of grants and the impairments, as well as before the financial and investment activities. The EBITDA margin (%) is calculated by dividing the EBITDA by the turnover.

## SECTION VIII: Prospects and Outlook of the Group for the Financial Year 2018

The evolution of the Group's financial performance during the first quarter of 2018 in terms of turnover and operating profit compared to the corresponding period of 2017 was positive, since during the first quarter of 2018 there is an increase in sales volume of both sectors for the Group's activities, namely Technical Fabrics and Packaging. At the same time as result of the maturity of new investments, there is also a recovery in the previously weak profitability of the Technical Fabrics unit seen in year 2017. Following the successful completion of the investment plan of the Greek subsidiaries which was implemented during the years 2015 – 2016 for an amount of 52 million Euros, the Group continues with the implementation of the investment plan for the period 2017 – 2018 towards its foreign subsidiaries, which is estimated to account for 44 million Euros.

The maintenance of the healthy financial structure of the Group, despite the expanded investment program during the past four years, in conjunction with the healthy operating and organizational structures which are in effect, provide the Management of the Group with the ability to continue its efforts towards the attainment of its strategic goals. For the fiscal year 2018, the Group's Management estimates that the growth course will continue via an increase in the sales volume and turnover, and it also expects an improvement in the profitability of the Group. However the above estimates and outlook should not be taken for granted as they may be affected by a major international event..

### Proposed Dividend of Fiscal Year 2017

At the Ordinary General Meeting of the Company's Shareholders which will convene on May 15$^{th}$, 2018, the Board of Directors will propose the distribution of a total gross dividend amounting to 2,058,217 Euros. Specifically, the Board of Directors will propose the distribution of a gross dividend amounting to 0.047054 Euros per share, which has included the incremental dividend corresponding to the treasury shares held by the Company (4,324 own shares). The net amount which will be received by the shareholders after the withheld tax of 15% according to L. 4172/2013 will settle at 0.04 Euros per share.

## SECTION IX: Events after the Balance Sheet Date

There are no other significant events that took place from the end of the closing year 2017 until the preparation date of the present Report, which are worthy of reporting, except for the following:

**1. On 19th January 2018**, the Company informed the investors' community that the Extraordinary General Meeting of the Company's shareholders which took place on November 2nd, 2017, decided among other issues, the change of the Company's name from "THRACE PLASTICS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME" into "THRACE PLASTICS HOLDING AND COMMERCIAL SOCIETE ANONYME", the maintenance of the distinctive title "THRACE PLASTICS CO. S.A." and the subsequent amendment of article 1 of the articles of association.

On 22 December 2017, the decision with Registration Code Number 1284885, or based on the number 142129/22.12.2017 (Online Publication Number – ADA Ω1YX465XI8-ΒΚΛ) of the Department of Listed and Sport-Related Societe Anonymes of the Companies and GEMI Division, of the General Directorate of the Market, of the General Secretary for Commerce and Consumer Protection, of the Ministry of Economy and Development, was registered in the General Electronic Commercial Registry (GEMI). Based on the above presented decision, the amendment of article 1 of the Company's Articles of Association was approved.

The Board of Directors of the Athens Exchange / the Management Committee of the Stock Markets of Hellenic Exchanges (EHAE) was informed accordingly during its meeting on 18th January 2018 with regard to the above decision.

Following the above, with the decision of the Company, it was stipulated that from 23rd January 2018, the Company's name on the Athens Exchange changed to "THRACE PLASTICS HOLDING AND COMMERCIAL SOCIETE ANONYME" with the distinctive title "THRACE PLASTICS CO. S.A.".

## SECTION X: Corporate Governance Statement

The current Corporate Governance Statement is compiled according to the provisions of a. 43bb of PL. 2190/1920, as it is currently in effect, constitutes special section of the Annual Management Report of the Board of Directors and contains the entire information required by the law.

Specifically, the structure of the present Corporate Governance Statement is as follows:

I. Compliance Statement with the Corporate Governance Code
II. Deviations from the Corporate Governance Code and Justification of Such
III. Corporate Governance Practices applied by the Company apart from those stated by law
IV. Description of the internal control and risk management system as regards to the process for preparing financial statements
V. Information regarding the Company's audit process (information stipulated by items (c), (d), (f), (h) and (i) of paragraph 1 of article 10 of Directive 2004/25/EC)
VI. Board of Directors and Committees
VII. General Meeting and Shareholders' Rights
VIII. Non Financial Information of Law 2190/1920 as it is in effect following its amendment from law 4403/2016 (Government Gazette A' 125/7.7.2016)

**I. Compliance Statement with Corporate Governance Code**

Law 3873/2010, which incorporated the 2006/46/EC Directive of the European Union into the Greek legislation, essentially enacts the adoption of the Corporate Governance Law from companies and at the same time sets the obligation of compiling the current Statement.

The Company, in compliance with the provisions and regulations of the above Law, compiled and applies its own Corporate Governance Law. The text and the content of the Code are posted and generally available to the registered website of the Company www.thracegroup.com. The present Code was prepared by the Company's own decision and aims at the constant improvement of corporate institutional framework and the broader business environment, as well as the improvement of the competitiveness of the Company as a whole. During the preparation of the present Code were taken into account all the principles of corporate governance to be followed by the Company, as required by the current legislation (C.L.2190/1920, L.3016/2002, as amended and in force today, L. 449/2017 and L.3884/2010) as well as the proposals and the general contents of Corporate Governance Code, which was written by the Hellenic Federation of Enterprises (hereafter "SEV"), and then amended in the context of the first revision by the Hellenic Corporate Governance Council (hereafter "ESED") and was published in October, 2013.

It is noted that for reasons of completion the aforementioned Corporate Governance Code (hereafter called as the "Code") which has been conducted and adopted by the Company has been approved by the Board of Directors and has been submitted to the Hellenic Capital Market Commission.

**II. Deviations from the Corporate Governance Code and Justification of Such**

The Company, as noted earlier, decided to compile and apply its own Corporate Governance Law, so that a framework of corporate governance is formulated by taking into account the Company's specific operation requirements and by thus recognizing the needs emanating from the Company's organization and operation. For this reason, deviations observed from the contents of the Code, are quite limited and in any case are not a subject of detailed analysis and certainly of justification.

Solely for formality reasons, certain deviations from the Code are presented for the present year:

**1. The Board of Directors never convened via teleconference during the year**
No relevant need arose and as a result no meeting occurred via teleconference during the year. In all board meetings the required by law and the Company's articles of association quorum was met as the board members were able to be physically present in these meetings.

**2. The Board of Directors did not prepare at the beginning of year any time schedule with dates, with regard to its meetings**
The absence of a predefined and strict time schedule with dates for the board meetings is due to the practical easiness to call for such a meeting every time it is required by the law or the Company's needs. In this context all matters and subjects

can be dealt immediately and effectively each time they arise, without the Company having to comply with a predefined and strict time schedule.
This deviation becomes easily understandable from the fact that the convocation and the occurrence of the meeting of the Board of Directors is very easy and practical at any time required by the law or the Company's needs, without the existence of a predefined action plan, which in view of the needs of the Management Team to frequently travel abroad could not be prepared and applied in full.

**III. Corporate Governance Practices applied by the Company, apart from those stipulated by Law**

As regards to corporate governance issues, the Company applies the provisions of laws 2190/1920, 3016/2002 and 4449/2017, which have been incorporated in its Memorandum of Association, its Internal Operation Regulation and in the Audit Manual it has prepared. Moreover, the Company applies its own Corporate Governance Code, which is in line with the provisions of the above laws and includes a series of additional Corporate Governance practices which are included in the Code's stipulations, the whole text of which has been posted on the company's website www.thracegroup.com.

**IV. Description of the internal controls system and risk management system of the Company as regards to the procedure of preparing financial statements.**

The Internal Controls System consists of the operations established by the Company in order to ensure the protection of its assets, identify and handle the most significant risks it faces or that it may face in the future, ensure that the financial data based on which the financial statements are prepared are correct and accurate, as well as to ensure that the Company's adheres to the Law, as well as to the principles and policies decided by Management.

In order to develop this System, the Company has studied and applied several Policies, Procedures and Regulations, that have been incorporated in its Internal Operation Regulation. With its application the Company covers the Management of Possible Risks in relation to the procedure for preparing Financial Statements in the following three (3) levels:

1) Entity level controls,
2) Financial reporting process controls,
3) IT controls

Specifically:

**1) Entity level controls**

*Role and Responsibilities of the Board of Directors:* The Board of Directors decides on any action that concerns Management of the Company, Management of its assets and in general on anything that relates to the achievement of its objective.

Additionally, the Board of Directors:

- Defines the responsibilities of each Division and assigns each Manager to delegate responsibilities to his/her subordinate employees.

- Is responsible to recruit the Company's Senior Executives and to define their remuneration policy.
- Is responsible to appoint the Company's Internal Auditors, in line with the approval of the Audit Committee, and to define their remuneration.
- Is responsible to prepare a report with detailed transactions of the Company with its related parties, which is disclosed to the regulatory authorities.

*Preparation of Budget and Supervising its Implementation at the Management level:* The Annual Budget, which is also a guide for the Group's financial development, is prepared on an annual basis (consolidated and also per sector/subsidiary) and is presented to the Company's Board of Directors for approval. The Statements with the actual results are issued periodically, accompanied by the condensed reports including the deviations and are discussed at the Board level.

*Internal Operation Regulation:* The Company's Internal Operation Regulation is also the manual for its Internal Controls System, which amongst others includes the following:

- Guidance on handling the different operations
- Delegation of responsibilities
- Authorizations and limits of expense approvals
- Instructions for Controls on the basic sections of the Internal Controls System.

The adequacy of the Internal Controls System is monitored on a systematic basis by the Audit Committee through regular meetings that take place with the Internal Audit Service in the context of monitoring the Company's Annual Audit Program.

**2) Financial reporting process controls**

In order to ensure that the financial data, based on which the financial statements of both the Company and the Group, are correct and accurate, the Company applies specific controls that include the following:

- The records from the Company's accounting department are applied based on a specific process that requires all receipts/documents to be original, sealed with a standardized stamp and carry the respective signed approvals.
- The Company maintains a Certified Fixed Asset Registry in the Fixed Assets sub-system and applies depreciations according to the International Accounting Standards and Tax Rates in effect. Depreciations are reviewed by the Operational Head of the Finance Department.
- The accounting department carries out periodic reconciliation of balances of payroll, customers, suppliers accounts, VAT etc.
- The Operational Head of Financial Services is responsible for updating the Chart of Accounts (namely any changes and opening of new accounts).
- The Group prepares the consolidated and also the separate per Group sector/subsidiary budget on an annual basis for the next financial year, and such budgets are presented to the Company's Board of Directors for approval.
- Each month a detailed presentation is prepared per sector/subsidiary and on a consolidated Group level, for the financial results. This presentation is disclosed to the Group's Management.
- Companies that constitute the Group follow common accounting applications and procedures in line with the International Financial Reporting Standards (IFRS).

- At the end of each period, the accounting departments of the parent and subsidiary companies prepare their financial statements according to the International Financial Reporting Standards (IFRS).
- The Financial Services of the Group collect all the necessary data from subsidiaries and factories, consolidation entries are applied and the financial statements are prepared according to the International Financial Reporting Standards (IFRS).
- There are specific processes for the finalization of financial statements, which include deadlines for submission, responsibilities and information for the required actions.
- The financial statements are reviewed by the Company’s Audit Committee and Board of Directors.

**3) IT controls**

The Financial Services Division of the Group is responsible for maintaining the Company’s IT applications. This Division has established powerful IT controls, which ensure the support of the direct and also the long-term objectives of the Company and the Group as well. All applied processes are described in detail in the Company’s Internal Operation Regulation. The most significant of such are presented below:

- **Back Up Process (in Hardware):** According to the Operation Regulation, the IT Service develops the appropriate infrastructure and ensures that such is compatible with another company that has a respective IT system to cover each other’s needs in cases of damage in the Company’s central IT system.
- **Safekeeping (Confidential) of the Company’s Computer Files:** The IT Service applies the appropriate systems that ensure the “non” leakage of the Company’s IT data.
- **Files – Software of the Central Computer:** Particular emphasis is given to the access of the space where the Central Computer is installed, in order to allow such access only by IT employees that have been authorized by Management. The access is controlled adequately. The Operation Regulation defines who can access data whose possible alteration may result in calculation changes (i.e. invoices, payroll, discounts etc.).
- **Files –Software of the Peripheral Computers:** Access to files and computer software is provided to specific individuals with the use of personal passwords.
- Processes for Protection of the **Central Computer and Peripheral Computers:** In the context of protecting the Group’s IT system, and taking advantage of the latest technology available, the IT Service applies the most advanced protection techniques, such as antivirus security software, e-mail security, firewalls etc.

The Audit Committee of the Company monitors the adequacy of the Company’s Internal Controls System on a continuous basis, given that:

- It has approved the Company’s Internal Operation Regulation which has incorporated the appropriate Policies, Processes and Regulations that comprise the Internal Controls System applied by the Company.
- The members of the Company’s Audit Committee are recipients of the reports prepared by the Company’s Internal Audit service. Through such reports, several sections/operations of the Company are assessed as well as the adequacy of Internal Control Systems applied in such.

## V. Information regarding the Company's control status (Information of items (c), (d), (f), (h) and (i) of paragraph 1 of article 10 of Directive 2004/25/EC)

**Significant direct or indirect participations (including indirect participations through pyramid structures or cross-participation) according to the definition of article 85 of Directive 2001/34/EC**

As regards to significant participations in the share capital and voting rights of the Company, according to the definition of article 85 of Directive 2001/34/EC, Mr. Konstantinos Chalioris owned a percentage of 43.292% of the Company's share capital on 31/12/2017 and Ms. Eufimia Chaliori owned a percentage of 20.851% of the Company's share capital on 31/12/2017. No other physical or legal entity owns a percentage over 5% of the Company's share capital. Data regarding the number of shares and voting rights of individuals owning significant participations, has been derived by the Shareholders' registry kept by the Company and the disclosures notified to the Company according to Law.

Owners of any type of titles that provide special control rights and description of such rights.

There are no Company titles that provide owners with special control rights.

Any kind of limitations on voting rights, such as limitations on voting rights of owners that hold a specific percentage or number of votes, the exercise deadlines for voting rights, or systems through which, with the cooperation of the company, financial entitlements that emanate from the titles are distinguished from the ownership of the titles ·

The Company's Memorandum of Association provides no limitations to voting rights emanating from its shares any type of ownership titles.

Rules that regard the appointment and replacement of the Board members as well as regarding amendment of the Memorandum of Association.

The rules included in the Company's Memorandum of Association, both as regards to the appointment and the replacement of Board Members and as regards to its amendments, do not differ from those stated by the C.L. 2190/1920.

The authorities of Board members, specifically as regards to the ability to issue or buyback shares

According to par. 13 article 13 of CL 2190/1920, as currently in effect, the Board of Directors is enabled to increase the Company's share capital by issuing new shares in the context of implementing the approved by the General Meeting Stock Option Plans, for purchase of Company shares by beneficiaries.

According to the provisions of article 16 of CL 2190/1920, as currently in effect, the Company may acquire its own shares, only following an approval by the General Meeting, up to 1/10 of the paid up share capital, under the specific terms and procedures stipulated by the provisions of article 16 of P.L. 2190/1920, as currently in effect. There is no provision in the Company's Memorandum of Association that states otherwise.

## VI. Board of Directors and Committees

### 1) Composition of the Board of Directors

According to article 7, paragraph 1 of its Memorandum of Association, the Company is managed by a Board of Director (or "the BoD" for abbreviation purposes) which consists of seven to eleven (7-11) members. The Board members are elected by the General Meeting of shareholders, amongst shareholders or not, for a five-year term, which is automatically extended until the first ordinary General Meeting following the end of their term, without however extending six-years.

- In case of resignation, death or in any other way loss of the capacity of a Board member, the remaining members may either elect members of such in replacement of the above or may continue the management and representation of the Company without the replacement of past members, with the condition that the number of the remaining members is not less than half of the number of members during the time such events occurred. In no case, the Board members are allowed to be less than three (3).

-In case of electing a replacement, the decision for the election is subject to the disclosure requirements of article 7b of C.L. 2190/1920, as currently in effect, and is announced by the Board of Directors at the forthcoming General Meeting, which can replace those elected, even if the relevant issue had not been included in the daily agenda.
- The actions of the elected temporary replacement are valid even if the General Meeting does not validate his/her possible election or even if it has elected or not another final member of the Board.

- The term of an elected Board member is terminated when and whenever the term of the replaced member would have been terminated.

The Annual Ordinary General Meeting of shareholders on 14 April 2016 elected the new 11-member Board of Directors of the Company for a five year term and specifically until the Ordinary General Meeting that will convene within the first 6-month period of the year 2021 (or with term until 30/06/2021), consisting of the following members:

1) Konstantinos Chalioris of Stavros,
2) Theodosios Kolyvas of Antonios,
3) Georgios Braimis of Periklis,
4) Dimitrios Malamos of Petros,
5) Vasileios Zairopoulos of Stylianos,
6) Christos Siatis of Panagiotis,
7) Konstantinos Gianniris of Ioannis,
8) Ioannis Apostolakos of Georgios,
9) Petros Fronistas of Christos,
10) Nikitas Glykas of Ioannis and
11) Theodoros Kitsos of Konstantinos.

At the same time, with this decision the above annual Ordinary General Meeting appointed as independent members of the Board of Directors, according to the provisions of Law 3016/2002, as it is currently in effect, the following: 1) Mr. Christos Siatis of Panagiotis, 2) Mr. Konstantinos Gianniris of Ioannis, 3) Mr. Ioannis Apostolakos of Georgios, 4) Mr. Petros Fronistas of Christos, Nikitas Glykas of Ioannis and 6) Theodoros Kitsos of Konstantinos.

**The following table presents the members of the Board of Directors in effect**

| *Board Member* | *Position in the Board* |
|---|---|
| Konstantinos Chalioris | Chairman & Chief Executive Officer |
| Theodosios Kolyvas | Executive Vice-Chairman |
| George Braimis | Executive Member |
| Dimitrios Malamos | Executive Member |
| Vasileios Zairopoulos | Non-Executive Member |
| Christos Siatis | Independent Non-Executive Member |
| Konstantinos Gianniris | Independent Non-Executive Member |
| Ioannis Apostolakos | Independent Non-Executive Member |
| Petros Fronistas | Independent Non-Executive Member |
| Nikitas Glykas | Independent Non-Executive Member |
| Theodoros Kitsos | Independent Non-Executive Member |

The above eleven-member (11-member) Board of Directors meets the conditions of Law 3016/2002 as currently in effect and the provisions of the Corporate Governance Code.

From the above members, all individuals have Greek nationality except for Mr. Christos Siatis who has Cypriot nationality.

**Description of the policy of diversity with regard to the administrative bodies of the Company**

Given the fact the Board of Directors is the highest administrative body of the Company, which is responsible for the safeguarding of the broader corporate interests, the policy making and the growth strategy of the Company as well as for the strengthening of the long-term economic value of the Company, it is very essential for the particular body to possess, with regard to its composition, a diversity of skills, views and abilities which at the same time respond to the need to effectively attain corporate goals.
From the time of the Company's establishment and until today, the entire members of the Board of Directors fulfill all necessary conditions and have set the foundations in order to be granted with the capacity of the member of the Board of Directors. At the same time they are distinguished for their high professional skills, educational level, knowledge, capabilities, experiences and their organizational and administrative abilities, and at the same time they possess high standards of ethics and integrity of character.
The members of the board of Directors cover a broad range in terms of age combining effectively their dynamics and experience (indicatively between 40 and 70 years old). The members, in their majority, are holders of graduate and postgraduate degrees of domestic as well as international universities, have worked in high ranked positions of major companies domestically and abroad, meaning companies activating in a variety of business sectors. They have also been members of the higher managerial staff of large organizations and as a result they possess significant international experience in the corporate as well as the broader social fields and are in position to actively contribute to the growth prospects of the Group in the geographical areas in which it activates. They finally fulfill the requirements of suitability as well as the criteria with regard to the Group's effective staffing and operation.
The present composition of the Board of Directors targets undoubtedly to serve the corporate goals to the greatest possible degree, given the fact that the pool of skills,

experience and views possessed by the Company when it comes to its senior staff has increased significantly. Equally strong are the Company's competitiveness, productivity and innovation.
The current 11-member Board of Directors of the Company, which was elected from the Annual General Meeting of shareholders on 14th April 2016 with a five-year term and was formed into body during the same day, consists exclusively of males, meaning that all members are men. Despite the fact that in the present time there is no participation of female individuals in the Board of Directors, the finding and addition of capable representatives of women as members of the BoD is among the priorities of the Company in the future, and therefore when the time comes the latter will accordingly form the composition of the Board of Directors. In any case, the quest of such individuals is not an end in itself, and must not place in jeopardy the so far effective framework of corporate decision making and the normal functioning of the particular collective body of the Company.

The condensed CVs of the Company's Board members, are as follows:

**Konstantinos Chalioris**, *Chairman of the Board & CEO, age 56*

He possesses a professional experience of 35 years and has gained very good knowledge of the industry and the international market. Since 2009, he holds the position of the Chairman of the Board of Directors.

**Theodosios Kolyvas,** *Vice Chairman of the Board, age 74*

Mr. Kolyvas is a graduate of the Economics Department of the Athens University of Economics and Business (AUEB). He has been with the Company since 1982. Until 2002 he held the position of Head of Financial Services. With multi-year experience and given his deep knowledge of corporate issues, he has assisted the CEO essentially in exercising his duties, he has supported the Company's development and has contributed in promoting issues on all levels of the Company's business activity. He has been Vice-Chairman of the Board since 2009.

**George Braimis**, *Executive Member, age 52*

Mr. George Braimis is a Mechanical Engineer, with a MSc degree from Imperial College of Science of the University of London and an MBA from the Hellenic Business Administration Company and INSEAD University. He has significant professional experience, holding management positions in industrial companies mainly in the packaging and food sectors. For almost 14 years he worked at the Philippou Group and specifically from 1994 to 2000 at the company "FAGE S.A." as Maintenance Manager, from 2004 to 2009 at the company "Mornos S.A." serving as CEO and from 2009 until March 2011 at the company "EVGA S.A." as Vice-Chairman of the Board and CEO, while he maintained his position at "Mornos S.A." until August 2010 as Vice-Chairman. Also, during the three-year period 2001-2004, Mr. Braimis worked at the Frigoglass Group as Head of Technical Support overseeing all plants in Nigeria. From April 2011 Mr. George Braimis assumed responsibilities of Managing Director of the Packaging Business Unit of Thrace Plastics Group, a position that was added to the Group's organizational structure in order to contribute to achieving Management's objectives both in the domestic market and abroad (S-E Europe, Scandinavia, Ireland and the United Kingdom).

**Dimitrios Malamos,** *Executive Member, age 42*

Mr. Dimitris Malamos graduated from the Athens College in 1993. He studied in Great Britain from 1993 to 1998. He holds a BA (Hons) in Business and Financial Economics from Staffordshire University a postgraduate MBA degree from University of Kent in Canterbury. From 2000 to 2007 he worked in PricewaterhouseCoopers in the area of Management Consulting servicing companies of the private and public sector where he gained significant experience in the fields of budgeting and reporting, financial analysis and internal restructuring. During the period 2007-2009 he worked in National Bank in the Accounting & Finance division and he returned to PricewaterhouseCoopers in the area of Management Consulting. He works as Group CFO for Thrace Plastics Group since June 2010.

**Vasileios Zairopoulos,** *Non-Executive Member, age 56*

Vasileios Zairopoulos began his career in 1983 in the apparel and footwear sector. He assumed the position of Director of Design and Collection for a leading company in the kids wear market. In a later stage he also became responsible for the planning and coordination of production. He then moved to the business development department of a large retail store chain where he also undertook the broader supervision of the retail business activity, including the store design, the order and supply process, the management of the sales team, the marketing and promotion, as well as the budgeting. He was also engaged in the areas of strategic consulting, negotiations, marketing management and financial planning, before moving to establish its own consulting firm. During the past 10 years, Mr. Zairopoulos activates as consultant, through his firm, in the areas of strategic consulting, startups, business planning, investment evaluation, international negotiations, pricing and communication. Apart from his professional activities in Greece, Mr. Zairopoulos has also collaborated with two American multinational corporations, namely Columbia Sportswear and New Balance. He received IB Diploma from UWC Atlantic College in 1979 and BSc in Management from Bath University in 1983.

**Christos Siatis,** *Non-Executive Member, age 69*

An Associate Member of the Fellows of Chartered Accountants of England and Whales. He is a Certified Public Accountant by the Cyprus Institute of Chartered Accountants and Member of the Hellenic Association of Certified Accountants (SOEL). He began his career in 1981 at the auditing firm Kostouris – Michailidis (Grant Thornton) in Athens. In 1993 he became Managing Partner of the Greek company and in 1997 he assumed the position of Territory Senior Partner at the company that resulted from the merger of Kostouris-Michailidis and Coopers & Lybrand. In 1998 he was elected Chairman and Chief Executive Officer of the company PricewaterhouseCoopers in Greece. At the same time he was exercising his Management responsibilities at the above auditing firms, Mr. Siatis activates as Consultant providing advisory services to senior management of large firms.

**Konstantinos Gianniris,** *Independent Non-Executive Member, age 73*

A graduate of the Business Administration Department of the University of Piraeus and of the Law School of Athens University. He has served as Chief Executive Officer, General Manager or Senior Management Executive at large Greek companies of the private sector (Iaso, Athens Euroclinic, Izola, Selman, A.G. Petzetakis, Soulis etc.) . He has established the Institute of Internal Auditors, for which he served as Chairman for seven years. He has established the Association of Greek Clinics, for which he served as Chairman for 2 years, while currently he is Honorary Chairman. He also participates in the Board of Directors of Elastron S.A.

**Ioannis Apostolakos,** *Independent Non-Executive Member, age 54*

He has an M.B.A. from University of Wales, and a bachelor’s degree from the Business Administration Department of the Athens University of Economics and Business (AUEB). Mr. Ioannis Apostolakos has served as senior management executive in the past in the Credit and Investment Banking units of the Ergasias Bank Group (currently named EFG Eurobank Ergasias) and the Piraeus Bank Group. He has been member in the boards of various companies listed on the Athens Exchange and the Cyprus Stock Exchange. Currently he is Administrator in a corporate advisory company and Independent Non Executive Member in AS COMPANY SA, listed on the Athens Exchange.

**Petros Fronistas**, *Independent Non-Executive Member, age 73*

A Graduate of the Athens University of Economic and Business (AUEB) and the Early Childhood Education Academy. He worked from 1964 to 2011 at the Group of National Bank of Greece holding several management positions from 1989. Specifically from 1989 to 1993 he served as Deputy General Manager at Athens Bank (a company of the National Bank of Greece Group until its sale). During the two-year period 1993-1994 he served as Deputy Manager of the Corporate Banking Division. From 1994 to 1995 he served as General Manager of ETHNOFACT S.A., while during 1995-1998 as Head of the Overdue Receivables Division. From May 1998 until August 2002 Mr. Fronistas held the position of Corporate Banking Manager and from 2002 to 2004 he served as Management Consultant in the Corporate Credit Division. During the two-year period 2004-2005 Mr. Fronistas assumed responsibilities of Chairman of the Board of Aspis Leasing S.A., of the Aspis Bank Group, with executive responsibilities. From May 2005 to March 2009 he served as General Manager of the National Bank of Greece in Cyprus and following until February 2010 he assumed responsibilities of Deputy CEO. From February 2010 to June 2011 he served as CEO of Ethniki Leasing S.A. He also participates in the Board of Directors of the companies PAEGAE SA and Nireus Aquaculture SA.

**Nikitas Glykas,** *Independent Non-Executive Member, age 53*

Mr. Nikitas Glykas holds a BSc degree in Physics from the University of Athens and postgraduate degrees from the Lancaster University. Until the year 2005 he held the position of Peripheral Manager of Eastern Europe for MAILLIS SA. Since 2006 and until 2009, as Member of the Board of Directors and member of the senior staff of SHELMAN SA, being responsible for both the Company and its affiliates, he promoted the restructuring and the broader redesign of the Group’s operating procedure achieving especially positive results amid recession conditions in the timber sector. Since the year 2009 he has held various positions in HTC Group, whereas from October 2015, and assuming higher duties, he holds the position of the President for the region of Middle East and Africa based in Dubai with direct reporting to the Group’s headquarters in Taiwan. He is considered a senior executive with international experience, deep knowledge of the European markets as well as of the markets of Middle East and Africa, who manages effectively different cultures and holds distinguished records in the achievement of impressive sales and the penetration of new and existing geographic markets.

Amounts in thousand Euro, unless stated otherwise

**Theodoros Kitsos,** *Independent Non-Executive Member, age 54*

Mr. Theodoros Kitsos holds a BSc degree from the Economics Department of the National and Kapodistrian University of Athens and an MBA degree in finance from the Warner College of USA. He started his career in Unilever Hellas and also in companies of the Group located abroad where he worked in United Arab Emirates, Saudi Arabia and Holland. He returned to Greece in 2005 where he worked as General Manager of Human Resources and Organization at PPC (DEI) SA. In a later stage he held the position of Deputy General Manager of Human Resources at Eurobank Group. By the end of the year 2007, he returned to Unilever Group based in London undertaking the duties with regard to the global organizational planning of the Company, whereas in year 2010 he moved to Unilever Russia, Ukraine and Belarus based in Moscow where he held the position of Vice President responsible for issues of human resources and organization, implementing successfully at the same time the acquisitions and mergers of three companies active in the production and trading of consumer products. Since the summer of 2015, he works at the headquarters of Unilever in London having assumed a plethora of duties in the areas of Finance, Law, Technology and Support Services on global level.

The Independent Non-Executive Members, Messieurs Christos Siatis, Konstantinos Gianniris, Ioannis Apostolakos, Petros Fronistas, Nikitas Glykas and Theodoros Kitsos meet the independence criteria as such are defined by L. 3016/2002.

The following table presents the external professional commitments of Board members:

| *Board Member* | *Companies outside the Group in which the Board members participate* | *Equity participation stake* | *Position* |
|---|---|---|---|
| Konstantinos Chalioris | Civil non-Profit Company Stavros Chalioris | 50% | - |
| | Xanthi Photovoltaic Park S.A. | 50% | Chairman & Chief Executive Officer |
| | EYTERPI S.A. | - | Chairman & Chief Executive Officer |
| | ERATO S.A. | 50% | Chairman & Chief Executive Officer |
| | THALEIA S.A. | 50% | Chairman & Chief Executive Officer |
| | KLEIO S.A. | - | Chairman & Chief Executive Officer |
| Theodosios Kolyvas | EYTERPI S.A. | - | Vice-Chairman |
| | KLEIO S.A. | - | Vice-Chairman |
| | ERATO S.A. | - | Vice-Chairman |
| | Xanthi Photovoltaic Park S.A. | - | Vice-Chairman |
| | THALEIA S.A. | - | Vice-Chairman |
| | OILCHEM S.A. | | Board Member |
| Dimitrios Malamos | Dynamic Constructions – V. Zarifopoulos G.P. | - | Administrator |
| Christos Siatis | Spetses TradingLLC | - | Manager |
| | Skylark Shipping & Trading LLC | 23% | Manager |
| | Skyevo Shipping & Trading LLC | 33% | Manager |

| Board Member | Companies outside the Group in which the Board members participate | Equity participation stake | Position |
|---|---|---|---|
| Vasileios Zairopoulos | V. Zairopoulos& SIA General Partnership | 90% | Administrator |
| Petros Fronistas | PAEGAE S.A. | - | Board Member |
| | Nireus Aquaculture S.A. | - | Board Member |
| Ioannis Apostolakos | Arhaios Olynthefs I.K.E. | 99.9% | Administrator |
| | AS Company A.E. | - | Board Member |
| Konstantinos Gianniris | Elastron S.A. | - | Board Member |

**2) Responsibilities of the Board of Directors**

The Board of Directors is the administrative body that decides on any action that concerns the company's Management, the management of its assets and in general anything that refers to achieving its objective.

According to the Company's Memorandum of Association:

The Board of Directors is responsible for the representation, administration and unlimited management of corporate affairs. It decides on any issue that concerns the company's management, the achievement of the company objective and the management of company assets, including the issue of common and convertible bond loans. Only decisions, which according to the provisions of Law, are subject explicitly to the responsibility of the General Meeting of shareholders, are excluded.

The Board of Directors may appoint, for any time period and under any conditions it deems necessary each time, to exercise its representation and duties in general, fully or partially to one or more of its members or Managers or Executive advisors or other employees of the Company or third parties or committees, defining however each time their authority and the signatures that bind the Company.

Specifically, the main responsibilities of the BoD (in the sense that the relevant decision making requires the prior approval of the BoD or, if necessary, ex post ratification by the BoD), should include:

- The representation , administration and unlimited management of corporate affairs
- The decision making for each decision relating to the Company's management
- The achievement of the corporate objective and management of corporate assets including the issuance of common and exchangeable bonds. The decisions, which according to the provisions of the Law or the Articles of Association or any other valid, binding and firm agreement, are explicitly subject to the exclusive responsibility of the General Meeting of Shareholders, are excluded
- The approval of the long-term strategy and the operational objectives of the Company
- The approval of the annual budget and business plan and the decision making on major capital expenditures, acquisitions and divestments
- The selection and, when necessary, the replacement of the executive management of the Company , as well as the supervision of the plan of the succession

- The performance testing of the senior Management and the harmonization of the remuneration of the executives with the long-term interests of the Company and its shareholders
- Ensuring the reliability of the financial statements and data of the Company, the financial information systems and the data and information disclosed to public, as well as ensuring the effectiveness of internal control and risk management systems
- The vigilance regarding existing and potential conflicts of interest of the Company, on one side, and the Management, the members of the BoD or the major shareholders, on the other side, and the appropriate treatment of such conflicts. For this purpose, the BoD should follow a transactions surveillance process
- Ensuring the existence of an effective process of regulatory compliance of the Company
- The responsibility for decision making and monitoring of the effectiveness of the Company's management system, including the decision-making processes and the delegation of authorities and duties to other employees, and
- The formulation, dissemination and application of the basic values and principles governing the Company 's relations with all parties, whose interests are linked to those of the Company

**3) Operation of the Board of Directors**

As regards to the operation of the Board, the Company's Memorandum of Association states the following:

**Formation of the Board of Directors**

- The Board of Directors, as soon as it is elected and specifically during its first meeting, elects from its members and for the entire period of its term a Vice-Chairman and Chairman, whereas if the Chairman is absent or unable the Vice-Chairman substitutes such, and if the latter is absent or unable then the advisor that is appointed by means of a decision by the Board of Directors substitutes such.
- The Chairman of the Board of Directors presides the Board meetings, manages its activities and informs the Board of Directors on the Company's operation.
- The Board of Directors may elect one of its members as Chief Executive Officer or Executive Advisor, it may appoint responsibilities of the CEO to the Chairman or Vice-Chairman of the Board and it may elect the deputy CEO or Executive Advisor from its members.
- The responsibilities of the CEO and Executive Advisor are defined by means of a decision by the Board.

**Decision Making**

- The Board of Directors is considered to be in quorum and meets validly given that half plus one member are present or represented at the meeting. However the number of members present in person cannot be less than three (3) in any case. To establish quorum, possible fractions are omitted.
- The decisions of the Board of Directors are made with absolute majority or the members present and represented at the meeting.

**Representation of Board Members**

A Board member that is absent may be represented by another member. Each Board member may represent only one absent member, with a written authorization.

**Minutes of the Board of Directors**

- Copies or excerpts of the Board of Directors' Minutes are certified by the Chairman or his/her legal representative or by a member of the Board that has specifically been authorized for such by a decision from the Board.
- The preparation and signing of minutes by all Board members or their representative constitutes a decision by the Board of Directors, even if a meeting has not previously taken place.

**Remuneration of Board Members**

The members of the Board may receive remuneration for each of their presence in person at Board meetings, only if such is approved with a special decision by the Ordinary General Meeting.

**4) Board Meetings**

**According to the Company's Memorandum of Association**

- The Board of Directors convenes at the Company's registered offices each time such is required by law or the Company's needs.
- The Board of Directors may convene through teleconference. In this case, the invitation towards Board members includes all information necessary for their participation in the meeting.
- The Board meetings may be presided by the Chairman or his/her substitute.

At the beginning of each calendar year, the Board adopts a meetings calendar and a 12-month action plan, which are reviewed according to Company needs, in order to ensure the proper, complete and prompt fulfillment of their duties, as well as the adequate assessment of all issues on which it makes decisions.

During 2017, 35 Board meetings took place. All Board members participated in 30 meetings.

**5) Audit Committee**

Fully in compliance with the provisions and stipulations of the article 37, effective at the time, of L. 3693/2008, during the annual General Meeting of shareholders that took place on 14.04.2016, the Company elected an Audit Committee with the objective to support the Board in performing its duties as regards to the procedure of financial information, the procedures of internal control systems, the supervision of the mandatory audit of the annual and consolidated financial statements, as well as to inform the Board of Directors with regard to the review of the financial reports prior to their approval.

The Audit Committee may consist of at least three members who may also be members of the Board of Directors but independent to their majority, or may consist of non-members of the Board of Directors who are appointed by the General Meeting of shareholders and who also fulfill the requirements of independence of Law 3016/2002 to their majority.

The members of the Audit Committee must be to their majority (meaning by over the half of the number of the Committee's members) **independent from the audited entity**. The above statement means that out of the three-member Audit Committee, at least two of its members (and including always its Chairman) must be independent non-executive members of the Board of Directors or in case that they are not members of the above mentioned corporate body, they must fulfill the independence requirements stipulated by the Law 3016/2002.

The minimum required number of the present members in order to render a meeting of the Audit Committee as a valid one must be three (3), meaning that in case of a three-member Audit Committee then it is required the presence of all members at each meeting.

However even if the Audit Committee consists of more than three (3) members it is required, according to the clarifications granted pursuant to the no. 1302/28.04.2017 document of the Listed Companies Division of the Hellenic Capital Market Commission, the **participation of the entire number of its members, in person, in the Committee's meetings**.

At least one member of the Audit Committee must be certified auditor accountant in suspension or retired professional with sufficient knowledge in auditing and accounting.
In any case, it is to the discretion of the Audit Committee to invite whenever it is deemed necessary key directors of the Company who are involved in the latter's corporate governance (for example Managing Director, Finance Director, head of the Internal Control Unit) to attend certain meetings or certain subjects of the daily agenda.

The Audit Committee is now governed by the clauses of Law 4449/2017 (which superseded the clauses of Law 3693/2008) and is charged with the following duties in addition to the full responsibility assigned to the members of the Board of Directors and specifically:

i) External Control (sect. α' of par. 3)
The Audit Committee monitors the procedure and performance of the mandatory audit on the separate and financial statements of the company. In this context the Committee informs the Board of Directors by submitting a relevant report for issues deriving from the mandatory audit and by explaining analytically the following:

a) The contribution of the mandatory audit to the quality and integrity of the financial information, meaning in the accuracy, completeness and correctness of the publicized financial information including the relevant disclosures which are approved by the Board of Directors
b) The role of the audit committee in the under (a) above mentioned procedure, meaning the recording of the actions taken by the Audit Committee during the performance of the mandatory audit.

In the context of the above information that is being granted to the Board of Directors, the Audit Committee takes into consideration the contents of the supplementary report which the certified auditor accountant prepares and submits, and which contains the results of the mandatory audit that was performed fulfilling at least the requirements of article 11 of the Regulation (EU) no. 537/2014 of the European Parliament and the Council of April 16$^{th}$, 2014.

ii) Procedure of financial information (sect. b' of par. 3)
The Audit Committee monitors, examines and assesses the preparation procedure of the financial information, meaning the mechanisms and the production systems, the flow and the dissemination of the financial information produced by the involved organizational units of the company. The above mentioned actions of the Audit Committee include any other information that is made publicly available in any manner (for example announcements to the stock exchange, press releases) in relation to the financial information. In this context,

the audit committee informs the board of directors about its findings and submits proposals for improvement if necessary.

iii) Procedures of internal control systems and risk management and internal control unit (sect. c’ of par. 3)

The Audit Committee monitors, examines and assesses the adequacy and effectiveness of the entire policies, procedures and controls of the Company with regard to the internal control system as well as the estimation and the management of risks in relation to the financial information. With regard to the internal control operation, the Audit Committee monitors and inspects the proper operation of the internal control unit according to the professional standards as well as the effective legal and regulatory framework, whereas it assesses the results, the adequacy and the effectiveness of the unit without at the same time affecting its independence. Also, the Audit Committee reviews the published information in relation to the internal control and the major risks and uncertainties of the Company in relation to the financial information. In this context, the Audit Committee informs the Board of Directors about its findings and submits proposals for improvement if needed.

Apart from the above the Audit Committee should review conflicts of interests in the transactions of the Company with the related to it entities and submit relevant reports to the BoD.

Moreover, the Audit Committee should examine the existence and the content of those procedures under which personnel of the Company may, in confidence, raise concerns about possible illegalities and irregularities in financial reporting or other matters relating to the operation of the Company.

The Audit Committee should ensure the existence of procedures for the effective and independent investigation of such matters and for their appropriate confrontation.

Finally, the Audit Committee should monitor and examine the proper operation of the internal audit department and review its quarterly audit reports.

- ensure the independence of the internal audit department by proposing to the BoD the appointment and removal of the head of the internal audit department,
- should, via the BoD, make recommendations to the General Meeting, in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the external auditor,
- should review and monitor the external auditor 's independence and objectivity and the effectiveness of the audit process, taking into account relevant professional and regulatory requirements in Greece,
- should examine and monitor the provision of additional services to the Company by the auditing company that engages the regular auditor/auditors.

The current Audit Committee consists of the following independent non-Executive Members of the Board of Directors:

| | |
|---|---|
| Christos Siatis | Independent Non-Executive Board Member, Chairman of the Committee |
| Konstantinos Gianniris | Independent Non-Executive Board Member |
| Ioannis Apostolakos | Independent Non-Executive Board Member |

**Meetings – The frequency of each Board member present each year during meetings**

The Committee convenes at least four (4) times a year. The Chairman of the Committee decides on the frequency and time schedule of the meetings. The external auditors are entitled to request a meeting by the Committee if they deem necessary.

During 2017 the Committee convened 4 times and all members were present during the meetings, whereas all issues mentioned in the Internal Operation Regulation as well as in the Operation Regulation of the Audit Committee were discussed and handled, the major of which are as follows:

- Supervision and approval of the Internal Audit Service's activities
- Monitoring of the process and the performance of the mandatory audit on the separate and consolidated financial statements of the company and briefing of the Board of Directors about the issues related to the mandatory audit along with an analytical explanation
- Opinion on the selection of the Auditing Firm
- Ensuring the independence of the Certified Public Accountants

**6) Remuneration and Board Member Nominee Committee**

With the adoption by the Company of its own Corporate Governance Code (according to the above mentioned), the particular Committee replaced the Recruitment – Remuneration of Executive Board Members & Senior Executives and Board Member Nominee Committee, which had been established within the year 2011 and following relevant provision in the SEV Code (which was initially adopted by the Company).

The Remuneration and Board Member Nominee Committee consists of the following two (2) Independent Non-Executive Members:

| | |
|---|---|
| Christos Siatis | Independent Non-Executive Board Member, Chairman of Committee |
| Konstantinos Gianniris | Independent Non-Executive Board Member |

**Meetings**

The Committee convened twice (2) during the year 2017.

The responsibilities of the committee in relation to the designation of the remuneration policy of the executive members of the BoD, as well as of the management executives, and the determination of the overall remuneration policy of the Company should include:

- making proposals to the BoD with regards to the remuneration of each executive Board member, including the bonus and the incentive payments based on share options award
- reviewing and making proposals to the BoD on the total annual package of variable (i.e. except for the salary) compensations in the company
- reviewing and making proposals to the BoD (and, via the BoD, to the General Meeting of shareholders, when required) on the stock option or share award programs

- making proposals on targets for variable, performance-related compensations or targets related to stock-options or share award programs
- making proposals to the BoD on any business policy related to remuneration

The responsibilities of the Committee, with regards to the nomination of the Board members, should include:

- setting selection criteria and appointment procedures for the Board members
- periodically assessing the size and composition of the BoD, as well as the submission to it of the proposals for consideration on the member's desired profile
- assessing the current balance of skills, knowledge and experience within the BoD, and based on this assessment, recording a clear description of the role and capabilities required for filling vacancies
- completing the process of identifying and selecting candidates
- making proposals to the BoD for the nomination of its members

**VII. General Meeting and Shareholders' Rights**

**1. Basic Authorities**

The General Meeting (or "the G.M." for abbreviation purposes) of the Company's shareholders is the highest body of the company and is entitled to decide on any issue that concerns the Company, while its legal decisions also bind shareholders that are not present or who disagree.

Issues regarding invitation, convening and conducting General Meetings of shareholders, that are not defined by the Company's Memorandum of Association, are those according to the relevant provisions of C.L. 2190/1920 and L. 3884/2010, as currently in effect.

**2. Convening the General Meeting**

The General Meeting convenes at the company's registered offices or in a district of another municipality within the prefecture of its domicile or another municipality near the domicile. The General Meeting may also convene in the district of the municipality where the domicile of the relevant stock exchange (where the Company's shares are listed) is located.

According to the Memorandum of Association, participation in voting remotely during the General Meeting of shareholders is permitted given the prior dispatch to shareholders of the daily agenda issues and relevant voting ballots accompanying such issues at least five (5) days prior to the General Meeting. The issues and voting ballots may be provided and submitted online through the internet. Shareholders that vote in this manner are calculated to define quorum and majority, given that the relevant ballots have been received by the company at least two (2) full days prior to the day of the General Meeting.

**3. Representation of shareholders at the General Meeting**

Shareholders that have the right to participate in the General Meeting may be represented in such by legally authorized proxies.

**4. Chairman of the General Meeting**

The Chairman of the Board of Directors temporarily serves as chairman of the General Meeting, or if he is unable his substitute, as defined by the Memorandum of Association or if the latter is unable also, then the oldest in age from the present Members. Those appointed by the Chairman serve as temporary Secretary of the General Meeting.

Following the reading of the final list of shareholders that have voting rights, the Meeting proceeds with electing a Chairman and a Secretary who also serves as a vote teller.

**5. Obligations emanating from the clauses of Law 3884/2010 as those were incorporated into P.L. 2190/1920**

The Company should display on its website at least 20 days before the General Meeting both in Greek and in English language, information with regards to:

- the date, time and location of the convocation of the General Meeting of shareholders,
- key attendance rules and practices, including the right to introduce topics to the agenda, the right to pose questions, as well as the deadlines by which those rights may be exercised,
- voting procedures, proxy procedural terms and the forms to be used for proxy voting,
- the proposed agenda for the Meeting, including draft decisions for discussion and vote, and any accompanying documents
- the proposed list of candidates for Board membership and their CVs (whenever the issue of members' nomination arises), and
- the total number of outstanding shares and voting rights at the date of the convocation.
- A summary of the minutes of the General Meeting of shareholders, including the results of voting on each resolution of the General Meeting, should also be available on the Company's website, translated in English, within fifteen (15) days after the General Meeting of shareholders1.
- The company Secretary, as well as the internal Auditor shall attend the General Meeting of shareholders and be available to provide information on matters relevant to their responsibilities posed for discussion and on questions or explanations required by the shareholders. The Chairman of the General meeting of shareholders should allow sufficient time to deal with shareholders' questions.
- The Chairman of the Audit Committee attends the Ordinary G.M. and provides information about the activities of the Audit Committee as well as the Internal Control department.

**Participation and Voting Right**

Anyone who appears as a shareholder on the records of the Dematerialized Securities System managed by "Hellenic Exchanges S.A." (HELEX), which keeps records of the Company's securities (shares), has the right to participate in the General Meeting of shareholders. The shareholder capacity is evidenced by submitting the relevant written certification by HELEX or alternatively, by the Company's online connection with the records of HELEX. The shareholder's capacity must be in effect during the beginning of the fifth (5$^{th}$) day prior to the date of the General Meeting (record date), and the relevant certification or electronic certification regarding the shareholder capacity must be provided to the Company at least the third (3$^{rd}$) day prior to the date of the General Meeting. For the 1$^{st}$ Repeated General Meeting, the shareholder capacity must be in effect on the beginning of the fourth (4$^{th}$) day prior to the date of the 1$^{st}$ Repeated General Meeting, while the relevant written or electronic certification that certifies the shareholder capacity must be provided to the Company at least the third (3$^{rd}$) day prior to the date of the aforementioned Repeated Meeting. 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 28a of C.L. 2190/1920, the said shareholder participates in the General Meeting only after the latter's permission. 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.

**Minority Rights of Shareholders**

(a) 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 General Meeting's daily agenda, if the relevant request is received by the Board at least fifteen (15) days prior to the General Meeting. The request for the listing of additional issues on the daily agenda is accompanied by a justification or by a draft resolution for approval by the General Meeting and the revised daily agenda is published in the same manner as the previous daily agenda, at least thirteen (13) days prior to the General Meeting date and at the same time is disclosed to shareholders on the Company's website together with the justification or draft resolution submitted by the shareholders according to those stipulated by article 27 par. 3 of c.l. 2190/1920.

(b) With the request of shareholders that represent one twentieth (1/20) of the paid up share capital, the Board of Directors provides shareholders, according to those stated by article 27 par. 3 of c.l. 2190/1920, at least six (6) days prior to the date of the General Meeting, access to the draft resolutions on issues that have been included in the initial or revised daily agenda, if the relevant request is received by the Board of Directors at least seven (7) days prior to the date of the General Meeting.

(c) 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 useful for the real assessment of the daily agenda issues. The Board of Directors may decline the provision of such information for reasonable cause, which is stated in the minutes. The Board of Directors may respond collectively to shareholders' requests with the same content. There is no obligation to provide information when the relevant information is already available on the Company's website, especially in the form of questions and answers.

(d) Following a request by shareholders that represent one fifth (1/5) of the paid up share capital, which 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 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. Respective deadlines for exercising minority rights of shareholders also hold for Repeated General Meetings. In all the aforementioned cases, shareholders submitting requests must evidence their shareholder capacity and the number of shares owned when exercising the relevant right. Such evidence is provided by submitting the certification by the authority that keeps records of the specific securities or by certifying the shareholders' capacity through the online connection between the authority and the Company.

**Process for exercising voting rights through a proxy**

The shareholder participates in the Extraordinary General Meeting and votes either in person or through a proxy. Each shareholders 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 shareholders 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 Extraordinary 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 exercising control on the Company, or another legal entity that is controlled by a shareholder who exercising control of the Company,
c) is an employee or certified public accountant of the Company or shareholder that exercising control of the Company, or another legal entity controlled by the shareholder who exercising control of 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.

The Company posts the form it uses to appoint proxies on its website. This form is filled in and submitted signed by the shareholder to the Company's Shareholders' Department or is sent by fax to the latter at least three (3) days prior to the date of the Extraordinary General Meeting.
The beneficiary shareholder is requested to confirm the successful dispatch and receipt of the proxy form by the Company.

- **Shareholders' Rights**

**Shareholders' Rights & their exercise**

The Company has issued common registered shares listed on the Athens Exchange, and registered in immaterial form in the records of the Dematerialized Securities System. There are no special rights in favor of specific shareholders.
The acquisition of Company shares implies ipso jure acceptance of its Memorandum of Association and of the legal decisions made by its relevant bodies.
Each share provides rights corresponding to the respective percentage of share capital such represents. The responsibility of shareholders is limited respectively to the nominal value of shares owned. In case of co-ownership of a share, the rights of the co-beneficiaries are exercised only by a joint representative of such. The co-beneficiaries are responsible with solidarity and entirely for fulfilling the obligations that emanate from the common share.
Each Company share incorporates all the rights and obligations defined by C.L. 2190/1920 and its Memorandum of Association, and specifically:

- The right to participate and vote in the General Meeting.
- The right to receive dividend from the Company's earnings.
- The right on the product of liquidation, or respectively the capital depreciation that corresponds to the share, given that such is decided by the General Meeting. The General Meeting of the Company's shareholders maintains all its rights during

liquidation.

- The pre-emptive right in any increase of the Company's share capital that takes place by cash and through the issue of new shares, as well as the pre-emptive right in any issue of convertible bonds, given that the General Meeting that approves the increase does not decide differently.
- The right to receive a copy of the financial statements and reports by the Certified Public Accountants and Board of Directors of the Company.
- The rights of minority shareholders described below.

The right to participate in the General Meeting and exercise voting rights through electronic means or by mail is currently not provided, as the Company is expecting the issuance of the relevant ministerial decision, as stated by l. 3884/2010.

**Minority Rights**

The following minority rights are provided according to C.L. 2190/1920:

**A. Shareholders** that own one twentieth ($1/20^{th}$) of the share capital and voting rights are entitled to make the following requests and the Company is obliged to satisfy such (under the conditions stated by law):

- Request towards the Company's Board to convene an Extraordinary General Meeting of shareholders.
- Request towards the Company's Board to enlist an additional issue on the daily agenda of the General Meeting, which has already convened.
- Request towards the Chairman of the General Meeting to postpone only once the decision making by the General Meeting (either for the entire number of items or for certain items of the daily agenda).
- Request that the Company's Board provides shareholders with draft resolutions on issues included in the daily agenda.
- Request that the decision making on any issue of the General Meeting's daily agenda take place with invitation by name.
- Request for audit of the Company by the relevant courts in the district where it resides.
- Request towards the Board to announce during a forthcoming Ordinary General Meeting the amounts that were paid, during the last two years, to each Board Member or to managers of the Company as well as any benefit paid towards such persons for any purpose or according to any contract between them and the Company.

**B. Shareholders** that own one fifth ($1/5^{th}$) of the share capital and voting rights are entitled to make the following requests and the Company is obliged to satisfy such (under the conditions stated by law):

- Request that the Company's Board provides information on the development of corporate affairs and the assets of the Company during the forthcoming General Meeting.
- Request for audit of the Company by the relevant court, given that it is conceived from the overall development of corporate affairs that the management of such is not exercised as required by proper and prudent management.

**C. Shareholders** that represent two percent (2/100) of the paid up share capital may request the annulment of a resolution by the General Meeting of shareholders, if such was made without providing the required information requested by shareholders under their minority right or by abusing authority of the majority.

**D. Shareholders** that represent one tenth (1/10) of the paid up share capital may request by the Board or the Company's liquidators to exercise all the Company's claims against the Board members that emanate from the management of corporate affairs.

**E. Shareholders** that represent one third (1/3) of the paid up share capital may request the liquidation of the Company before the relevant court, if a significant reason exists for such, which in an obvious manner renders the continuance of the Company impossible.

**F.** Any shareholder may request by the Board of Directors to provide the requested specific information on the Company's affairs at the forthcoming General Meeting, to the extent that such information is useful for the real assessment of the daily agenda issues.

## SECTION XI: Report of Non Financial Information

### Introduction

The present Report of Non-Financial Information has been prepared according to the provisions of Law 4403/2016 and contains information with regard to the performance of the Group's companies for the following thematic aspects:

- Environmental issues
- Social and labor issues
- Respect for human rights
- Anti-corruption and bribery issues
- Issues concerning supply chain

The Report also presents information about the major risks associated with the above issues and activities of the Group, the management policies of the Group with regard to the above issues, whereas for the better understanding of the Group's performance there is the use of non-financial performance indices or ratios. For the selection of the non-financial indices / ratios, the Global Reporting Initiative (GRI), release 2016, was taken into account. Also according to the requirements of the above legislation, a summary description of the Group's business model is presented.
It is noted that the current report concerns the fiscal year ended on 31st December 2017.

### Business Model

The Company THRACE PLASTICS CO. SA was established in 1977 with its domicile located in the area of Magiko, Municipality of Avdira, County of Xanthi, Greece. In a short period of time from its establishment, the Company evolved into one of the largest producers of Technical Fabrics and Packaging Solutions on global level.

Thrace Plastics Group is currently a multinational Group which activates in the production and distribution of polypropylene products possessing production facilities in 5 countries, namely in Greece, Great Britain, Bulgaria, Romania and United States of America. The Group also owns distribution and trading companies in 6 countries, namely in Ireland, Norway, Sweden, Serbia, Australia and China, and it also possesses and operates a distribution network which extends to more than 80 countries.

The Group activates in two major business sectors or divisions:

- Technical Fabrics Sector
- Packaging Sector

The above two sectors cover 24 market segments in total.

The Technical Fabrics Sector concerns the production and trade of synthetic fabrics for industrial and technical uses. The Sector of Technical Fabrics has strong export orientation as 96% of sales are generated internationally. The major products of the Sector are the following: geotextiles, insulation membranes and technical fabrics for agricultural and industrial uses.

The Packaging Sector concerns the production and trade of packaging materials for consumer products with applications in the food and chemical industry, as well as of packaging materials for industrial products such as sacks, mega-sacks and pallet films for the packaging of fertilizer, seafood, animal food, as well as of chemical and idle materials. The Packaging Sector targets the European markets with an emphasis in the countries of Southeast Europe as well as Scandinavia, United Kingdom and Ireland.

Since the start of the year 2013, the Group also demonstrates an activity in the agricultural sector through the subsidiary company Thrace Greenhouses SA, which has the business objective to produce tomato products with the use of hydroponic cultivation method and through the utilization of geothermal energy.

Data in synopsis:

***Geographical and Product Diversification***

- Activity in 11 countries via production and trade companies
- Sales network in 80 countries
- Products targeting 24 areas of activity

***Strong Knowhow and Technological Superiority***

- 28 technologies of production from the stage of processing to the finishing stage

The present Report concerns the following companies of the Group:

| **Companies** | **Domicile** |
|---|---|
| THRACE PLASTICS HOLDING S.A. | Xanthi, Greece |
| THRACE POLYFILMS S.A. | Xanthi, Greece |
| THRACE SYNTHETIC PACKAGING LTD | Clara, Ireland |
| THRACE NON WOVENS & GEOSYNTHETICS S.A. | Xanthi, Greece |
| THRACE PLASTICS PACK S.A. | Ioannina, Xanthi, Thiva, Greece |
| THRACE GREENHOUSES S.A. | Xanthi, Greece |
| THRACE IPOMA A.D. | Sofia, Bulgaria |
| THRACE POLYBULK A.S. | Brevik, Norway |
| THRACE GREINER PACKAGING SRL | Sibiu, Romania |
| THRACE LINQ INC. | South Carolina, USA |
| LUMITE INC. | Georgia, USA |
| DON & LOW LTD | Forfar, Scotland |

It is noted that within the year 2017 there was the spinoff of the sector of production and trade of Industrial Packaging products of the parent Company “THRACE PLASTCIS Co. SA” and its contribution into the fully owned (100%) subsidiary “THRACE POLYFILMS”. With the completion of the above corporate action, the parent Company was transformed into a holding company, which apart from the investment activities provides Administrative – Financial – IT services to its subsidiaries

## Anti-corruption and bribery issues

### Major risks and risk management

The Management of the Group, recognizing the risk arising from the lack of anti-corruption and anti-bribery policies, is committed to demonstrate zero tolerance in cases of corruption, bribery and blackmail, whereas it targets to take precautionary measures against the appearance of such incidents in all aspects of the Group’s activities. This is enabled initially via the establishment of policies and procedures as well as via the formation of compliance and control mechanisms in relation to those policies. The target of the Group is the strengthening and improvement of the management of corruption risks, the compliance with the legislation and the intensification of the control actions.

### Due diligence policies and other policies

The constant commitment of the Group is to conduct its corporate and business activities with integrity, according to the highest standards of ethics and by applying the effective law provisions.
Specifically, such policies are provided via the following:

- The Code of Professional Conduct (sections of “Performance of Transactions with Honesty”, “Transparent and Legal Cooperation with the Public Authorities”, “Procedure-Receipt of Gifts”, “Giving Gifts”
- The “General Policies Manual” in the paragraphs “Trade Regulations” and “Gifts and Entertainment”. The “General Policies Manual” has been distributed to the higher and middle management level whereas the Group has carried out special training sessions.

The internal control manual of the Group forms the basis of the Company’s activity and organizational structure. The manual is based on principles such as the distinction of duties and the conflicts of interests. As a result, the Company has assigned different individuals or divisions the responsibility for the management of contracts, the placement of orders, the collection of goods, the processing of invoices and the realization of payments.

The Group, in order to ensure the detection of any corruption incidents and with the purpose to act on proactive basis in order to discourage the occurrence of unethical events, performs on annual basis a certain number of audits via the Internal Control Department, informing at the same time all employees in all areas of activity. Also in the context of supporting the internal procedures towards anti-corruption and anti-bribery policies, the Group has taken the following actions:

- The Audit Committee, during its first meeting every year, determines in collaboration with the internal control department the internal audit projects which will be performed within the year. The projects include the entire spectrum of the transactions of the Group's companies (supplies, expenditures, accounts payable, sales, credit control, accounts receivable, inventories and warehouse management, cash registry, banks, payroll).

- The application of the policies and procedures of the Group are assessed on a regular basis from the Audit Committee and the Board of Directors aiming at their constant improvement.
- In the context of Law 4449/2017, the Audit Committee obtains a determinant role in the work carried out by the external auditors and in the assurance of the integrity of the financial information. Specifically the Audit Committee, by monitoring the mechanisms and systems for the production of financial information utilized by the involved organizational units of the Company, ensures an additional control mechanism with regard to corruption issues.
- The Group prohibits the non-formal employment and the lack of the respective book records.
- The Corporate Governance Code provides for the policy of Whistle blowing, however practically the particular policy cannot be applied yet since the Group has not defined the respective procedures and the mechanism for the activation of such policy.

**Code of Conduct**

The Group completed the preparation of the Code of Business Conduct in October 2014, with the Code constituting an indispensable part of the Employees Handbook.

The particular Code sets out the standards of conduct which are required by the employees of the companies within the Group and also develops the guidelines that govern the proper behavior of personnel within the Group. The central theme of the Code of Conduct is summarized as follows:

**All employees, as representatives of the Group, should act with honesty, respect and integrity in all matters emerging at any time.**

The basic principles of the Code of Conduct, the compliance of which ensures the non-existence of corruption cases, include the following:

- Avoidance of cases containing issues of conflict of interest
- Accuracy and completeness of Financial Information
- Protection of Corporate Assets
- Implementation of all transactions with responsibility
- Transparent and Legal Collaboration with the Public Authorities
- Protection of Information
- Safety, Health and Environmental Protection

**Results of the above policies and non-financial performance ratios**

## GRI 205-3

There was no incident of corruption during the period under consideration in the present report.

## Respect to Human Rights

### Major risks and risk management

The Group is committed to deter any incidents of harassment in the work environment as well as any kind of discrimination due to race, religion, gender, nationality, age, etc., by recognizing the risk that arises from such incidents with regard to the achievement of the Group's objectives and targets. Moreover, it has recognized the risk of violation of the privacy of the employees and other interested parties and for this reason it has developed policies which are analyzed in the section "Due diligence and other policies".

In relation to the products manufactured, the Group recognizes and pursues the elimination of any risks related to human life and health, by taking measures for the removal of any constituents, models, flaws or side-effects which could do harm or threaten the human life and people's health during the production, use or distribution of the products.

Finally the Group's companies actively seek information with regard to the general conditions of human rights in the countries of operation and are being regularly informed about changes in legislation. Moreover the Group's companies implement social investments, offer donations or carry out other activities in alignment with the needs of human rights and development in the countries of activation.

### Due diligence and other policies

### Protection of employees from harassment and discrimination incidents in the work environment

Towards this objective, the Group applies a series of policies for the minimization of the risk of harassment and the incidents of discrimination, such as:

- It actively informs its employees about their obligations not to engage in any violent, threaten-related or abuse incidents, as well as about their obligation to recognize and understand cases of harassment within the work environment. Furthermore, in the Employee Manual of the Group there is a special section about the "Policy on Harassment".
- It has established policies such as the code of conduct, corporate guidance, internal regulations which refer to the human rights.
- It trains the employees and the senior directors on the detection and handling of harassment and discrimination incidents in the work environment.
- It investigates all complaints or accusations concerning discrimination incidents in the work environment, whereas it takes the appropriate precautionary and disciplinary measures, including the reporting of criminal actions to the pertinent authorities.
- The application of the above policy is supervised by the heads of the departments in cooperation with the Human Resources department of each company.

### Management of complaints in relation to human rights

Our Group is committed to resolve any accusations and treat the employees through a fair and objective manner, by recognizing at the same time the risk of the violation of their rights and the repercussions on the welfare of its employees as well as of the Group itself.

Despite the fact that at the time of the preparation of the current Report the companies of our Group have not developed a certain policy in relation to the hearing, processing and resolution of the employees' complaints in relation to the human rights, on the other hand they have followed a written procedure which has been agreed with the representatives of the employees with regard to the process of collecting, processing and resolving their complaints and other concerns.

**Private data assurance**

The Group respects the privacy of its interested parties and maintains their private data as confidential, by pursuing the minimization of any abuse risk or any risk of illegal use of private data. At the same time, the Group recognizes that such incidents may be harmful to its operation of activities as well as to its own people.

The Group is already in the process of complying with the European Regulation 2016/679 which will be set in effect for all member countries of the European Union beginning from 25/5/2018 with regard to the protection of private data of physical entities. Through this procedure the following will be attained:

- The Group will undertake actions for its compliance with the technological requirements of the Regulation based on international information security standards.
- The more effective IT management and the security of the private data and privacy within the Group will be attained.

In certain companies within the Group there are work spaces which are being monitored by cameras for the purposes of the production process. The employees are being informed about the monitoring process via a special sign as well as about the objective of the monitoring itself which is due to the need of the production process control as well as the inspection of the necessary measures and safety controls.

**Safety of facilities and protection of human rights**

The Group takes measures in order to ensure that the safety standards of its companies are in alignment with the international principles for the human rights, the imposition of law and the use of violence. Our companies perform regular assessments of risk security and ensure that all actions taken are in full alignment with the magnitude of the risk, according to the legislation effective each time and also for the purposes of validation from the pertinent authorities. During the fiscal year 2017, there was no incident of violation of human rights with regard to the safety of the facilities.

**Safety of products and protection of human rights**

In the context of protecting and safeguarding the human rights, the Group recognizes the risk of any negative effects on the health and safety from the use of its products. In order to effectively manage the above risk, the Group is being informed and complies with the relevant national legislations and adopts international guidelines, optimal practices and industrial standards with regard to the production, planning and trading of products, taking into consideration any repercussions on the health and safety of the customers, consumers and final users of its products.

**Results of the above policies and non-financial performance ratios**
**GRI 406-1**

Our Group did not encounter any discrimination incidents related to race, religion, gender, age, disability, nationality, political belief, etc., including any incidents of harassment, during the year 2017.

Also with regard to the same year, there were no confirmed incidents concerning any violation of human rights, including issues of private data assurance, as well as the effects on the health and safety due to the Group's production facilities and products.

## Supply Chain

### Major risks and risk management

The Group recognizes the risk of any collaboration with suppliers and business partners who are not committed to comply with the international standards of sustainable development. With the aim to confine the particular risk, the Group constantly pursues to promote the improvement of the work, environmental and other related standards of its suppliers, by following a series of practices which ensure the most desirable effect.

### Due diligence practices and other policies

### The Group's Suppliers

The categories of the Group's suppliers vary according to the company. The major categories include the following:

- Suppliers of raw materials and commercial goods
- Suppliers of electric energy and consumables
- Suppliers of equipment, packaging, spare parts
- Partners for the provision of logistics and outsourcing services
- Partners for the provision of consulting, communication and IT services

### Assessment of Suppliers

*Anti-corruption policy in the supply chain*

The Group takes into account the risk of the involvement of a certain business partner or supplier in corruption incidents and therefore it undertakes all the necessary due diligence actions in order to ensure the transparency of any partnership which is under development. Moreover the Group is committed to fight against corruption when it comes to its relations with suppliers and other business partners. More specifically:

- At the level of suppliers, the Group co-operates with large multinational companies which place great emphasis on issues of transparency and therefore the collaboration is being validated by the rules and policies of the particular suppliers.
- The Group company, THRACE IPOMA, evaluates the potential areas of corruption including factors such as the type of transaction, the countries of operation, the industries and customers of the involved business partners. The practices in relation to the supply policy of the company are supportive to the anti-corruption strategy applied in the areas of suppliers and business partners.

- The Group company, THRACE IPOMA, has developed an action plan in order to encounter the risk of corruption and has defined areas of responsibility for each area of work, including detailed policies for high risk areas. In addition, it requires from all suppliers, sub-contractors and business partners to comply with the commitment towards anti-corruption. It also provides training to suppliers, sub-contractors and other business partners, whenever it is needed, with regard to anti-corruption policy issues.

*Human rights in the supply chain*

The Group has adopted policies for the avoidance of partnerships with parties which are characterized by a high human rights violation risk. It is committed to promote the constant improvement of the standards relating to the international human rights as well as its interactions with new suppliers or professional partners. Specifically the Group company, THRACE POLYBULK evaluates its large-scale suppliers in relation to human rights protection and safeguarding. Also, the Group company THRACE SYNTHETIC PACKAGING utilizes a partner who regularly inspects certain suppliers and confirms the compliance of their facilities with the regulations effective each time.

For the time being, the Group has not established any policies or undertaken any actions for the detection of violation of human rights across the entire range of the supply chain. However, the fact that the majority of suppliers operate in the countries of the European Union and America, where there is compliance with the labor legislation and there is also high respect to the issues of employee rights, minimizes to a certain degree the risk of human rights violation within the Group's supply chain. The Group intends to undertake additional initiatives by further assessing its supply chain in order to detect any suppliers carrying the risk of not complying with the labor standards.

**Results of the above policies and financial and non-financial performance ratios**

The following table includes information about the supply chain of the Group and the expenditures of the Group's companies in relation to local suppliers, according to the origination country of each supplier.

Amounts in thousand Euro, unless stated otherwise

**GRI 102-9**
**GRI 204-1**

| **RATIOS / INDICATORS** | DON & LOW | THRACE NON WOVENS & GEOSYNTHETICS | THRACE LINQ | THRACE IPOMA | THRACE GREINER PACKAGING | THRACE GREENHOUSES | THRACE POLYFILMS | LUMITE | THRACE SYNTHETIC PACKAGING | THRACE POLYBULK | THRACE PLASTICS PACK |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total number of suppliers for 2017 | 750 | 2500 | 497 | 700 | 504 | 198 | 430 | 418 | 248 | 20 | 861 |
| Estimated monetary value of total payments towards suppliers for 2017 (in Euros) | 67.7 million | 74.0 million | 12.1 million | 24.4 million | 15.0 million | 5.7 million | 11 million | 18.5 million | 10.9 million | 28 million | 40.7 million |
| Percentage of expenditures towards local suppliers | 83% | 80% | 30% in raw materials<br><br>25% commercial goods<br><br>95 % for other purchases | 50% | 29.5% | 99% | 60% | 80% | Insignificant percentage of expenditure in local suppliers. The major suppliers consist of the Group's subsidiaries. | 5% | 73% |

## Social and Labor Issues

### Major risks and risk management

Via the risk recognition procedures which refer to the work environment as well as to the wider society, the Group has developed and continues to develop policies which target the minimization of such risks in the areas of freedom and labor rights, health and safety, training and protection of employees, as well as relations with the local community.

The Group's strategic goals include the minimization of the probability of a labor accident occurring in its people. This confirms the recognition of the specific risk and the Group's commitment to ensure the application of all safety and health standards in all work spaces. Through special studies carried out for the estimation of the professional risk, the potential risks associated with each position of employment have been detected. The section "Due Diligence and Other Policies" analyzes the approach of the Group with regard to the administration of the relevant risks.

The Group has recognized a potential risk with regard to the violation of the labor rights and has established policies in relation to the management of these risks in the section "Due diligence and other polices". Furthermore, the Group has recognized a potential risk related to the subjective assessment of candidates, along with the repercussions on the employees themselves, the Group's entire business profile as well as its performance. For that reason, the Management has promoted through various manners the strengthening of actions with regard to policy measures against discrimination.

Finally prior to the commencement of new projects or developments, the Group's companies conduct an impact study for the assessment of potential environmental and social repercussions of the planned activities, including the assessment of their possible effect on the human rights of the local community's inhabitants or other affected communities, by recognizing the social and environmental risk existing for the local communities.

### Due diligence and other policies

The Group recognizes the value of the human being as a strong determinant factor of the good quality of products, the high productivity and the attainment of competitive advantage by the Organization. In this context, the Group pursues the utilization to the highest degree of the capabilities of the personnel in place, its training as well as the recruitment of young employees for the Group's divisions.

### Free participation in labor unions and right for collective bargaining

The Management of the Group respects the right of employees to participate in labor unions and other related bodies, as well as their right to collectively pursue better labor terms such as fees, hours and work conditions, under the necessary condition that such pursuit is in line with the provisions of the regulatory framework effective at each time. In this context, the Group follows procedures which ensure the smooth communication between the administration and the representatives of the employees, on a regular basis, with the aim to present the employees' requests which are officially stated by their unions and to discuss the matters related to the work environment.

**Policy against forced labor**

By recognizing the importance of voluntary labor, the Group follows a series of procedures which ensure that all employees are fully informed about the conditions and the requirements of their work environment.

The employment contracts are readily made available to the employees so that any questions or concerns can be fully discussed and resolved prior to their engagement with the Group. Moreover, the Group ensures and facilitates the option of exit from the service in case the employee wishes to leave by setting respective deadlines of a fair duration and by immediately issuing the necessary documentation. Overtime labor is allowed and is being paid according to the pertinent legislation.

**Protection against child labor**

As an important condition for employment, the Group recruits people who are over 18 years old. The Group applies reliable procedures for the confirmation of the age of the candidates through the inspection of birth certificates issued by the pertinent authorities.

**Policy against discrimination and reinforcement of objective judgment during the recruitment of employees**

The selection process of new employees is based on a system of objective criteria and equal opportunities which exclude any case of discrimination and subjective judgment (gender, age, family status, nationality, religion, sexual orientation, political beliefs, etc.). Moreover, the published job postings do not refer to personal and social characteristics but only to the skills required for each position of employment.

**Health and safety of employees**

The Group applies effective procedures of health and safety, which comply with the industry, the national and international standards. Certain practices followed in the context of these procedures, are the following:

- The information and procedures for the health and safety are made available to the employees in a language which they understand
- There is clear definition of the duties in relation to health and safety
- The incidents concerning health and safety are being reported and investigated, and also there is a confidential process for the collection and the handling of accusations made by the employees in relation to health and safety issues
- The production procedures, the machinery and the equipment of the Group are systematically being monitored in order to ensure that they are safe and in satisfactory operation status
- First aid kits and fire extinguishers are readily available, whereas the emergency exits are cleared and are demonstrated by proper signs
- The work environment is maintained in a manner that ensures clean and comfortable conditions of work, including the proper temperature, ventilation and lighting conditions as well as the proper hygiene areas (irrigation and drainage) for both genders.

The Group ensures that it provides the necessary gear and training to its employees for the safe execution of their duties. The employees are being fully informed about any health and safety risk associated with the operations they perform, including the requirement for protective equipment, at least every two years, and whenever they undertake a new task. Furthermore, they receive appropriate training from an expert professional with regard to the safe use of the gear and equipment, as well as with regard to the procedures which must be applied.

Indicative subjects of training sessions:

- First aid provision
- Evacuation drill
- Use of fire extinguishing means
- Fire extinguish
- Training for the use of truck lifts and other related machinery
- Training for the proper use of the means of personal protection (MPP) to the extent of the “near miss accident”, etc.

The fundamental concern of the Group is to provide all the necessary Means of Personal Protection (MPP) to its employees. As an indication, we mention the MPP which are being provided by the company THRACE PLASTICS PACK of the Group:

- Safety Shoes
- Earplugs
- Headphones
- Dust protection masks
- Fireproof gloves
- Helmets
- Safety glasses

**Provision of constant training which promotes the development of skills and the personal professional development of each employee**

The Group offers various types of professional training and education, whereas it focuses on the constant development of the employees given the fact that the production methods used are modern and require continuous training. Therefore, the Group realizes and actively contributes into the creation of value for its human capital and to the benefit of employees, but also to the benefit of the entire society.

The training of the employees is successfully performed via internal resources but whenever it is required the Group utilizes external consultants with strong know how. Through the training, the company’s employees obtain significant experience and the ability to respond effectively to their work requirements.

The internal training sessions are mainly provided in order to cover among other the fields of quality, health and safety. The Group provides also external training sessions for the development of skills, such as the training on Excel with regard to the customer service team as well as the training on negotiation skills for the supplies team.

Specifically, the actions taken by the Group’s companies in relation to the training and professional development of the employees are the following:

- Financing of external education and training
- Benefits of absence with guaranteed return to employment
- Re-training for employees wishing to continue working
- Services in relation to positions of employment

**Protection of the local communities**

The Group's management shows great responsibility and sensitivity with regard to the local society and in this context it establishes especially good relations with the inhabitants whereas all these years pursues a continuous dialogue with these parties in order to better understand and serve the needs of each community. At the same time, through its subsidiaries, the Group makes donations to charitable foundations.

The Group's companies respect the legislation and follow its provisions with regard to the environment and the effect on the local communities via the conduction of a certain process for license authorization and granting. Moreover, they develop the proper management plans for the prevention, reduction and mitigation of the environmental effect.

"Stavros Chalioris Social Center" has been established in order to support through various activities the local community of Magiko, Xanthi, Greece. The Group's companies are the major sponsors of the center. The objective of the center is to pursue good causes for the broader local community, and therefore it includes actions in relation to the needs of the local society such as:

- The granting of scholarships and financial assistance to the young people of the community for educational purposes
- The granting of support to the financially weak members of the local society
- The organization of cultural and educational events
- The provision of a space for a doctor's office for primary health care services
- The construction of a building for good-cause and charity related purposes
- The creation of cultural activities (theater, music, painting, dancing, etc.) for children

**Policy of Social Activity**

Via a unified Policy of Social Activity, all companies of the Group recognize their responsibility towards the individual person and the society in general, and in this context they activate in order to:

- Emerge as the most valuable corporate entities for the societies in which they activate and live, by making stronger the ties of trust that have been built after so many years of mutual existence.
- Maintain and strengthen their attention with regard to the local needs as well as raise quality of life through the funding of community related programs and foundations.
- Collaborate with important educational institutions for the promotion of innovation and the progress of knowledge.
- Disclose and notify about essential social issues related to the business practices of Thrace Plastics Group.

**Results of the above policies**

Based on the Group's approach, 80% of the employees of the companies based in Greece participate in labor unions and other related bodies. Furthermore, the company "THRACE

GREINER PACKAGING" based in Romania, renewed the collective labor agreement for the period 2016 – 2018 following the negotiations taking place in 2016 between the labor union and the company's management. The collective labor agreement constitutes the basis for all individual employment agreements demonstrating respect to the Romanian labor law and also to the collective bargaining law.

Despite the fact that at the preparation date of the present Report there is no official mechanism offering the ability to denounce incidents of discrimination and partiality, the Group's corporate culture has created the preconditions in order to promote to a significant degree the open communication of the employees with the Management so that the voice of all employees is heard regardless of their position and ranking within the Group.

Following its policy applied in the areas of health and employee safety, the company THRACE PLASTICS PACK has been certified by OHSAS 18001:2007.

The groups of cultural activities for children of "Stavros Chalioris Social Center" which activated during the year 2017 included among other the following fields: Painting, music, creative activity, supplementary teaching, traditional dances, gymnasiums, theater education and robotics.

The parallel activities of the Center concern the following:

- Hospitality services to KAPI (Houses for Elderly People)
- The housing of a Rural Clinic, of the former Community of Magiko, in the fully equipped doctor's office in the Social Center. The new facility serves the needs of the inhabitants of broader local community in the area of preventive health care services
- The granting of the Center's offices to the Municipal Water Supply and Sewerage Enterprise for the purpose of invoice payment collection
- The housing of the Nursery with full and modern equipment in the Municipality of Avdira

At the same time, during the year 2017, a significant number of other events took place in the context of the social center's mission

**Non-financial performance ratios[1]**

The tables presented below include information about the human workforce of the Group per area of activity as well as in relation to gender and type of employment.

**Note 1:** *The differences observed in the total number of employees between the report of non-financial information and the financial statements of 2017 are due to the fact that the current report examines the performance, the position and the effect of the activities of all companies of the Group, including the joint ventures, which are being consolidated with the Equity method in the Financial Statements.*

Amounts in thousand Euro, unless stated otherwise

## GRI 102-8

| Total number of employees per employment contract | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Male** | | | **Female** | | | **Total** | | |
| | ***2017*** | *2016* | ***Change*** | ***2017*** | *2016* | ***Change*** | ***2017*** | *2016* | ***Change*** |
| Indefinite Duration | 1,556 | 1,506 | 3% | 424 | *373* | 14% | 1,980 | *1,879* | 5% |
| Fixed Term | 142 | 98 | 45% | 48 | *20* | 140% | 190 | *118* | 61% |
| **Total** | 1,698 | 1,604 | 6% | 472 | *393* | 20% | 2,170 | 1,997 | 9% |

| Total number of employees per type of employment | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Male** | | | **Female** | | | **Total** | | |
| | ***2017*** | *2016* | ***Change*** | ***2017*** | *2016* | ***Change*** | ***2017*** | *2016* | ***Change*** |
| Full time | 1,688 | *1,586* | *6%* | 447 | *369* | 21% | 2,135 | *1,955* | 9% |
| Part time | 13 | *18* | *-28%* | 22 | *24* | -8% | 35 | *42* | -17% |

Amounts in thousand Euro, unless stated otherwise

Total number of employees per geographic area

| 2017 | Greece | | | USA | | | Romania | | | Norway | | | Scotland | | | Ireland | | | Bulgaria | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | ***Male*** | ***Fem.*** | ***Tot.*** | ***Male*** | ***Fem.*** | ***Tot.*** | ***Male*** | ***Fem.*** | ***Tot.*** | ***Male*** | ***Fem.*** | ***Tot.*** | ***Male*** | ***Fem.*** | ***Tot.*** | ***Male*** | ***Fem.*** | ***Tot.*** | ***Male*** | ***Fem.*** | ***Tot.*** |
| Indefinite Duration | 740 | 88 | 828 | 183 | 79 | 262 | 80 | 29 | 109 | 8 | 7 | 15 | 363 | 111 | 474 | 32 | 5 | 37 | 150 | 105 | 255 |
| Fixed Term | 105 | 22 | 127 | 21 | 19 | 40 | 0 | 0 | 0 | 0 | 0 | 0 | 12 | 6 | 18 | 4 | 1 | 5 | 0 | 0 | 0 |
| Total | 845 | 110 | 955 | 204 | 98 | 302 | 80 | 29 | 109 | 8 | 7 | 15 | 375 | 117 | 492 | 36 | 6 | 42 | 150 | 105 | 255 |

| 2016 | Greece | | | USA | | | Romania | | | Norway | | | Scotland | | | Ireland | | | Bulgaria | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | ***Male*** | ***Fem.*** | ***Tot.*** | ***Male*** | ***Fem.*** | ***Tot.*** | ***Male*** | ***Fem.*** | ***Tot.*** | ***Male*** | ***Fem.*** | ***Tot.*** | ***Male*** | ***Fem.*** | ***Tot.*** | ***Male*** | ***Fem.*** | ***Tot.*** | ***Male*** | ***Fem.*** | ***Tot.*** |
| Full time | 730 | 79 | 809 | 182 | 63 | 245 | 80 | 24 | 104 | 9 | 6 | 15 | 354 | 107 | 461 | 16 | 4 | 20 | 135 | 90 | 225 |
| Part time | 72 | 5 | 77 | 21 | 12 | 33 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 3 | 8 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 802 | 84 | 886 | 203 | 75 | 278 | 80 | 24 | 104 | 9 | 6 | 15 | 359 | 110 | 469 | 16 | 4 | 20 | 135 | 90 | 255 |

* the number of employees which are being presented in the following tables refer to the date 31.12.2017.

Amounts in thousand Euro, unless stated otherwise

| Diversity and equal opportunities | | |
|---|---|---|
| | 2017 | 2016 |
| Ratio of average salary of "female versus male" * | 0.81 | 0.92 |

** The ratio of average salary of female versus male concerns the companies Thrace Plastics Holding SA, Thrace Plastics Pack SA, Thrace Polyfilms SA, Thrace Greenhouses SA and Thrace Non Wovens & Geosynthetics SA.*

The following table presents the ratios and indices of the Group in relation to health and safety (in terms of accidents, lost working days, absenteeism and occupational diseases).

**GRI 403-2**

| Accidents / Injury ratio (IR)* | | | | | | |
|---|---|---|---|---|---|---|
| | Male | | Female | | Total | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Total number of accidents during the period under consideration | 50 | *58* | 24 | *14* | 74 | *72* |
| Accidents index (IR)* | 3.35 | *4.19* | 5.76 | *3.95* | 3.88 | *4.14* |

** The accidents index has been stated as number of accidents per 100 employees per annum by using the factor 200,000 and concerns all related incidents which occurred in the work environment.*

The major types of accidents were the following:

1. Sharp cutting of upper limb
2. Injury of limb due to moving cylinder
3. Injury of shoulder
4. Fracture of limb

| Lost days ratio (LDR) | | | | | | |
|---|---|---|---|---|---|---|
| | Male | | Female | | Total | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Lost days ratio (LDR) | 0.1347% | *0.0952%* | 0.4098% | *0.4724%* | 0.1947% | *0.1721%* |

** Lost days refer to working days lost due to incidents of injury in the work environment or due to occupational diseases.*

| Absenteeism ratio (AR) | | | | | | |
|---|---|---|---|---|---|---|
| | Female | | Male | | Total | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Absenteeism ratio (AR) | 2.05% | 1.82% | 2.92% | 4.12% | 2.30% | 2.33% |

** Absenteeism ratio refers to working days lost due to the inability of an employee to be present in the work environment for any reason, apart from injury or occupational disease.*

It is noted that no incidents of occupational disease or fatal accidents existed in the period under consideration.

## Environmental Issues

### Major risks and risk management

The Group's companies have recognized via a risk assessment the potential environmental risks as well as the probable or existing environmental effects as result of the production process, storage and distribution of their products. With the objective to attain the most effective management of the risks and their repercussions, the Group applies management policies in relation to the environmental aspects which are being analyzed in the section "Due diligence and other policies".

The objective of the Group's companies is to comply with the environmental legislation and recognize the non-compliance risk. In this context they have conducted an environmental impact study, have received the approval decision of the environmental terms and abide by various other requirements and obligations such as the registration in the electronic registry for waste materials, and the payment of a recycling related duty, whenever such obligations are required by the law.

Specifically, the company "THRACE GREINER PACKAGING" possesses a special electronic application in order to timely receive information about the changes in environmental regulation in Romania. For the same purpose, it has systematic co-operation with a specialized legal office as well as with an environmental consultant.

The selection, management and final removal of materials utilized in the entire spectrum of activities constitutes top priority for the Group. By recognizing the particular issue as one of the most important environmental aspects, and given that the main materials utilized originate from non-renewable sources, the Group recognizes the risks emerging from any improper selection, management and removal of materials, against its own business activity. At the same time, the companies of the Group conduct systematic risk assessments for the utilized materials and products, having at their disposal the products' data from the suppliers and by updating periodically the data of the products manufactured.

The extraction of solid waste and sewage from the Group's activities comprises one of the major risks with potential negative effects on the natural environment. In order to encounter the particular risk, the companies of the Group take measures in order to reduce the extracted waste and to ensure their proper management according to the analysis in the section "Due diligence and other policies".

Finally the Group has recognized that the climate change comprises one of the most important risks for the global economy with possible negative repercussions on the availability of the natural resources, and also with high probability of extreme weather conditions which may disrupt the smooth operation of the companies in general. The Company has recognized the risk of the non-efficient energy management on its own operations as well as on a wider basis in terms of the sustainable development of the countries in which it activates and for this purpose it systematically monitors the energy consumption taking measures towards its reduction.

### Due diligence and other policies

### Environmental policy

Depending on the importance of their environmental effects, the companies of the Group have placed in operation articulate environmental policies and procedures. Also they have appointed persons in charge of the environmental management in order to monitor their performance.

Specifically the Group's companies via clearly defined environmental policies proceed with the following:

- provide the means for the full compliance with the legal and other requirements which govern the operation of the production plants
- recognize and systematically assess the environmental aspects and consequences of their activities
- provide appropriate environmental training to their employees
- pursue the prevention of pollution by placing emphasis on pollution reduction at the source and on preservation of natural resources
- utilize in a rational basis the energy resources across the entire spectrum of the operations
- review and reconsider on periodical basis the objectives and the targets in relation to the Environment
- aim at the constant improvement of their environmental performance as well as the Environmental Management System

**Solid waste and sewage**

The Group complies with the legal requirements concerning the treatment, storage, transportation, recycling and allocation of waste materials. The Group's companies ensure that the waste materials which are suitable for recycling are being classified and delivered to recycling companies. They also monitor the type and quantity of waste materials, including the place and the method of recycling.

At the same time, the Group applies internal procedures for the waste management such as the evaluation of suppliers of waste management services, the preparation of daily, weekly and monthly reports concerning the types and quantities of the extracted waste as well as the efforts made towards the reduction of the waste materials through production labs.

The Group ensures that the companies which are recipients of the waste material (hazardous and non hazardous) for the final processing or disposal possess the necessary documentation of legal operation and also possess the right to provide waste management services.

**Hazardous or non-hazardous chemicals**

Due to its areas of activity, the Group utilizes a wide range of chemical substances. The management of potential risks emerging for the environment from the management and storage of the above substances and materials comprises a top priority for the Group.

In order to effectively encounter such risks, the Group complies with the legal requirements for the treatment, utilization and storage of the chemical substances as well as of other hazardous substances. The Group does not produce, trade or use chemical substances and other hazardous substances which are subject to national or international prohibition. Moreover, the Group informs and trains its employees with regard to the safe handling and use of the chemical and other hazardous substances, whereas it monitors the quantities of all chemical and hazardous substances which are being utilized in the production as well as in the maintenance of its facilities.

The companies of the Group have ensured that the chemicals utilized in their activities are placed on metallic bases in order to prevent any environmental contamination, or being stored in the proper storage facilities. Moreover, on the lower level of the metallic bases there are collectors in case of any leakage observed. All chemical substances that exist in the Group's facilities are located in proper spaces carrying special signs and with limited access (only to authorized persons), originate from approved suppliers and are accompanied by the appropriate user instructions.

**Energy**

The companies of the Group have proceeded over the past years into actions in order to attain energy savings such as the following:

- Replacement of the energy consuming equipment with new clean energy equipment
- Constant monitoring of energy consumptions and timely intervention wherever it is deemed necessary
- Greater awareness for the company's personnel of energy savings issues

**Water**

The companies of the Group do not consume significant quantities of water, however they do take measures with regard to the monitoring and reduction of the aggregate consumption.

Specifically, the company "Thrace Plastics Pack SA" takes measures for the reduction of water consumption such as:

1) the reduction of water leakage in machinery
2) the prompt and speedy treatment of leakages in cooling systems and networks
3) rational consumption of water by the employees

Furthermore, in Thrace Greenhouses, due to the fact that the cultivations within the greenhouse are hydroponic ones, the water management is conducted via the most optimal manner given the type of the cultivation, thus attaining the required results through the lowest possible water consumption.

**Extraordinary conditions and other environmental issues**

The Group has recognized as potential danger for the environment and its operation, various extraordinary conditions (for example an accident) which may have negative environmental repercussions. Moreover, issues such as the noise within and outside our facilities, any possible odor and vibrations are deemed as potential dangers caused from our activities.

The Group has detected the dangerous operations and the potential effect on human health and environment in case of an accident and towards this purpose it possesses detailed procedures, plans, equipment and training programs in order to prevent industrial accidents and emergency incidents.

Moreover, the Group possesses detailed procedures, plans and equipment for the effective response to any emergency case whereas it provides to all employees the necessary training, including the first aid training, so that they are in position to perform effectively in such extreme situations. Many companies within the Group conduct emergency drills at least once per year, thus maintaining their readiness at a high level.

At the same time, the Group complies with the legal requirements in relation to the noise, odor, light and vibration levels. In this context, the Group trains its employees in order to ensure the proper management of the above mentioned issues. Furthermore, it monitors the various levels of noise, odor and light appearing in the environment, and it takes preventive or corrective actions when their levels are high. Finally, it provides a special gear to the employees, for example earplugs, whenever the noise levels exceed the threshold of 85 decibels.

Specifically, in the production facilities of THRACE PLASTICS PACK the management performs regularly internal measurements of the detrimental factors (for example noise, air particles, etc.). During the year 2017, ELINY SA conducted a measurement of the detrimental factors (such as noise and air particles) and found no deviations from the regulation in effect.

Amounts in thousand Euro, unless stated otherwise

**Results of the above policies and non-financial performance ratios**

As result of their policies, the companies “THRACE PLASTICS PACK”, “THRACE GREINER PACKAGING” and “THRACE LINQ” have been certified by the ISO 14001:2015. In addition, the company Thrace Greenhouses has been certified by GlobalGAP for the application of the appropriate agricultural policies. Finally, the company “THRACE PLASTICS PACK” has been certified by ISO 50001.

The following table presents the total quantity of the main non-renewable material utilized by the Group during the production process.

**GRI 301-1**

| Total tonnage (tn) of polypropylene utilized | | | |
|---|---|---|---|
| | 2017 | 2016 | Change |
| Polypropylene | 100,947 | 95,483 | 6% |

Furthermore, the companies of the Group possess special monitoring systems of the extracted sewage. Specifically, during the production process at the greenhouses in Xanthi, there was a notable reduction in sewage despite the increase of the irrigated land.

The following tables include elements with regard to the Group’s waste materials depending on the management approach and method. It is noted that the quantities of scrap materials extracted in the production units are being fully recycled in the production process.

**GRI 306-2**

| Waste management method | Total tonnage (tn) of hazardous waste | | |
|---|---|---|---|
| | 2017 | 2016 | Change |
| Recycling | 21 | 20 | 6% |
| Incineration | 17 | 49 | -65% |
| Storage | 0 | 1,62 | -100% |

| Waste management method | Total tonnage (tn) of hazardous waste | | |
|---|---|---|---|
| | 2017 | 2016 | Change |
| Reuse | 2,148 | 2,061 | 4% |
| Recycling | 2,410 | 1,517 | 59% |
| Landfill | 896 | 833 | 4% |
| Space storage | 228 | 491 | -53% |

Amounts in thousand Euro, unless stated otherwise

The following tables present the total electric energy consumption in the Group as well as the electric energy consumption per kg in production.

| Electric energy consumption (MWh) | | | |
|---|---|---|---|
| Electric Energy | 2017 | 2016 | Change |
| | 172,038 | 154,541 | 11% |

| Companies / Country of Operation | Total kWh / Production (kg) | | |
|---|---|---|---|
| | 2017 | 2016 | Change |
| Total operation in Greece | 1.27 | 1.30 | -2.0% |
| Don & Low | 1.52 | 1.60 | -5.2% |
| Ipoma | 1.31 | 1.48 | -11.6% |
| **Total *** | 1.34 | 1.39 | -3.7% |

* concerns the operation of the Group in Greece and the companies Don & Low and Ipoma

[Translation from the original text in Greek]

## Independent auditor's report

To the Shareholders of "Thrace Plastics Holding and Commercial S.A."

## Report on the audit of the separate and consolidated financial statements

### Our opinion

We have audited the accompanying separate and consolidated financial statements of "Thrace Plastics Holding and Commercial S.A." (Company or / and Group) which comprise the separate and consolidated statement of financial position as of 31 December 2017, the separate and consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flow statements for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects the separate and consolidated financial position of the Company and the Group as at 31 December 2017, their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Codified Law 2190/1920.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as they have been transposed into Greek Law. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

During our audit we remained independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that has been transposed into Greek Law, and the ethical requirements of Law 4449/2017 and of Regulation (EU) No 537/2014, that are relevant to the audit of the separate and consolidated financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, Regulation (EU) No 537/2014 and the requirements of the IESBA Code.

We declare that the non-audit services that we have provided to the Company and its subsidiaries are in accordance with the aforementioned provisions of the applicable law and regulation and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014.

The non-audit services that we have provided to the Company and its subsidiaries, in the period from 1st January 2017 to 31 December 2017 during the year ended as at 31 December 2017, are disclosed in the note 3.29 to the separate and consolidated financial statements.

### *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 current period. These matters 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.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Provisions for Employee benefits (Consolidated Financial Statements)** | |
| In the consolidated statement of financial position is included an amount of € 15.8 million related to provisions for employee benefits, of which € 13.3 million are related to defined benefit plans which are funded and €2,5 million related to defined benefit plans which are not funded.<br><br>The future benefits are discounted at present value after deducting the fair value of the assets of the funded programs. The present value of post-employment benefit obligations is contingent on certain factors determined on the basis of an actuarial valuation prepared by an independent actuary through the use of significant assumptions.<br><br>The assumptions used to determine the net cost of post-employment benefits include, among others, the discount rate, inflation, and the average annual salary increase. Any changes in the assumptions may have a significant impact on the accounting for post-employment benefit accounting, making this item volatile, since it is significantly influenced by the change in the fair value of the assets of the funded programs.<br><br>We focused on this item due to its significant value in the consolidated financial statements and due to the estimates and assumptions used by the management.<br><br>Detailed information is provided in Notes 2.18 and 3.18 "Provisions for employee benefits" of the consolidated financial statements of the Group. | • We evaluated the Group Accounting policy for defined benefit plans.<br>• We investigated the matter by requesting from the Group's management detailed information in order to evaluate the assumptions adopted and the data used for the calculation of the provision.<br>• We performed a detailed examination and evaluation of the actuarial valuation prepared for the calculation of the provision, in order to assess that it is in line with IFRS, with an emphasis on the reasonability of the assumptions used.<br>• We critically assessed the method used and the assumptions used, as well as the hypotheses and sources of data defined by the management and used by the actuary, their cohesion and consistency compared to the previous year and we compared these assumptions with observable market information.<br>• We agreed on the provision for staff benefits and the relative costs included in the financial statements with the actuarial valuation.<br><br>We found that the assumptions used were within a reasonable range and confirmed the appropriateness of the disclosures in the consolidated financial statements.<br><br>We confirmed that the relevant disclosures in the consolidated financial statements are adequate.<br><br>Based on our work, no exceptions identified regarding the reasonableness of the assumptions. |
| **Impairment assessment of Goodwill (Consolidated Financial Statements)** | |
| In the consolidated statement of financial position as at 31 December 2017, the Group has goodwill of € 9.8 million as stated in note 3.10.2 "Intangible Assets" of the financial statements.<br><br>The Group measures goodwill at cost less accumulated impairment losses.<br><br>Goodwill is allocated on cash-generating units and an impairment test is carried out annually or more frequently if there is evidence of a | We evaluated the overall impairment test performed by the management, including the process of reviewing and approving value in use models.<br><br>We performed audit procedures to confirm that the impairment test for goodwill is generally based on accepted policies and on reasonable assumptions. In cooperation with our colleagues with valuation expertise, we performed the following audit procedures:<br><br>• We examined the key assumptions of the Group, |

possible impairment in the book value of the goodwill in relation to its recoverable value in accordance with IAS 36. Impairment is recognized directly as an expense in consolidated profit or loss and other comprehensive income and is not subsequently reversed.

Management determines recoverable value as the largest amount between the value in use and its fair value, minus any related costs of disposal. The calculation of the value in use of each cash-generating unit is performed by an independent valuer and requires management's estimation of the assumptions about the future results of the above cash-generating units, such as the growth rate in perpetuity, forecasts of expected sales quantities and prices, gross margin and discount rates. These assumptions vary due to the different market conditions in the countries in which the Group operates.

We focused on this area due to the significant value of this item in the consolidated financial statements as well as the estimates and assumptions used by management in the context of performing the impairment assessment of goodwill.

Detailed information on the impairment assessment of goodwill is provided in notes 2.6.1 "Goodwill" and 3.10.2 "Intangible assets" of the consolidated financial statements of the Group.

Based on the impairment test performed by Management, there was no need to recognize impairment loss on goodwill for the year ended 31 December 2017.

such as the growth rate in perpetuity, projected sales volumes and prices, and gross profit margins used in the projected cash flow, comparing them with the trends of local markets and the assumptions used in previous years.

- We evaluated the reliability of the forecasts used in the projected cash flows of the Management, by comparing the actual performance against previous forecasts.
- We found that the discount rate was determined within an acceptable range, assessing the cost of capital and borrowing costs per cash-generating unit and comparing the discount rates with industry and market data.
- We examined the mathematical accuracy of the cash flow models and we agreed these with the relative investment plans. We assessed the impact on the value in use of the cash-generating units of a possible change in the key assumptions, such as growth rates, discount rates, sales volume and prices, and gross profit margins, and we found that the margin between book value and recoverable value was adequate.

Based on the procedures performed, no exceptions were identified regarding the impairment test and we found that management's assumptions and estimates were within a reasonable range. In addition, we confirmed the appropriateness of the relevant disclosures in the consolidated financial statements.

**Impairment assessment of investment in Subsidiaries (Separate Financial Statements)**

As at 31 December 2017, the Company held investments in subsidiaries amounting to €70.3 million, which are measured at cost, and adjusted when the need arises as a result of impairment.

Management examines on an annual basis whether there are indicators of impairment of investment in subsidiaries. If an investment has to be impaired, the Company calculates the amount of the impairment as the difference between the recoverable amount of the investment and its book value. Management determines recoverable value as the greater of the value in use and the fair value less costs to

We evaluated the management's assessment and resulting conclusions over the existence of impairment indicators in investments in subsidiaries.

Following the performance of the procedures used for evaluating goodwill impairment in the consolidated financial statements, we evaluated management's analysis according with which the recoverable amounts of the cash-generating units as identified in the impairment test of goodwill, were related with the corresponding investments in subsidiaries.

The procedures we performed in determining the recoverable amount of the investments in subsidiaries that had been subject to impairment testing, included sell in accordance with the provisions of IAS 36. Value in use is determined by an independent valuer based on management's estimates and assumptions such as future cash flows, returns of each subsidiary company, and discounted rates applied to the projected cash flows. Moreover, these assumptions vary due to the different conditions prevailing in the markets of the countries in which the Group operates.

We focused on this area due to the significant value of investments in subsidiaries as well as the estimates and assumptions used by the management as part of the impairment test conducted for these investments.

Based on the impairment test conducted by the Management, there was no need to recognize impairment losses on investments for the year ended 31 December 2017.

those reported in the above mentioned key audit matter "Impairment assessment of Goodwill".

From the aforementioned audit procedures, we found that management's assumptions and estimates are within a reasonable range. In addition, we have confirmed the appropriateness of the relevant disclosures in Note. 3.25 "Participations".

**Other Information**

The members of the Board of Directors are responsible for the Other Information. The Other Information, which is included in the Annual Report in accordance with Law 3556/2007, is the Statements of Board of Directors members and the Board of Directors Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report and the "2017 Group Sustainability Report" , which is expected to be made available to us after 19 April 2018.

Our opinion on the separate and consolidated financial statements does not cover the Other Information and except to the extent otherwise explicitly stated in this section of our Report, we do not express an audit opinion or other form of assurance thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the Other Information identified above 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.

We considered whether the Board of Directors Report includes the disclosures required by Codified Law 2190/1920 and the Corporate Governance Statement required by article 43bb of Codified Law 2190/1920 has been prepared.

Based on the work undertaken in the course of our audit, in our opinion:

- The information given in the the Board of Directors' Report for the year ended at 31 December 201X is consistent with the separate and consolidated financial statements,
- The Board of Directors' Report has been prepared in accordance with the legal requirements of articles 43a and 107A of the Codified Law 2190/1920,
- The Corporate Governance Statement provides the information referred to items c and d of paragraph 1 of article 43bb of the Codified Law 2190/1920.

In addition, in light of the knowledge and understanding of the Company and Group and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Directors' Report and Other Information that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

When we read the "2017 Group Sustainability Report", if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibilities of Board of Directors and those charged with governance for the separate and consolidated financial statements**

The Board of Directors is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the requirements of Codified Law 2190/1920, and for such internal control as the Board of Directors 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, the Board of Directors is responsible for assessing the Company's and 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 Board of Directors either intends to liquidate the Company and Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and 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 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, we exercise professional judgment and maintain professional scepticism 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' 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 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 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 consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and Group 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 current period and are therefore the key audit matters. We describe these matters in our auditor's report.

**Report on other legal and regulatory requirements**

**1. Additional Report to the Audit Committee**

Our opinion on the accompanying separate and consolidated financial statements is consistent with our Additional Report to the Audit Committee of the Company.

**2. Appointment**

We were first appointed as auditors of the Company by the decision of the annual general meeting of shareholders on 12 May 2010. Our appointment has been renewed annually by the decision of the annual general meeting of shareholders for a total uninterrupted period of appointment of 8 years.

Athens, 19 April 2018

PricewaterhouseCoopers SA
268 Kifissias Avenue,
152 32 Halandri, Greece
SOEL Reg.No 113

The Certified Auditor
Dimitrios Sourbis
SOEL Reg. No. 16891

# ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD 1.1.2017 – 31.12.2017

## IV. ANNUAL FINANCIAL STATEMENTS (SEPARATE AND CONSOLIDATED)



**Contents of Notes**

Amounts in thousand Euro, unless stated otherwise

## STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 1/1 - 31/12/2017 | 1/1 - 31/12/2016 | 1/1 - 31/12/2017 | 1/1 - 31/12/2016 |
| Turnover | | 318,509 | 291,900 | - | - |
| Cost of Sales | | (251,619) | (225,497) | - | - |
| **Gross Profit/(loss)** | | 66,890 | 66,403 | - | - |
| Other Operating Income | 3.2 | 2,144 | 1,688 | 5,268 | 5,046 |
| Selling Expenses | 3.4 | (30,146) | (26,727) | - | - |
| Administrative Expenses | 3.4 | (16,839) | (16,080) | (5,709) | (5,249) |
| Research and Development Expenses | 3.4 | (1,948) | (1,134) | - | - |
| Other Operating Expenses | 3.6 | (1,808) | (1,510) | (289) | (560) |
| Other profit / (losses) | 3.3 | (1,114) | 265 | 1,678 | (32) |
| **Operating Profit /(loss) before interest and tax** | | 17,179 | 22,905 | 948 | (795) |
| Financial Income | 3.7 | 790 | 2,646 | 1 | 1 |
| Financial Expenses | 3.7 | (6,229) | (8,500) | (843) | (1,525) |
| Income from dividends | 3.7 | - | - | 1,234 | 1,763 |
| Profit / (losses) from companies consolidated with the Equity Method | 3.25 | 996 | 1,276 | - | - |
| Profit / (losses) from participations | | 1,098 | - | - | - |
| **Profit/(loss) before Tax** | | 13,834 | 18,327 | 1,340 | (556) |
| **Income Tax** | 3.9 | (3,025) | (4,668) | (472) | (167) |
| **Profit/(loss) after tax continued activities (A)** | | 10,809 | 13,659 | 868 | (723) |
| **Profit/(loss) after tax discontinued activities** | 3.30 | - | - | 724 | 904 |
| **Profit/(loss) after tax discont. & cont. activities** | | 10,809 | 13,659 | 1,592 | 181 |
| **Other comprehensive income** | | | | | |
| **Items transferred to the results** | | | | | |
| FX differences from translation of foreign Balance Sheets | | (3,315) | (5,831) | - | - |
| **Items not transferred to the results** | | | | | |
| Actuarial profit/(loss) | | 7,228 | (13,633) | - | - |
| **Other comprehensive income after taxes (B)** | | 3,913 | (19,464) | - | - |
| **Other comprehensive income after taxes discont. activities** | | - | - | 91 | (13) |
| **Other comprehensive income after taxes disc. & cont. activities** | | 3,913 | (19,464) | 91 | (13) |
| **Total comprehensive income after taxes cont. activities (A) + (B)** | | 14,722 | (5,805) | 1,683 | 168 |
| **Profit / (loss) after tax (A)** | | | | | |
| Attributed to: | | | | | |
| Owners of the parent | | 10,551 | 13,384 | - | - |
| Minority interest | | 258 | 275 | - | - |
| **Total comprehensive income after taxes (A) + (B)** | | | | | |
| Attributed to: | | | | | |
| Owners of the parent | | 14,473 | (6,077) | - | - |
| Minority interest | | 249 | 272 | - | - |
| **Profit/(loss) allocated to shareholders from continued activities per share (A)** | | | | | |
| Number of shares | | 43,741 | 44,022 | - | - |
| Earnings/(loss) per share | 3.8 | 0.2412 | 0.3040 | - | - |

*The accompanying notes that are presented in pages 86 - 147 form an integral part of the present financial statements*

*Amounts in thousand Euro, unless stated otherwise*

## STATEMENT OF FINANCIAL POSITION

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| **ASSETS** | | | | | |
| **Non-Current Assets** | | | | | |
| Tangible fixed assets | 3.10 | **114,394** | 107,437 | **441** | 6,151 |
| Investment property | 3.10 | **113** | 113 | **-** | 14 |
| Intangible Assets | 3.10 | **11,424** | 11,605 | **687** | 685 |
| Participation in subsidiaries | 3.24 | **-** | - | **70,316** | 69,684 |
| Participation in related companies | 3.24 | **12,839** | 11,347 | **3,004** | 1,566 |
| Other long term receivables | 3.11 | **7,669** | 7,387 | **1,613** | 1,967 |
| Deferred tax assets | 3.18 | **1,334** | 2,633 | **936** | 12 |
| **Total non-Current Assets** | | **147,773** | 140,522 | **76,997** | 80,079 |
| **Current Assets** | | | | | |
| Inventories | 3.12 | **59,634** | 57,695 | **-** | 1,785 |
| Income tax prepaid | | **1,702** | 1,526 | **152** | 1,036 |
| Trade receivables | 3.13 | **57,332** | 50,640 | **6** | 3,081 |
| Other debtors | 3.13 | **7,672** | 8,028 | **10,690** | 10,870 |
| Cash and Cash Equivalents | 3.13 | **30,593** | 31,080 | **4,790** | 1,853 |
| **Total Current Assets** | | **156,933** | 148,969 | **15,638** | 18,625 |
| **TOTAL ASSETS** | | **304,706** | 289,491 | **92,635** | 98,704 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Share Capital | 3.15 | **28,869** | 29,762 | **28,869** | 29,762 |
| Share premium | 3.16 | **21,540** | 21,526 | **21,644** | 21,644 |
| Other reserves | 3.16 | **20,131** | 22,539 | **14,139** | 13,256 |
| Retained earnings | | **64,573** | 46,845 | **7,838** | 6,155 |
| Total Shareholders' equity | | **135,113** | 120,672 | **72,490** | 70,817 |
| Minority Interest | | **2,365** | 2,116 | **-** | - |
| **Total Equity** | | **137,478** | 122,788 | **72,490** | 70,817 |
| **Long Term Liabilities** | | | | | |
| Long Term loans | 3.16 | **15,737** | 18,663 | **-** | - |
| Provisions for Employee Benefits | 3.17 | **15,847** | 24,369 | **257** | 352 |
| Other provisions | | **689** | 761 | **681** | 685 |
| Deferred Tax Liabilities | 3.18 | **3,843** | 4,524 | **-** | - |
| Other Long Term Liabilities | | **598** | 339 | **480** | 116 |
| **Total Long Term Liabilities** | | **36,714** | 48,656 | **1,418** | 1,153 |
| **Short Term Liabilities** | | | | | |
| Short Term loans | 3.16 | **72,663** | 67,139 | **16,695** | 21,977 |
| Income Tax | | **3,239** | 3,779 | **160** | - |
| Suppliers | 3.21 | **37,021** | 31,799 | **84** | 2,202 |
| Other short-term liabilities | 3.21 | **17,591** | 15,330 | **1,788** | 2,555 |
| **Total Short Term Liabilities** | | **130,514** | 118,047 | **18,727** | 26,734 |
| **TOTAL LIABILITIES** | | **167,228** | 166,703 | **20,145** | 27,887 |
| **TOTAL EQUITY & LIABILITIES** | | **304,706** | 289,491 | **92,635** | 98,704 |

*The accompanying notes that are presented in pages 86 - 147 form an integral part of the present financial statements*

*Amounts in thousand Euro, unless stated otherwise*

## STATEMENT OF CHANGES IN EQUITY

Group

| | Share Capital | Share Premium | Other Reserves | Treasury shares reserve | Reserve of FX differences from translation of subsidiaries | Retained earnings | Total before minority interest | Minority interest | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 01/01/2016** | **29,762** | **21,529** | **26,464** | **(1,003)** | **3,596** | **47,046** | **127,394** | **1,844** | **129,238** |
| Profit / (loss) for the period | - | - | - | - | - | 13,384 | **13,384** | 275 | **13,659** |
| Other comprehensive income | - | - | - | - | (5,830) | (13,630) | **(19,460)** | (3) | **(19,463)** |
| Distribution of earnings | - | - | - | - | - | - | - | - | - |
| Dividends | - | - | - | - | - | - | - | - | - |
| Changes in percentages | - | - | - | - | - | - | - | - | - |
| Other changes | - | (3) | 83 | - | (14) | 45 | **111** | - | **111** |
| Purchase of treasury shares | - | - | - | (757) | - | - | **(757)** | - | **(757)** |
| Changes during the period | - | (3) | 83 | (757) | (5,844) | (201) | (6,722) | 272 | **(6,450)** |
| **Balance as at 31/12/2016** | **29,762** | **21,526** | **26,547** | **(1,760)** | **(2,248)** | **46,845** | **120,672** | **2,116** | **122,788** |
| **Balance as at 01/01/2017** | **29,762** | **21,526** | **26,547** | **(1,760)** | **(2,248)** | **46,845** | **120,672** | **2,116** | 122,788 |
| Profit / (loss) for the period | - | - | - | - | - | 10,551 | 10,551 | 258 | **10,809** |
| Other comprehensive income | - | - | - | - | (3,315) | 7,228 | 3,913 | (9) | **3,904** |
| Distribution of earnings | - | - | 33 | - | - | (33) | - | - | **-** |
| Dividends | - | - | - | - | - | - | - | - | **-** |
| Changes in percentages | - | - | - | - | - | - | - | - | **-** |
| Other changes | - | 14 | - | - | (9) | (18) | (13) | - | **(13)** |
| Purchase of treasury shares | (893) | - | (867) | 1,750 | - | - | (10) | - | **(10)** |
| Changes in percentages | (893) | 14 | (834) | 1,750 | (3,324) | 17,728 | 14,441 | 249 | **14,690** |
| **Balance as at 31/12/2017** | **28,869** | **21,540** | **25,713** | **(10)** | **(5,572)** | **64,573** | **135,113** | **2,365** | **137,478** |

*The accompanying notes that are presented in pages 86 - 147 form an integral part of the present financial statements*

*Amounts in thousand Euro, unless stated otherwise*

## STATEMENT OF CHANGES IN EQUITY (continues from previous page)

**Company**

| | Share Capital | Share Premium | Other Reserves | Treasury shares reserve | Reserve of FX differences from translation of subsidiaries | Retained earnings | Total |
|---|---|---|---|---|---|---|---|
| **Balance as at 01/01/2016** | **29,762** | **21,644** | **15,000** | **(1,003)** | **16** | **5,987** | **71,406** |
| Profit / (loss) for the period | - | - | - | - | - | 181 | **181** |
| Other comprehensive income | - | - | - | - | - | (13) | **(13)** |
| Distribution of earnings | - | - | - | - | - | - | **-** |
| Dividends | - | - | - | - | - | - | **-** |
| Changes in percentages | - | - | - | - | - | - | **-** |
| Purchase of treasury shares | - | - | - | (757) | - | - | **(757)** |
| Changes during the period | - | - | - | (757) | - | 168 | **(589)** |
| **Balance as at 31/12/2016** | **29,762** | **21,644** | **15,000** | **(1,760)** | **16** | **6,155** | **70,817** |
| **Balance as at 01/01/2017** | **29,762** | **21,644** | **15,000** | **(1,760)** | **16** | **6,155** | **70,817** |
| Profit / (loss) for the period | - | - | - | - | - | 1,592 | **1,592** |
| Other comprehensive income | - | - | - | - | - | 91 | **91** |
| Distribution of earnings | - | - | - | - | - | - | **-** |
| Dividends | - | - | - | - | - | - | **-** |
| Other changes | - | - | - | - | - | - | **-** |
| Purchase of treasury shares | (893) | - | (867) | 1,750 | - | - | **(10)** |
| Changes during the period | (893) | - | (867) | 1,750 | - | 1,683 | **1,673** |
| **Balance as at 31/12/2017** | **28,869** | **21,644** | **14,133** | **(10)** | **16** | **7,838** | **72,490** |

*The accompanying notes that are presented in pages 86 - 147 form an integral part of the present financial statements*

*Amounts in thousand Euro, unless stated otherwise*

## STATEMENT OF CASH FLOWS

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 1/1 - 31/12/2017 | 1/1 - 31/12/2016 | 1/1 - 31/12/2017 | 1/1 - 31/12/2016 |
| **Cash flows from Operating Activities** | | | | | |
| Profit before Taxes and Minority Interest, continued | | 13.834 | 18.327 | 1.341 | - |
| Profit before Taxes and Minority Interest, discontinued | | - | - | 738 | - |
| Profit before Taxes and Minority Interest | | 13.834 | 18.327 | 2.079 | 311 |
| *Plus / (minus) adjustments for:* | | | | | |
| Depreciation | | 12.952 | 12.255 | 526 | 856 |
| Provisions | | 106 | 657 | (10) | 603 |
| FX differences | | 1.581 | (156) | 14 | 58 |
| (Profit)/loss from sale of fixed assets | | (136) | 77 | (1.693) | (26) |
| Dividends | | - | - | (1.234) | (1.763) |
| Debit interest and related (income) / expenses | | 5.439 | 5.833 | 1.057 | 2.130 |
| (Profit) / losses from companies consolidated with the Equity method | | (2.094) | (1.276) | - | - |
| **Operating Profit before adjustments in working capital** | | 31.682 | 35.717 | 739 | 2.169 |
| (Increase)/decrease in receivables | | (6.251) | (468) | 3.608 | (1.763) |
| (Increase)/decrease in inventories | | (2.877) | (6.648) | 1.785 | 77 |
| Increase/(decrease) in liabilities (apart from banks-taxes) | | 4.576 | 826 | (2.521) | (330) |
| Other non cash movements | | 1.042 | (209) | 79 | (2) |
| **Cash generated from Operating activities** | | 28.172 | 29.218 | 3.690 | 151 |
| Interest Paid | | (4.246) | (5.114) | (1.044) | (1.424) |
| Other financial income/(expenses) | | (355) | (215) | (3) | (3) |
| Taxes | | (4.325) | (4.718) | (37) | - |
| **Cash flows from operating activities (a)** | | 19.246 | 19.171 | 2.606 | (1.276) |
| **Cash flows from discontinued operating activities (a)** | | - | - | 1.823 | - |
| **Cash flows from continued operating activities (a)** | | 19.246 | 19.171 | 783 | - |
| **Investing Activities** | | | | | |
| Receipts from sales of tangible and intangible assets | | 278 | 137 | - | 354 |
| Interest received | | 10 | 33 | 1 | 2 |
| Dividends received | | 335 | 496 | 1.234 | 1.763 |
| Increase of interests in subsidiaries / associates | | (2.770) | (262) | (1.333) | (562) |
| Investment grants | | 59 | - | - | - |
| Purchase of tangible and intangible assets | | (21.754) | (17.870) | (948) | (549) |
| Increase of cash from acquisition of subsidiary | | 2.004 | - | - | - |
| Cash due to change in the consolidation method of subsidiaries | | (901) | - | - | - |
| **Cash flow from investing activities (b)** | | (22.739) | (17.466) | (1.046) | 1.008 |
| **Cash flow from discontinued investing activities (b)** | | - | - | (769) | - |
| **Cash flow from continued investing activities (b)** | | (22.739) | (17.466) | (277) | - |
| **Financing activities** | | | | | |
| Proceeds from loans | | 12.524 | 6.325 | 2.445 | - |
| Purchase of treasury shares | | (10) | (757) | (10) | (757) |
| Repayment of Loans | | (4.484) | (3.145) | - | (130) |
| Financial leases | | (4.178) | 1.603 | - | - |
| Dividends paid | | (4) | - | (4) | - |
| **Cash flow from financing activities (c)** | | 3.848 | 4.026 | 2.431 | (887) |
| Net increase /(decrease) in Cash and Cash Equivalents | | 355 | 5.731 | 2.937 | (1.155) |
| Cash and Cash Equivalents at beginning of period | 3.13 | 31.080 | 26.411 | 1.853 | 3.008 |
| Effect from changes in foreign exchange rates on cash reserves | | (842) | (1.062) | - | - |
| **Cash and Cash Equivalents at end of period** | 3.13 | 30.593 | 31.080 | 4.790 | 1.853 |

*The accompanying notes that are presented in pages 86 - 147 form an integral part of the present financial statements*

*Amounts in thousand Euro, unless stated otherwise*

## 1 Information about the Group

The company THRACE PLASTICS HOLDING S.A. as it was renamed following the approval and the alteration of its name on GEMI (hereinafter the “Company”) was founded in 1977. It is based in Magiko of municipality of Avdira in Xanthi, Northern Greece, and is registered in the Public Companies (S.A.) Register under Reg. No. 11188/06/B/86/31 and in the General Commercial Register under Reg. No. 12512246000.

The main objective of the Company was altered as result of the spin-off of the business segment of production and trade of industrial packaging products of the Company and the subsequent amendment of the relevant article 3 of the Company’s Articles of Association, according to the precise form that was previously announced by the Company, and in line with the clauses of article 27, paragraph 3, case d’ of P.L. 2190/1920. The aim of the Company and its main objective is to participate in the capital of companies and to finance companies of any legal form, kind and objective, either listed or non-listed on organized market.

The Company is the parent of Group of companies (hereinafter the “Group”), which activate mainly in two sectors, the technical fabrics sector and the packaging sector.

The Company’s shares are listed on the Athens Stock Exchange since June 26, 1995.
The company’s shareholders, with equity stakes above 5%, as of 31.12.2017 were the following:

| | |
|---|---|
| Chalioris Konstantinos | 43.29% |
| Chaliori Eyfimia | 20.85% |

The Group maintains production and trade facilities in Greece, United Kingdom, Ireland, Ireland, Sweden, Norway, Serbia, Bulgaria, U.S.A., Australia, China and Romania. On 31st December 2017, the Group employed in total 1,800 employees, from which 907 in Greece.

The structure of the Group as of 31st December 2017 was as follows:

| Company | Registered Offices | Participation Percentage of Parent Company | Participation Percentage of Group | Consolidation Method |
|---|---|---|---|---|
| **Thrace Plastics Holding S.A.** | **GREECE-Xanthi** | **Parent Company** | | **Full** |
| **Don & Low LTD** | **SCOTLAND-Forfar** | **100.00%** | **100.00%** | **Full** |
| Don & Low Australia Pty LTD | AUSTRALIA | - | 100.00% | Full |
| **Thrace Nonwovens & Geosynthetics S.A.** | **GREECE-Xanthi** | **100.00%** | **100.00%** | **Full** |
| Saepe Ltd | CYPRUS-Nicosia | - | 100.00% | Full |
| Thrace Asia | HONG KONG | - | 100.00% | Full |
| Thrace China | CHINA – Shanghai | - | 100.00% | Full |
| Thrace Protect M.I.K.E. | GREECE-Xanthi | - | 100.00% | Full |
| **Thrace Plastics Pack S.A.** | **GREECE-Ioannina** | **92.94%** | **92.94%** | **Full** |
| Thrace Greiner Packaging SRL | ROMANIA - Sibiou | - | 46.42% | Equity |

*Amounts in thousand Euro, unless stated otherwise*

| | | | | |
|---|---|---|---|---|
| Thrace Plastics Packaging D.O.O. | SERBIA-Nova Pazova | - | 92.84% | Full |
| Trierina Trading LTD | CYPRUS-Nicosia | - | 92.84% | Full |
| Thrace Ipoma A.D. | BULGARIA-Sofia | - | 92.735% | Full |
| **Synthetic Holdings LTD** | **N. IRELAND-Belfast** | **100.00%** | **100.00%** | **Full** |
| Thrace Synthetic Packaging LTD | IRELAND - Clara | - | 100.00% | Full |
| ArnoLTD | IRELAND -Dublin | - | 100.00% | Full |
| Synthetic Textiles LTD | N. IRELAND-Belfast | - | 100.00% | Full |
| Thrace Polybulk A.B. | SWEDEN -Köping | - | 100.00% | Full |
| Thrace Polybulk A.S. | NORWAY-Brevik | - | 100.00% | Full |
| Lumite INC. | U.S.A. - Georgia | - | 50.00% | Equity |
| Adfirmate LTD | CYPRUS-Nicosia | - | 100.00% | Full |
| Pareen LTD | CYPRUS-Nicosia | - | 100.00% | Full |
| Thrace Linq INC. | U.S.A. - South Carolina | - | 100.00% | Full |
| **Thrace Polyfilms S.A. (former Thrace Sarantis S.A.)** | **GREECE - Xanthi** | **100.00%** | **100.00%** | **Full** |
| Evisak S.A. | GREECE - Kavala | - | 100.00% | Full |
| **Thrace Greenhouses S.A.** | **GREECE - Xanthi** | **50.91%** | **50.91%** | **Equity** |
| **Thrace Eurobent S.A.** | **GREECE - Xanthi** | **51.00%** | **51.00%** | **Equity** |

The uncertainty prevailing in the macroeconomic and financial environment as well as the fragile business sentiment, constitute a risk factor which is constantly monitored and evaluated by the Group. The international and domestic developments concerning the restructuring of Greece's financing program create additional instability in the country's macroeconomic and financial fronts.

The return to the economic and financial stability is mainly linked to actions and decisions taken by the institutional bodies in Greece and abroad.

Taking into consideration the nature of the Group's activities in Greece and abroad, any unfavorable developments with regard to the above fronts, are not expected to significantly affect the Group's normal course of operations.
In this context, there is sufficient dispersion of the Group's cash position in Greece and abroad.

In addition, the Group continues to carefully monitor the overall economic conditions and their effect, in order to ensure that all necessary actions are taken with the appropriate timing for the minimization of risks with regard to the Group's operations.

## 2 Basis for the Preparation of the Financial Statements and Major Accounting Principles

### 2.1 Basis of Preparation

The present financial statements have been prepared according to the International Financial Reporting Standards (I.F.R.S.), including the International Accounting Standards (I.A.S.) and interpretations that have been issued by the International Financial Reporting Interpretations

Committee (I.F.R.I.C.), as such have been adopted by the European Union until 31 December 2017. The basic accounting principles that were applied for the preparation of the financial statements for the year ended on 31 December 2017 are the same as those applied for the preparation of the financial statements for the year ended on 31 December 2016 and are described in such.

When deemed necessary, the comparative data have been reclassified in order to conform to possible changes in the presentation of the data of the present year.

Differences that possibly appear between accounts in the financial statements and the respective accounts in the notes, are due to rounding.

The financial statements have been prepared according to the historic cost principle, as such is disclosed in the Company's accounting principles presented below.

Moreover, the Group's and Company's financial statements have been prepared according to the "going concern" principle taking into account all the macroeconomic and microeconomic factors and their effect on the smooth operation of the Group and Company.

The financial statements were approved by the Board of Directors on April 17, 2018 and are subject to approval by the next General Meeting which will convene within the year 2018.

The financial statements of the Group THRACE PLASTICS Co. S.A. are posted on the internet, on the website www.thracegroup.gr.

### 2.2 New standards, amendments of standards and interpretations

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current financial year or subsequent years. The Group's assessment regarding the effect of these new standards, amendments to standards and interpretations is presented below.

**Standards and Interpretations mandatory for the current financial year**

**IAS 7 (Amendments) "Disclosures"**

The amendments introduce mandatory disclosures which provide the ability to users of the financial statements to evaluate the changes of liabilities that derive from financing activities.

**IAS 12 (Amendments) "Recognition of deferred tax assets for unrealized losses"**

The amendments clarify the accounting treatment with regard to the recognition of deferred tax assets for unrealized losses which have resulted from loans measured at fair value.

**Standards and Interpretations effective for subsequent financial years**

**IFRS 9 "Financial Instruments" and subsequent amendments in IFRS 9 and IFRS 7** (applied for annual periods beginning on or after 1st January 2018)

IFRS 9 replaces the requirement of IAS 39 and deals with the classification and measurement of financial assets and financial liabilities, and it also includes a model of anticipated credit losses that replaces the model of the realized credit losses currently in effect. The IFRS 9 Hedging Accounting establishes an approach for hedging accounting based on principles and deals with inconsistencies and weaknesses of the current model of IAS 39.

The Group and the Company will apply the standard beginning from 1st January 2018 on retrospective basis, without however restating the comparative information of the previous fiscal years. The Group and the Company reviewed the effect on the financial statements of the IFRS 9 for the classification and measurement (including the impairments) and concluded that the majority of their financial instruments will be accounted for in a manner similar to IAS 39. The Management also examined the new impairment model. The Group and the Company viewed that the above will not have any material effect on their trade receivables and other financial assets according to the new standard.

**IFRS 9 (Amendments) "Prepayment features with negative compensation"** (applied for annual periods beginning on or after 1st January 2019)
The amendments provide the entities with the ability, when they fulfill a certain condition, to measure the financial assets characterized by prepayment features with negative compensation at the net cost or at the fair value through the other comprehensive income instead the fair value through the results. The Group cannot adopt the amendments on early basis as these have not been adopted by the European Union.

**IFRS 15 «Revenues from Contracts with Customers»** (effective for annual accounting periods beginning on or after 1 January 2018)
IFRS 15 was issued in May 2014. The objective of the standard is to provide a single and clear model for the recognition of revenues from all customer contracts so that it improves the comparability among companies of the same sector, different sectors and different capital markets. It includes the principles that an entity shall apply in order to define the measurement of revenues and the time of their recognition. The basic principle is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group and the Company will adopt the standard beginning from 1st January 2018 by utilizing the amended retrospective method, meaning that the effect from the transition will be recognized cumulatively in "Earnings carried forward", whereas the comparative amounts will be restated. However, the Group and the Company do not expect any effect on the profitability, liquidity or their financial position when they will apply IFRS 15 for the first time. Therefore, no adjustment will be made in "Earnings carried forward" on 1st January 2018. In 2017, the Group and the Company examined a representative sample of contracts with customers in order to detect changes in the time or the amount of recognition. The assessments indicated that no adjustment will be required during the transition period.

**IFRS 16 «Leases»** (effective for annual accounting periods beginning on or after 1 January 2019)
IFRS 16 was issued in January 2016 and replaces IAS 17. The aim of the standard is to ensure that lessors and lessees provided useful information which fairly depicts the substance of transactions with regard to leases. IFRS 16 introduces a unified model providing for the accounting treatment from the side of the lessee, which requires that the lessee recognizes assets and liabilities for all leasing contracts with term longer than 12 months, unless the underlying asset is of no substance value. With regard to the accounting treatment from the side of the lessor, IFRS 16 incorporates practically the requirements of IAS 17. Therefore the lessor continues to classify the leasing contracts as operating and financial leases, and to follow different accounting treatment for each type of contract. The Group and the Company have not reviewed the effect of the new standard on their financial statements since they have not finalized all the required elements which would allow the assessment of the application of IFRS 16. The Group and the Company plan to adopt the new standard on the date of its mandatory application (01.01.2019).

**IFRS 2 (Amendments) "Classification and measurement of transactions concerning share-based payments"** (applied for accounting periods beginning on or after 1st January 2018)
The amendment provides clarifications about the basis of measurement with regard to the share-based payments arranged in cash and the accounting treatment regarding amendments of terms which alter a share-based payment from one that it is arranged in cash to one that is arranged in shares. Moreover they introduce an exception concerning the principles of IFRS 2 according to which

a share-based payment should be treated like a payment totally arranged in shares, in the cases where the employer is obliged to withhold an amount for tax purposes in order to cover the tax liabilities of the employees, liabilities deriving from the value of the shares. The amendments have not been adopted yet by the European Union.

**IAS 40 (Amendments) "Transfers of investment property"** (effective for annual accounting periods beginning on or after 1st January 2018)
The amendments clarify that in order for a property to be classified or not as investment property, a change in the use of the asset must have occurred. A change in the use of asset can be taken into account only in the case it can be assessed that such change has actually occurred and is documented. The amendments have not been adopted by the European Union.

**IAS 28 (Amendments) "Long-term interests in associates and joint ventures"** (effective for annual accounting periods beginning on or after 1st January 2019)
The amendments clarify that the economic entities must account for their long-term interests in an associate company or joint venture – in which the equity method is applied – according to IFRS 9. The amendments have not been adopted by the European Union.

**IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** (effective for annual accounting periods beginning on or after 1st January 2018)

The Interpretation offers guidance regarding the determination of the transaction date when the standard IAS 21 which refers to foreign currency transactions is applied. The Interpretation is applicable when an entity either pays or receives in advance an amount for contracts denominated in foreign currency. The Interpretation has not been adopted by the European Union.

**IFRIC 23 "Uncertainty over Income Tax Treatments"** (effective for annual accounting periods beginning on or after 1st January 2019)
The Interpretation provides clarifications with regard to the recognition and measurement of the current and deferred income tax when there is uncertainty with regard to the tax treatment of certain elements. IFRIC 23 is applicable for all aspects of income tax accounting when there is such uncertainty, including the taxable profit / loss, the tax basis of the assets and liabilities, the tax earnings and losses, as well as the tax rates. The Interpretation has not been yet adopted by the European Union.

**Annual improvements in IFRS 2014 (Cycle 2014 – 2016)**

The amendments presented below describe the basic changes in two IFRS. The amendments have not been adopted by the European Union.

*IFRS 12 "Disclosure of interests in other entities"*
The amendment provides clarifications with regard to the obligation for disclosures related to IFRS 12 and is applicable for interests in entities classified as held for sale, apart from the obligation for the provision of condensed financial information. The amendment is applicable in the accounting periods beginning from or after January 1st, 2017.

*IAS 28 "Investments in associates and joint ventures"*
The amendments provide clarifications concerning the fact that when the collective investment organizations, the mutual funds and entities with similar activities apply the option to measure their interests in associates or joint ventures at fair value through the results, the particular option must be made separately for each associate or joint venture at the time of the initial

recognition. The amendment is applicable in the accounting periods beginning from or after January 1st, 2018.

**Annual Improvement in IFRS (Cycle 2015 – 2017)** (effective for annual accounting periods beginning on or after 1 January 2019)
The amendments presented below include changes in four IFRS. The amendments have not been yet endorsed by the European Union.

*IFRS 3 " Business Combinations*
The amendments clarify that an entity re-measures the percentage previously held in a mutually controlled activity when it acquires the control of this business activity.

*IFRS 11 "Joint Arrangements"*
The amendments clarify that an entity does not re-measure the percentage previously held in a mutually controlled activity when it acquires a joint control of this business activity.

*IFRS 12 "Income Taxes"*
The amendments clarify that an entity records on accounting basis the entire effect on the income tax from dividend payments via the same manner.

*IAS 23 "Borrowing Costs"*
The amendments clarify that an entity treats as part of its general borrowings any loan that was undertaken exclusively for the development of an asset when this asset is readily available for its planned use or its sale.

### 2.3 Significant Accounting Estimations and Judgments of the Management

The estimations and judgments of the Management are constantly assessed. They are based on historic data and expectations for future events, which are deemed as fair according to the ones in effect.

#### 2.3.1 Significant Accounting Estimations and Assumptions

The preparation of Financial Statements in accordance with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that may affect, the accounting balances of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses that have been recognized during the reported period. The use of the available information, which is based in historical data and assumptions and the implementation of subjective evaluation are necessary in order to conduct estimates. The actual future results may differ from the above estimates and these differences may affect the Financial Statements. Estimates and relative assumptions are revised constantly. The revisions in accounting estimations are recognized in the period they occur if the revision affects only the specific period or the revised period and the future periods if the revisions affect the current and the future periods.
The basic estimations and subjective judgments that refer to data, the evolution of which could affect the accounts of the Financial Statements during the next twelve months, are as follows:

##### *2.3.1.1 Doubtful debts*

The Group and Company calculate impairment on the value of trade receivables when there is data or evidence that indicates that the collection of the receivable overall or part of the receivable is not likely. The Group's Management periodically reviews the adequacy of the created provision for doubtful debts together with its credit policy and taking into account data from the Legal Service, which result from processing historic data and recent developments on cases it handles.

#### *2.3.1.2 Provision for income tax*

The provision for income tax according to I.A.S. 12 is calculated by estimating taxes that will be paid to the tax authorities and includes the current income tax for each financial year and a provision for additional taxes that may arise in future tax audits. In order to define the Group's and Company's provision for income tax, an essential understanding of the above is required. The finalization of income tax may differ from the relevant amounts booked in the Group's and Company's financial statements and such differences will affect income tax and the provisions for deferred taxes.

#### *2.3.1.3 Provisions for employee benefits*

The present value of the liabilities for post employment benefits depends on a number of factors defined on actuarial basis via the use of a significant number of assumptions. The assumptions used for the determination of the net cost (income) for post employment benefits include the discount rate. Any changes in the assumptions would have material effect on the accounting measurement of the liabilities for post employment benefits.

The Group defines the appropriate discount rate in each reporting period. It is the interest rate applicable for the calculation of the present value of the estimated future payments required for the settlement of the benefit liabilities. For the estimation of the appropriate discount rate the Group takes into consideration the interest rates prevailing in high credit rating corporate bonds denominated in the currency of the benefit payments and with maturity dates similar to the ones of the respective liabilities.

Other significant accounting assumptions for post employment benefit liabilities are based in part on the current market conditions. Additional information is provided in note 19.

#### *2.3.1.4 Impairment of participations*

The Group and the Company recognize provisions for impairment of participations taking into account the future benefits that will result from such.

#### *2.3.1.5 Estimation of impairment of goodwill*

The Group measures the goodwill at the acquisition cost minus any accumulated impairment losses. The goodwill is allocated in the cash flow generating units and an impairment test is performed annually or more regularly if there are indications of any impairment on the book value of the goodwill compared to its recoverable value according the provisions of IAS 36. The impairment is recognized directly as an expense in the consolidated statement of results and the other comprehensive income and it is not being reversed on subsequent basis.
The management determines the recoverable value as the highest amount between the value in use and its fair value minus the selling cost. The calculation of the acquisition cost of each cash flow generating unit requires an estimation on behalf of the management with regard to the assumptions of the future results of the above cash flow generating units, such as the growth rate in the indefinite period, the projections concerning the forecasted quantities and sale prices, the gross profit margin and the discount rates. These assumptions vary due to the different market conditions in the countries which the Group activates in.

### 2.3.2 Significant Accounting Judgments in the Application of Accounting Principles

#### 2.3.2.1 Depreciation/amortization of tangible and intangible assets

The Group and the Company calculate depreciation/amortization on tangible and intangible assets based on estimation of the useful life of such. The residual value and useful life of such assets are reviewed and defined at the end of each reporting period, if deemed necessary.

## 2.4 Basis of Consolidation

### *2.4.1 Subsidiaries*

Subsidiaries are all companies (including those companies of special purpose) which are controlled by the group. The group controls a company when the group is exposed to or has rights in variable returns from its participation in the company and has the ability to affect these returns through the power it possesses in the company. The subsidiaries are consolidated with the full consolidation method from the date at which the control is acquired by the group and are excluded from consolidation from the date at which such control does not exist.
The mergers of companies are accounted for, from the group based on the purchase method. The price of the acquisition is calculated as the fair value of the transferred assets, the liabilities undertaken against the former shareholders and the shares issued by the Group. The price of the acquisition includes the fair value of any asset or liability which may derive from any potential agreement about the price. The assets acquired and the liabilities along with the contingent liabilities assumed during a corporate merger are measured initially at fair value at the date of the acquisition. Depending on the acquisition case, the group recognizes any non controlled interest in the subsidiary either at fair value or at the value of the stake of the non controlled interest in the equity of the subsidiary.
The expenses related to the acquisition are recorded in the results.
If the corporate merger is gradually achieved then the fair value of the participation held by the group in the acquired company is revalued at fair value at the acquisition date. The profit or loss which emerges from the revaluation is recognized in the results.
Any potential price that is transferred from the group is recognized at fair value at the acquisition date. Any subsequent changes in the fair value of the potential price, which is considered as an asset or a liability, are recognized according to IAS 39 either in the results or as change in other comprehensive income. If the potential price is recorded as item of the equity, then it is not revalued until its final settlement through the equity.
Intra-company transactions, balances and non realized earnings from transactions among the companies of the group are excluded. The non realized losses are also excluded. The accounting principles that are applied by the subsidiaries have been adjusted wherever it was deemed necessary so that they are aligned with the ones adopted by the group.
The company records the investments in subsidiaries in the separate financial statements at acquisition cost minus any impairment. Furthermore, the acquisition cost is adjusted so that it reflects the changes in the payable price deriving from any amendments in the potential price.

### *2.4.2 Transactions with owners of non-controlled interests*

The group treats the transactions with the owners of non-controlled interests, which do not result into loss of control, in the same manner with the transactions with the major shareholders of the group. The difference between the price paid and the book value of the acquired interest of the subsidiary's equity is recorded in the shareholders' funds. Earnings of losses deriving from the sale to owners of non-controlled interests are also recorded in shareholders' funds.

### 2.4.3 Sale of Subsidiary

When the group ceases to possess control, the remaining percentage is measured at fair value, whereas any potential differences that derive in comparison with the current value are recorded in the results. Following, this asset is recognized as associate company, joint venture or financial asset at the above fair value. Additionally, any relevant amounts which were previously recorded in the other comprehensive income are accounted for, with the same manner that would be followed in the case of sale of these assets and liabilities, meaning that they can be transferred in the results.

### 2.4.4 Associate (Related) Companies

Associate are the companies in which the group possesses material influence but not control, which is generally valid if the participation percentages range from 20% to 50% of the voting rights. The investments in associate companies are accounted for, with the equity method. According to the equity method, investments are initially recognized at the acquisition cost, which in a later stage increases or decreases via the recognition of the group's share in the earnings or losses of the associate companies. Investments in associate companies include the goodwill that resulted from the acquisition.

In case of reduction of the participation percentage in associate company, where the group continues though to possess material influence, only the proportional amounts that were previously recorded in the other comprehensive income will be transferred to the results.

The share of the group in the earnings or losses of the associate companies after the acquisition is recognized in the results, whereas the share of the changes in the other comprehensive income after the acquisition is recognized in the other comprehensive income. The accumulated changes after the acquisition affect the book value of the investments in associate companies with a corresponding adjustment in the current value of the investment. In case the share of the group in the losses of an associate company exceeds the value of the investment, including any not insured receivables, no additional losses are recognized, unless there have been payments or there are commitments undertaken for the account of the associate company.

The group evaluates at every reporting date whether there is objective evidence that the investments in associate companies have been impaired. If there is such evidence, the group calculates the amount of impairment as the difference between the recoverable value of the investments in the associate companies and the book value, and then it recognizes the corresponding amount in the results as "Share in profit/(loss) from associate companies".

Non-realized earnings and losses from transactions between the group and the associate companies are deleted according to the percentage of the group's participation in the associate companies. The non realized losses are deleted unless the transaction offers indications of potential impairment of the transferred asset. The accounting principles of the associate companies have been amended so that they are in line with the ones adopted by the group.

Earnings and losses which derive from the reduction of the participation percentage in associate companies are registered in the results.

The company records the investments in associate companies in the separate financial statements at the acquisition cost less any impairment.

### 2.4.5 Joint Arrangements

Based on IFRS 11, investments in joint arrangements are classified either as joint activities or as joint ventures and the classification depends on the contractual rights and the liabilities of each investor. The group evaluated the nature of its investments in joint arrangements and decided that these constitute joint ventures. Joint ventures are consolidated according to the equity method.

According to the equity method, investments in joint ventures are initially recognized at the acquisition cost, which in a later stage increases or decreases via the recognition of the group's share in the earnings or losses of the joint ventures and the changes in the other comprehensive income

*Amounts in thousand Euro, unless stated otherwise*

after the acquisition. In case the share of the group in the losses of the joint ventures exceeds the amount of the investment (which also includes any long-term investment that essentially constitutes part of the net investment of the group in the joint ventures), no additional losses should be recognized, unless there have been payments or there are commitments undertaken for the account of the joint ventures.
Non realized profit from transactions between the group and the joint ventures is excluded according to the percentage of the group's participation in the joint ventures. The non realized losses are also excluded, unless the transaction offers indications of a potential impairment of the transferred asset. The accounting principles of the joint ventures have been amended wherever it was deemed appropriate so that they are aligned with the ones adopted by the group. The change in the accounting principle has been applied since January 1st, 2013.

### *2.4.6 Intra-company balances and transactions – profit and losses deleted during consolidation*

Intra-company balances and transaction, as well as profit and losses arising from intra-company transactions are erased during the preparation of Consolidated Financial Statements.

## 2.5 Fixed Tangible Assets

Tangible assets are stated at book cost, net of any grants received, less accumulated depreciation and any impairment in value. Any adjustments that might have taken place (on land or buildings) based on Greek legislation are reversed. Expenses for replacement of part of fixed assets are included in the value of the asset if they can be estimated accurately and increase the future benefits of the Group from such. The repairs and maintenance of fixed assets charge the results, in the period when such are realized. The acquisition cost and the related accumulated depreciation of assets retired or sold, are removed from the accounts at the time of sale or retirement, and any gain or loss is included in the Results.

Depreciation is charged in the Results based on the straight-line method over the estimated useful life of assets. The estimated useful life of each category of asset is presented below:

| *Category* | *Depreciation rate* | *Useful life* |
|---|---|---|
| Buildings and technical works | 2.5% - 5% | 20 - 40 years |
| Machinery and technical installations | 7% - 10% | 10 - 14 years |
| Specialized mechanical equipment | 12% - 15% | 7 - 8 years |
| Vehicles | 10% - 20% | 5 - 10 years |
| Furniture and fixture | 10% - 30% | 3 - 10 years |

Land and plots are not depreciated, however they are reviewed for impairment. Residual values and economic life of fixed assets might be adjusted if necessary at the time financial statements are prepared. Fixed assets, that have been impaired, are adjusted to reflect their recoverable value (Note 2.7). The remaining value, if not negligible, is re-estimated on an annual basis.

## 2.6 Intangible Assets

### *2.6.1 Goodwill*

The acquisition of a subsidiary by the Group is accounted for based on the acquisition method. The acquisition cost of a subsidiary is the fair value of assets acquired, shares issued and liabilities assumed during the transaction date, plus possible expenses directly linked to the transaction. The individual assets, liabilities and contingent liabilities acquired in a business combination are measured during the acquisition at fair value regardless of the participation percentage. The acquisition cost above fair value of the individual assets acquired, is booked as goodwill. If the total acquisition cost is less than the fair value of the individual assets acquired, the difference is registered directly in the results.

Increases of the Group's participation in subsidiaries are recognized as transactions in equity. The difference between the acquisition cost and the participation in the new equity of the subsidiary acquired, is recognized directly in the Group's equity. Profit or losses from the sale of a participation percentage that does not lead to loss of control on the subsidiary by the Group, is also recognized in the Group's equity.

Goodwill is not amortized but the balance of goodwill is subject regularly (at least annually) to a review for possible impairment. This review is carried out according to the provisions of I.A.S. 36 "Impairment of Assets" as it is described in the note 2.3.1.5 ***Estimation of goodwill impairment***. The impairment is directly recognized as expense in the consolidated financial statement of results and other comprehensive income and it is not being reversed on subsequent time.

### *2.6.2 Other Intangible Assets*

Other intangible assets mainly concern software and industrial ownership rights which refer to the utilization right of the trademark TERRAHOME that has been purchased from a third party, and of the Geothermic field that has been purchased from the Greek State. Their values are stated at acquisition cost, less the accumulated depreciation and any impairment losses. Amortization of intangible assets is registered in the Results, based on the straight-line method over the estimated useful life of assets. The following table depicts the estimated useful life of assets:

| *Category* | *Amortization Rate* | *Useful Life* |
|---|---:|---:|
| Industrial ownership rights | 20% | 5 years |
| Software | 10 - 20% | 5 - 10 years |

Subsequent expenses on the capitalized intangible assets are capitalized only when they increase the future benefits that are attributed to the specific asset. All other expenses are recorded when they incur.

## 2.7 Impairment of Assets

With the exception of intangible assets with an indefinite life, which are reviewed for impairment at least on an annual basis, the book values of other long-term assets are reviewed for impairment when events or changes in conditions indicate that the book value may not be recoverable. When the book value of an asset exceeds its recoverable amount, the respective impairment loss is registered in the results. The recoverable amount is defined as the largest value between the net sales price and the value in use. Net sale price is the amount that can be received from the sale of an asset, in the context of an arm's length transaction in which the parties have full knowledge and voluntarily proceed, after the deduction of any additional direct cost for sale of the asset. Value in use is the present value of estimated future cash flows expected to be realized from the continuous use of an asset and from the revenue expected to result from its sale and the end of its estimated useful life. For purposes of defining impairment, assets are grouped at the lowest level for which cash flows can be recognized separately.

### 2.8 Inventories

Inventories are stated at the lower of cost (acquisition or production) and net realizable value. Cost of final and semi final products includes all cost of purchase, cost of materials, direct labor cost, other direct expenses and proportionate general production expenses. The cost of inventories is calculated using the weighted average method. Net realizable value represents the estimated selling price in the ordinary course of business, less any selling cost.

### 2.9 Accounts Receivable – Provisions for Doubtful Debts

Accounts receivable are initially recognized at fair value and subsequently measured at net book cost using the effective interest rate, less any provisions for impairment. Impairment provisions are recognized when there is objective indication that the Group is not in a position to collect all the amounts due according to the contractual terms.

Accounts receivable include open balances, checks and notes receivable from customers and other debtors. Serious financial problems of the customers, the possibility or default or financial reorganization and the inability to regularly perform payments are considered indications that the receivable is impaired. The amount of the impairment provision is the difference between the book value of the receivables and the present value of estimated future cash flows, discounted with the effective interest rate. The amount of impairment loss is registered as an expense in the results and included in “Other Expenses”.

### 2.10 Cash & cash equivalents

For purposes of preparing the Statement of Cash Flows, the category of cash & cash receivables include cash in hand, cash equivalents, such as site deposits and short-term time deposits, namely those with a maturity less than three months from the preparation date of the Financial Statements.

### 2.11 Foreign Exchange Translations

#### *2.11.1 Operating currency and presentation currency*

The data in the financial statements of the Group’s companies are registered in the currency of the primary economic environment, in which each Company operates (“operating currency”).

The consolidated financial statements are presented in Euro, which is the operating valuation currency and presentation currency of the parent Company.

#### *2.11.2 Transactions and balances*

Transactions in foreign currencies are converted into the operating currency based on exchange rates effective at the date of transaction or at the date of revaluation if such case is required. Profits and losses from foreign exchange differences, arising during the settlement of such transactions and from the conversion of foreign currency denominated assets and liabilities based on the current exchange rates at the reporting date, are recorded in the results. Profits and losses from foreign exchange differences related to cash reserves and bank obligations are recorded in the statement of results, under the account “Financial income / (expenses) - Net”. All other profits or losses from foreign exchange differences are recorded in the statement of results, under the account “Other profits / (losses) - Net”.

### *2.11.3 Group's Companies in foreign currency*

The conversion of the financial statements of the Group's companies (none of which operates with a currency belonging to a hyperinflation economy), which are recorded in a currency that is different from the one of the Group, is conducted as follows:

- The assets and liabilities for each statement of financial position are converted based on the effective exchange rates at each reporting date,
- Revenues and expenses are converted based on the average exchange rates of each period (unless the average exchange rate does not logically approach the cumulative effect of the exchange rates that were effective at the time of the transactions. In such case, revenues and expenses are converted based on the exchange rates effective at the time of the relevant transactions), and
- The extracted foreign exchange differences are recorded in other comprehensive income.

## 2.12 Acquisition of Treasury Shares

The paid price to acquire Treasury Shares, including the relevant expenses for their purchase, is presented as a deduction of Equity. Any profit or loss from the sale of Treasury Shares, net of direct transaction costs and taxes, is recognized directly in Equity, in the account "Treasury Share Reserve".

## 2.13 Dividends

Payable dividends are presented as a liability during the time when such are approved by the Annual General Meeting of Shareholders.

## 2.14 Income

### *2.14.1 Income from Sales of Goods and Services*

Income from the sale of goods, after the deduction of turnover discounts, sales incentives and the corresponding VAT, is recognized when all significant risks and awards emanating from ownership of the goods.
The income and expenses related to the sale can be measured at fair value.
The major product categories are the technical fabrics (Geosynthetics and garments for construction purposes, landscape / gardening works, medical and hygiene, filtration industry, automotive industry, industrial uses, sports and leisure, floor covering, yarn and strap industries, etc.) and the packaging products (large bags, bags, packaging films, container liners, containers, buckets, cups, trays, plastic boxes, bottles, bags in box, garbage bags, ropes and twines). The Group also produces tailor made products on order basis. The Group refunds the purchase of products only in cases of flawed products or of products that have not been produced according to the required standards.
The Parent company renders management, financial, accounting and IT services to the subsidiaries of the Group.
Income from the provision of services is registered in the Results according to the completion stage of the transaction, during the Balance Sheet date.

### *2.14.2 Government Grants - Subsidies*

Government grants on tangible and intangible assets, are deducted from the book value of the asset for which they were received. The relevant income is recognized with the form of reduced depreciation amounts during the useful life of the relevant asset. Government grants that concern payroll expenses are recognized as income during the period that such relate to the respective expenses and are presented in the Income Statement in the account "Other Operating Income".

#### *2.14.3 Income from Dividends – Interim Dividends*

Income from dividends is recognized in the Income Statement as income, during the date when such are approved by the Annual General Meeting of Shareholders. Interim dividends are recognized during the date such are approved by the Extraordinary General Meeting of Shareholders.

#### *2.14.4 Interest Income*

Interest income is recognized on an accrual basis.

### 2.15 Expenses

Expenses are recognized in the Results on an accrual basis.

### 2.16 Leases

#### *2.16.1 The Group as Lessee*

Lease in which the lessor transfers the rights and obligations (risks) arising from the ownership of an asset, is assumed as a financial lease and accounts as the acquisition of an asset and the undertaking of a liability. In this case the rents are divided in financial expenses (interest) and reduction of the liability. Financial expenses are recorded directly in the Results.
The financial lease appears in the lower cost between their fair value and the present value of the minimum rent payment at the beginning of the lease less accumulated depreciation or impairment loss.
If from the lease agreement the rights and liabilities (risks) arising from the ownership of an asset are not transferable, the lease is assumed operational for the lessor and the rents are recorded as expenses when they incur using the direct method for the duration of the lease.

#### *2.16.2 The Group as Lessor*

When the assets are leased in the context of leasing agreements, the present value of the leasing payments to be collected is recognized as receivable. The difference between the gross receivable amount and the present value of the claim is recognized as non-accrued financial income.

When the assets are leased in the context of leasing agreements, they are recorded in the statement of financial position according to the nature of each asset. The income generated from operating leasing agreements is recorded in the results via the straight line method over the leasing period.

### 2.17 Income Tax

Tax burden for the year relates to current and deferred taxes.

Current income taxes are payable taxes on taxed income for the year based on effective tax rates as of the balance sheet date, as well as additional income taxes relating to previous years.

Deferred taxes are tax burden/exemptions relating to current year's profit (or losses) that will be charged by the tax authorities in future years. Deferred income taxes are calculated according to tax rates effective as of the dates they will be paid, on the difference between accounting and tax base of individual assets and liabilities, provided that these differences imply time deviations, which will be erased in future.

Deferred tax receivables are recognized only to the extent they imply future taxable income, which will be offset by these deferred tax receivables. Deferred tax receivables might be lowered any time when it is not evident that such future tax relaxation will be certain.

Current and deferred tax is recorded in the Results or directly in Equity, if it relates to elements directly recognized in Equity.

The Group offsets deferred tax receivables with deferred tax liabilities, only if:

a) It has a legal applicable right to offset current tax receivables with current tax liabilities.
b) The deferred tax receivables and liabilities relate to income taxes imposed by the same tax authority.

**2.18 Employee Benefits**

Liabilities for defined contribution plans are fully recorded as expense in the Results at the time they incur, with fulfillment of the liability.

The net liability of the Group, relating to the defined benefit plan is estimated independently for each plan with the estimation of future benefits the employees are entitled to, based on their working years in current and previous periods. The future benefits are discounted at present value following the deductions of the fair value of the assets in the plan. The discount rate is the yield to maturity, at the balance sheet date, of the bonds that have a maturity that approaches the maturity of the liabilities. The defined benefit liability is calculated by an independent actuary, using the projected unit credit method.

When the benefits of a plan improve, the proportion of the increased benefit that refer to the past working length of the employees is recorded as expense in the Results using the straight-line method on the average fiscal years until the full recognition of the benefits. To the extent that the benefits are given instantly, the expense is recorded directly in the results.

Subsidiary companies DON & LOW LTD and THRACE POLYBULK A.B have defined benefit pension plans for their personnel with the plans being self financed. The defined contribution plans of the other subsidiaries are not self-financed. These plans define a specific amount of pension that each employee will receive at the time of his retirement. The amount is a result of a series of factors such as the age, the time working for the specific employer and the level of wage.

Net liabilities of the above companies with regard to their pension plans have been calculated separately for each plan, by estimating the amount of future benefits that correspond to each employee, according to aggregate years of service. The amount is then discounted to present value in order to calculate the total liability of the plan. The fair value of the plan's assets is finally deducted from the total liability in order to calculate the net actuarial deficit or surplus of the plan at the Balance Sheet date.

The actuarial profits and losses arising from the adjustment of working years as well as the changes in the estimation of the actuarial officer have are recognized in equity through other comprehensive income during the period when such arise.

All the above calculations are being performed via an actuary study, conducted by an independent actuary, whereas for the interim periods certain estimates are being made. The estimates which are being utilized for the determination of the net cost for post-employment benefits include among other the discount rate, the inflation and the average annual salary increase. Any alterations in the assumptions affect significantly the book value of the liabilities for post-employment benefits. The discount rate that is used derives from the one of the long-term bonds with AA credit rating and with maturities similar to the liabilities of the plan. The method used for the above estimation is called the projected unit method.

### 2.19 Provisions

Provisions are recognized only when there is a liability, due to events that have occurred and it is likely (namely more possible than not) that there settlement will create an outflow, the amount of which can be estimated reliably. The recognition of provisions is based on the present value of capital flows that may be needed for the above liabilities to be settled. Amounts paid in order to arrange the repayment of such liabilities are deducted from the recorded provisions. The amounts are also reviewed at the periods when the Financial Statements are prepared. Provisions for any future losses should not be recognized. Compensation received from third parties and relate to the aggregate amount or part of the estimated capital flow, should be recognized on the asset side only when there is certainty for the final payment of the corresponding amount.

### 2.20 Financial Instruments

The Group's investments are classified in the following categories. The classification depends on the purpose for which the investment was acquired. Management defines the classification during initial recognition and reviews the classification at the end of each reporting period.

#### *2.20.1 Financial Derivatives*

The group uses financial derivatives, mainly forward foreign exchange contracts, to hedge risks that emanate from changes in exchange rates.

Financial derivatives are measured at fair value, during the balance sheet date. The fair value of forward contracts is calculated based on the market prices of contracts with respective maturities (valuation of 1st level of IFRS 7).

#### *2.20.2 Loans and Receivables*

Such include non-derivative financial assets with fixed or predefined payments, which are not traded on active markets and there is no intention to sell such. They are included in current assets, apart from those with a maturity over 12 months from the balance sheet date. The latter are included in non-current assets.

### 2.21 Interest Bearing Loans

Loans are initially recognized at fair value, less any possible expenses directly linked to the relevant transaction. Subsequently loans are valued at net book cost. Any difference between the received amount, net of relevant expenses, and the repayment value is recognized in the results during the borrowing period based on the effective interest rate method. Loans are characterized as short-term liabilities except if the Group has the final right to postpone repayment for at least 12 months after the balance sheet date. Bank overdrafts are included in short-term debt in the balance sheet and in investment activities in the statement of cash flows.

### 2.22 Suppliers and Other Creditors

Suppliers and other liabilities are initially recognized at fair value and subsequently measured according to amortized cost, while the effective interest rate method is used. Liabilities are classified as short-term if payment is expected in less than one year. If not, then such are included in long-term liabilities.

### 2.23 Equity

The share capital includes common shares of the Company. The difference between the nominal value of shares and their issue price is registered in the "Share Premium" account. Direct expenses for the issue of shares, are presented after the deduction of the relevant income tax and reduce the issue proceeds, namely as a deduction from the share premium.

During the purchase of treasury shares, the amount paid, including the relevant expenses is recorded as deduction from the shareholders' equity. No profit or loss is recognized in the statement of comprehensive income from the purchase, sale, issuance or cancellation of treasury shares. Expenses which are realized for the issuance of shares are recorded after the deduction of the relevant income tax, as deduction from the product of the issue.

### 2.24 Segment Reporting

The Group applies I.F.R.S. 8 for monitoring its business segments. Segments are defined based on the structure of the Group's companies, given that the Group's management (CODM – Chief Operating Decision Maker) is responsible to make economic decisions, it monitors the financial information separately as presented by the parent Company and by each subsidiary. A segment is a distinct portion of the Group, which involves the production of products or services (see note 23).

## 3 Notes on the Financial Statements

### 3.1 Segment reporting

The operating segments are based on the different group of products, the structure of the Group's management and the internal reporting system. The Group's activity is distinguished into three segments, the technical fabrics segment, the packaging segment and the agricultural segment. The activity of the parent Company is included in the Packaging segment.

The Group's operating segments are as follows:

**Technical Fabrics**

Production and trade of technical fabrics for industrial and technical use.

**Packaging**

Production and trade of packaging products, plastic bags, plastic boxes for packaging of food and paints and other packaging materials for agricultural use.

Following the absorption of Elastron Agricultural SA from Thrace Greenhouses SA, the Group participates with 50.91% in Thrace Greenhouses SA which is consolidated according to the equity method. Following the above, the Group will not be reporting the Agricultural activity on separate basis.

Amounts in thousand Euro, unless stated otherwise

The particular business activity will be reported as Other activities which will include the transactions of the Parent Company as well. The Parent Company after the spin-off of the business segment of production and trade of industrial packaging products and the contribution of the segment into the subsidiary Thrace Polyfilms SA was transformed into a holding company which apart from the investment activities will be also providing Administrative – Financial – IT services to its subsidiaries.

| BALANCE SHEET OF 31.12.2017 | TECHNICAL FABRICS | PACKAGING | OTHER | WRITE-OFF OF TRANSACTIONS BETWEEN SEGMENTS | GROUP |
|---|---|---|---|---|---|
| **Total consolidated assets** | **193,829** | **97,148** | **92,365** | **(78,635)** | **304,707** |

| INCOME STATEMENT FOR THE PERIOD FROM 1.1 - 31.12.2017 | TECHNICAL FABRICS | PACKAGING | OTHER | WRITE-OFF OF TRANSACTIONS BETWEEN SEGMENTS | GROUP |
|---|---|---|---|---|---|
| Turnover | 247,789 | 83,726 | - | (13,006) | 318,509 |
| Cost of sales | (198,799) | (66,507) | - | 13,687 | (251,619) |
| **Gross profit** | **48,990** | **17,219** | **-** | **681** | **66,890** |
| Other operating income | 1,247 | 925 | 7,005 | (6,821) | 2,356 |
| Distribution expenses | (23,279) | (6,363) | - | (505) | (30,147) |
| Administrative expenses | (12,301) | (3,548) | (5,709) | 4,720 | (16,838) |
| Research and Development Expenses | (1,713) | (235) | - | - | (1,948) |
| Other operating expenses | (601) | (1,104) | (332) | 154 | (1,883) |
| Other Income / (Losses) | (1,248) | 11 | (15) | | (1,252) |
| **Operating profit / (loss)** | **11,095** | **6,905** | **949** | **(1,771)** | **17,178** |
| Interest & related (expenses)/income | (2,575) | (1,052) | (714) | - | (4,341) |
| Income from dividends | - | - | 1,234 | (1,234) | - |
| (Profit) / loss from companies consolidated with the Equity method | 434 | 627 | (65) | - | 996 |
| **Total Earnings / (losses) before tax** | **8,954** | **6,480** | **1,404** | **(3,005)** | **13,833** |
| **Depreciations** | **7,812** | **4,614** | **526** | **-** | **12,952** |
| **Total Earnings / (losses) before interest, tax, depreciation & amortization** | **18,907** | **11,519** | **1,475** | **(1,771)** | **30,130** |

| BALANCE SHEET OF 31.12.2016 | TECHNICAL FABRICS | PACKAGING | OTHER | WRITE-OFF OF TRANSACTIONS BETWEEN SEGMENTS | GROUP |
|---|---|---|---|---|---|
| **Total consolidated assets** | **188,417** | **84,443** | **91,242** | **(74,611)** | **289,491** |

Amounts in thousand Euro, unless stated otherwise

| INCOME STATEMENT FOR THE PERIOD FROM 1.1 - 31.12.2016 | TECHNICAL FABRICS | PACKAGING | OTHER | WRITE-OFF OF TRANSACTIONS BETWEEN SEGMENTS | GROUP |
|---|---|---|---|---|---|
| Turnover | 225,299 | 76,021 | 1,618 | (11,037) | 291,901 |
| Cost of sales | (176,966) | (58,986) | (1,307) | 11,761 | (225,498) |
| **Gross profit** | **48,333** | **17,035** | **311** | **724** | **66,403** |
| Other operating income | 838 | 627 | 5,126 | (4,883) | 1,708 |
| Distribution expenses | (20,846) | (5,296) | (201) | (385) | (26,728) |
| Administrative expenses | (11,549) | (3,433) | (5,353) | 4,256 | (16,079) |
| Research and Development Expenses | (1,134) | - | - | - | (1,134) |
| Other operating expenses | (551) | (755) | (586) | 285 | (1,607) |
| Other Income / (Losses) | 415 | (15) | (58) | - | 342 |
| **Operating profit / (loss)** | **15,506** | **8,163** | **(761)** | **(3)** | **22,905** |
| Interest & related (expenses)/income | (1,510) | (2,735) | (1,609) | - | (5,854) |
| Income from dividends | - | - | 1,763 | (1,763) | - |
| (Profit) / loss from companies consolidated with the Equity method | 486 | 1,021 | (231) | - | 1,276 |
| **Total Earnings / (losses) before tax** | **14,482** | **6,449** | **(838)** | **(1,766)** | **18,327** |
| **Depreciations** | **7,054** | **4,140** | 1,061 | **-** | **12,255** |
| **Total Earnings / (losses) before interest, tax, depreciation & amortization** | **22,560** | **10,825** | **1,778** | **(2)** | **35,161** |

### 3.2 Other Operating Income

| *Other Operating Income* | *Group* | | *Company* | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Grants (*) | **206** | 248 | **-** | - |
| Income from rents | **478** | 437 | 249 | 616 |
| Income from provision of services | **290** | 294 | 4,881 | 4,354 |
| Income from prototype materials | **210** | 221 | **-** | - |
| Reverse entry of not utilized provisions | **32** | 52 | **-** | - |
| Other operating income | **929** | 436 | 138 | 76 |
| **Total** | **2,145** | 1,688 | 5,268 | 5,046 |

* The amount of € 206 concerns the subsidies on the recruitment of young graduates as well as on the training of the Group's employees.

*Amounts in thousand Euro, unless stated otherwise*

### 3.3 Other Income / Losses

| *Other Income / (Losses)* | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Profit / (Losses) from sale of fixed assets | **136** | (77) | 1,693 | 26 |
| Foreign Exchange Differences | **(1,251)** | 342 | (15) | (58) |
| **Total** | **(1,115)** | 265 | 1,678 | (32) |

### 3.4 Analysis of Expenses (Production-Administrative-Distribution-Research & Development)

| *Analysis of Expenses (Production-Administrative-Distribution-Research & Development)* | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Payroll expenses | **58,203** | 56,682 | 3,127 | 3,316 |
| Third party fees – expenses * | **5,608** | 4,373 | 1,376 | 803 |
| Electric power – Natural gas | **12,484** | 12,919 | 24 | 23 |
| Repairs / Maintenance | **5,380** | 5,051 | 32 | 33 |
| Rental expenses | **1,223** | 1,122 | 150 | 156 |
| Insurance expenses | **2,256** | 2,341 | 27 | 33 |
| Exhibitions / travelling expenses | **2,520** | 2,057 | 258 | 264 |
| IT and telecom expenses | **1,149** | 904 | 314 | 222 |
| Promotion and advertising expenses | **382** | 448 | 121 | 123 |
| Other benefits | **2,438** | 2,256 | 103 | 103 |
| Transfer expenses | **14,692** | 12,893 | - | - |
| Consumables | **5,025** | 4,805 | 8 | 10 |
| Sundry expenses | **1,123** | 1,274 | 58 | 74 |
| Depreciation / Amortization | **12,813** | 12,128 | 111 | 89 |
| **Total** | **125,296** | 119,253 | 5,709 | 5,249 |

* Third party fees – expenses include fees paid to auditors, legal and advisory firms, as well as to the Board of Directors.

The analysis of expenses per operating category, is as follows:

| *Analysis of expenses* | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Production | **76,363** | 75,312 | - | - |
| Administrative | **16,839** | 16,080 | 5,709 | 5,249 |
| Distribution | **30,146** | 26,727 | - | - |
| Research and Development | **1,948** | 1,134 | - | - |
| **Total** | **125,296** | 119,253 | 5,709 | 5,249 |

Amounts in thousand Euro, unless stated otherwise

### 3.5 Payroll Expenses

Payroll expenses are as follows:

| *Payroll expenses* | *Group* | | *Company* | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Wages | **47,663** | 46,137 | **2,726** | 2,994 |
| Employer contributions | **7,837** | 7,315 | **355** | 314 |
| Retirement benefits | **1,707** | 1,845 | **-** | - |
| **Sub Total** | **57,207** | 55,297 | **3,081** | 3,308 |
| Other Expenses | **996** | 1,385 | **46** | 7 |
| **Grand Total** | **58,203** | 56,682 | **3,127** | 3,315 |

The number of employed staff at the Group and Company at the end of the present financial year, was as follows:

| *Number of employees* | *Group* | | *Company* | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Regular employees | **682** | 612 | **24** | 46 |
| Day-wage employees | **1,118** | 1,096 | **-** | 26 |
| **Total** | **1,800** | 1,708 | **24** | 72 |

The total personnel of the companies that are based in Greece, is primarily insured with Greece's Social Security Organization (EFKA) as regards to primary pension and with EOPYY as regards to medical care.

### 3.6 Other Operating Expenses

| *Other Operating Expenses* | *Group* | | *Company* | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Provisions for doubtful receivables | **269** | 79 | **-** | - |
| Other taxes and duties non-incorporated in operating cost | **257** | 220 | 97 | 67 |
| Depreciations | **139** | 127 | 154 | 285 |
| Staff indemnities | **178** | 141 | **-** | 133 |
| Supplies / other bank expenses | **186** | 178 | 19 | - |
| Expenses for the purchase of prototype materials (maquettes) | **433** | 382 | **-** | - |
| Other operating expenses | **346** | 383 | 19 | 75 |
| **Total** | **1,808** | 1,510 | 289 | 560 |

Amounts in thousand Euro, unless stated otherwise

## 3.7 Financial income/(expenses)

### 3.7.1 Financial Income

| Financial Income | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Interest and related income | **25** | 40 | 1 | 1 |
| Foreign exchange differences | **765** | 2,606 | - | - |
| **Total** | **790** | 2,646 | 1 | 1 |
| Income from dividends | **-** | - | 1,234 | 1,763 |

### 3.7.2 Financial Expenses

| Financial Expenses | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Debit interest and similar expenses | **(4,692)** | (5,417) | (833) | (965) |
| Foreign exchange differences | **(594)** | (422) | (6) | - |
| Financial cost due to revaluation of receivables at current value | **-** | (2,014) | - | (553) |
| Financial result from Pension Plans | **(943)** | (647) | (4) | (7) |
| **Total** | **(6,229)** | (8,500) | (843) | (1,525) |

The financial cost of the valuation of receivables into present values which affected the fiscal year 2016 is due to the valuation of receivables from the Greek State into present values due to the delays observed in the payment of grant receivables from the Greek State to the Group. The present values did not change on 31/12/2017 due to the reduction of the interest rates which led to the corresponding reduction of the discount rate.

## 3.8 Earnings per Share (Consolidated)

Earnings after tax, per share, are calculated by dividing net earnings (after tax) allocated to shareholders, by the weighted average number of shares outstanding during the relevant financial year, after the deduction of any treasury shares held.

| Basic earnings per share (Consolidated) | 2017 | 2016 |
|---|---|---|
| Earnings allocated to shareholders | **10,551** | 13,384 |
| Number of shares outstanding (weighted) | **43,741** | 44,022 |
| Basic and adjusted earnings per share *(Euro in absolute terms)* | **0.2412** | 0.304 |

With the decision of the Extraordinary General Meeting of 2nd February 2017, it was decided the reduction of the Company's Share Capital by a total amount of € 893,090.88 due to the cancellation of 1,353,168 held by the Company.

At the same time, the Meeting approved a Share Repurchase Plan, with duration of 24 months, and for a limit of 4,374,145 common registered shares with a price range from €1.50 to €3.50 per share. As of 31st December 2017, the Company held 4,324 treasury shares.

*Amounts in thousand Euro, unless stated otherwise*

### 3.9 Income Tax

The analysis of tax charged in the year's Results, is as follows:

| *Income Tax* | *Group* | | *Company* | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Income tax | **(4,225)** | (4,581) | **(146)** | - |
| Provision for tax on un-audited fiscal years | **-** | 384 | **-** | - |
| Non-exempt taxes of foreign operations | **-** | (278) | **(921)** | (278) |
| Income tax differences of previous years | **-** | (685) | **-** | - |
| Deferred tax (expense)/income | **1,200** | 492 | **595** | 111 |
| **Total** | **(3,025)** | (4,668) | **(472)** | (167) |

Income tax (reconciliation with the effective tax rate) is analyzed as follows:

| *Income Tax* | *Group* | | *Company* | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| (Earnings)/losses before tax continuing activities | **13,834** | 18,327 | **1,340** | (556) |
| (Earnings)/losses before tax discontinued activities | **-** | - | **739** | 867 |
| (Earnings)/losses before tax | **13,834** | 18,327 | **2,079** | 311 |
| Income tax rate | **29%** | 29% | **29%** | 29% |
| **Corresponding income tax** | **(4,012)** | (5,314) | **(603)** | (90) |
| Effect due to different tax rates of subsidiaries abroad | **617** | 1,391 | **-** | - |
| Non tax-deductible expenses | **(568)** | (980) | **(82)** | (435) |
| Foreign tax not to be offset | **-** | (332) | **(921)** | (278) |
| Revenues not subject to tax | **-** | - | **-** | - |
| Provision for unaudited years | **-** | 384 | **-** | - |
| Tax corresponding to the net results of associates | **160** | 370 | **-** | - |
| Income tax differences from previous years | **-** | (685) | **-** | - |
| Effect from tax losses from previous years recognized in the current year | **-** | - | **-** | - |
| Effect from tax losses for which no deferred tax asset has been recognized | **-** | 162 | **-** | 162 |
| Effect from offsetting tax losses from previous years with taxable earnings for the year | **762** | 225 | **762** | - |
| Income from tax-free dividends | **-** | - | **358** | 511 |
| Effect due to change of tax rate of companies | **16** | 111 | **-** | - |
| **Income Tax** | **(3,025)** | (4,668) | **(486)** | (130) |
| **Income Tax discontinued activities** | **-** | - | **14** | (37) |
| **Income Tax continuing activities** | **(3,025)** | (4,668) | **(472)** | (167) |

Amounts in thousand Euro, unless stated otherwise

From the fiscal year 2011 and onwards, the Group's Greek companies receive an "Annual Tax Certificate". The "Annual Tax Certificate" is issued from the Legal Certified Auditor who audits the annual financial statements. Following the completion of the tax audit, the Legal Auditor grants the company with a "Tax Compliance Report" which is later submitted electronically to the Ministry Finance.

The tax audit for the financial year 2016, which was conducted in accordance with the provisions of article 65a of L. 4172/2013, was completed by the audit firm "PricewaterhouseCoopers SA" and revealed no significant tax obligations apart from those recorded and depicted in the Financial Statements.

For the financial year 2017, a tax audit is already performed by PricewaterhouseCoopers SA in accordance with the provisions of article 65 of L. 4172/2013. This audit is underway and the relevant tax certificate is expected to be issued following the release of the 2017 financial statements. If until the completion of the tax audit additional tax liabilities arise, the Management of the Group assess that such will not have a substantial effect on the financial statements.

The fiscal years whose tax liabilities concerning the Group's companies active in the Greek market have not been finalized, and therefore the probability of a tax audit from the tax authorities exists, are presented in the following table:

| *Company* | *Tax un-audited fiscal years* |
|---|---|
| THRACE PLASTICS HOLDING SA | 2014-2017 |
| THRACE NONWOVENS & GEOSYNTHETICS SA | 2014-2017 |
| THRACE PLASTICS PACK SA | 2014-2017 |
| THRACE POLYFILMS SA | 2014-2017 |
| THRACE PROTECT SINGLE PERSON I.K.E. | 2017 |
| THRACE EUROBENT SA | 2015-2017 |
| THRACE GREENHOUSES SA | 2014-2017 |
| EVISAK SA | 2014-2017 |

From the tax audits conducted in Thrace Plastics Pack SA and in Thrace Nonwovens&Geosynthetics SA, and completed in 2016 and 2017 respectively, the following issues are under progress:

- Thrace Plastics Pack SA appealed to the tax courts concerning an amount of € 203 which the Company contradicts with regard to the tax audits of the years 2007 – 2009. The consolidated financial statements include a respective provision of € 173 which could be utilized in case of a negative outcome of the above legal case.

- The company Thrace Nonwovens&Geosynthetics SA had received from the tax authorities an audit invitation for the fiscal years 2005 – 2011. The tax authorities taking into account the no. 1738/2017 decision of the Plenary Session of the Council of State conducted a tax audit only for the fiscal year 2011. The particular audit completed on 27th December 2017, and additional taxes of €239 as well as tax surcharges of € 288 were imposed. The Management of the Company did not accept the outcome of the tax audit and appealed to the authorities by paying in cash only 50% of the aggregate imposed amount as the law requires. The consolidated financial statements include a relevant provision of € 330.

Amounts in thousand Euro, unless stated otherwise

- Moreover, the Parent Company has formed provisions of € 174 with regard to any tax audit differences of previous fiscal years, therefore increasing the aggregate amount of the provision for the Group's companies active in Greece to € 677. The Group's Management views the above amount as sufficient.

The following table depicts the years for which the tax liabilities of the foreign companies of the Group have not been finalized.

| *Company* | *Tax un-audited fiscal years* |
|---|---|
| DON& LOW LTD | 2016-2017 |
| DON & LOW AUSTRALIA LTD | 2015-2017 |
| SYNTHETICHOLDINGS LTD | 2016-2017 |
| SYNTHETICTEXTILES LTD | 2016-2017 |
| SYNTHETICPACKAGINGLTD | 2006-2017 |
| THRACEPOLYBULKA.B | 2013-2017 |
| THRACE POLYBULK A.S | 2015-2017 |
| THRACE GREINER PACKAGING SRL. | 2002-2017 |
| TRIERINA TRADING LTD | 2014-2017 |
| THRACE IPOMA A.D. | 2013-2017 |
| THRACE PLASTICS PACKAGING D.O.O. | 2014-2017 |
| LUMITE INC. | 2013-2017 |
| THRACE LINQ INC. | 2013-2017 |
| ADFIRMATELTD | 2014-2017 |
| PAREEN LTD | 2014-2017 |
| SAEPE LTD | 2014-2017 |
| THRACE ASIA LTD | 2012-2017 |

Amounts in thousand Euro, unless stated otherwise

## 3.10 Tangible Assets and Intangible Assets

### 3.10.1 Tangible Fixed Assets

The changes in the tangible fixed assets during the year are analyzed as follows:

| Tangible Assets | | | | | | | |
|---|---|---|---|---|---|---|---|
| Group 2017 | Fields – land plots | Buildings & technical works | Machinery & technical facilities | Vehicles | Furniture & other equipment | Fixed assets under construction or installation | Total |
| **ACQUISITION COST** | | | | | | | |
| **Acquisition cost 31.12.2016** | **4,868** | **56,415** | **245,901** | **1,617** | **8,683** | **6,757** | **324,241** |
| Foreign exchange difference | (263) | (1,621) | (3,605) | (13) | (299) | (65) | (5,866) |
| Additions | 12 | 996 | 3,143 | 405 | 345 | 16,442 | 21,343 |
| Liquidations | - | - | (740) | (243) | (5) | - | (988) |
| Change in the consolidation method of subsidiaries | 335 | 1,192 | (1,077) | (124) | (1) | (414) | (89) |
| Acquisition of subsidiary | - | 142 | 2,083 | 3 | 19 | - | 2,247 |
| Transfers | (18) | 121 | 9,455 | 40 | (382) | (10,232) | (1,016) |
| **Acquisition cost 31.12.2017** | **4,934** | **57,245** | **255,160** | **1,685** | **8,360** | **12,488** | **339,872** |
| **DEPRECIATIONS** | | | | | | | |
| **Cumulative depreciations 31.12.2016** | **-** | **(26,569)** | **(181,388)** | **(1,140)** | **(7,707)** | **-** | **(216,804)** |
| Foreign exchange difference | - | 776 | 2,911 | 9 | 283 | - | 3,979 |
| Depreciations for the period | - | (1,785) | (10,434) | (142) | (297) | - | (12,658) |
| Liquidations | - | - | 630 | 202 | 5 | - | 837 |
| Change in the consolidation method of subsidiaries | - | (322) | 223 | 42 | (1) | - | (58) |
| Acquisition of subsidiary | - | (70) | (1,313) | (3) | (19) | - | (1,405) |
| Transfers | (21) | - | 43 | (1) | 610 | - | 631 |
| **Cumulative depreciations 31.12.2017** | **(21)** | **(27,970)** | **(189,328)** | **(1,033)** | **(7,126)** | **-** | **(225,478)** |
| **NET BOOK VALUE** | | | | | | | |
| 31.12.2016 | 4,868 | 29,846 | 64,513 | 477 | 976 | 6,757 | 107,437 |
| **31.12.2017** | **4,913** | **29,275** | **65,832** | **652** | **1,234** | **12,488** | **114,394** |

Amounts in thousand Euro, unless stated otherwise

| Tangible Assets | | | | | | | |
|---|---|---|---|---|---|---|---|
| Group 2016 | Fields – land plots | Buildings & technical works | Machinery & technical facilities | Vehicles | Furniture & other equipment | Fixed assets under construction or installation | Total |
| **ACQUISITION COST** | | | | | | | |
| **Acquisition cost 31.12.2015** | **4,800** | **56,366** | **225,536** | **1,500** | **9,098** | **13,580** | **310,880** |
| Foreign exchange difference | (56) | (2,251) | (10,950) | 3 | (668) | (591) | (14,513) |
| Additions | 124 | 659 | 21,785 | 136 | 133 | 6,593 | 29,430 |
| Liquidations | - | (33) | (1,437) | (85) | (1) | - | (1,556) |
| Transfers | - | 1,674 | 10,967 | 63 | 121 | (12,825) | - |
| **Acquisition cost 31.12.2016** | **4,868** | **56,415** | **245,901** | **1,617** | **8,683** | **6,757** | **324,241** |
| **DEPRECIATIONS** | | | | | | | |
| **Cumulative depreciations 31.12.2015** | **-** | **(26,244)** | **(183,253)** | **(1,057)** | **(8,058)** | **-** | **(218,612)** |
| Foreign exchange difference | - | 1,426 | 10,432 | (3) | 643 | - | 12,498 |
| Depreciations for the period | - | (1,764) | (9,822) | (143) | (293) | - | (12,022) |
| Liquidations | - | 13 | 1,255 | 63 | 1 | - | 1,332 |
| Transfers | - | - | - | - | - | - | - |
| **Cumulative depreciations 31.12.2016** | **-** | **(26,569)** | **(181,388)** | **(1,140)** | **(7,707)** | **-** | **(216,804)** |
| **NET BOOK VALUE** | | | | | | | |
| 31.12.2015 | 4,800 | 30,122 | 42,283 | 443 | 1,040 | 13,580 | 92,268 |
| **31.12.2016** | **4,868** | **29,846** | **64,513** | **477** | **976** | **6,757** | **107,437** |

| Tangible Assets | | | | | | | |
|---|---|---|---|---|---|---|---|
| Company 2017 | Fields – land plots | Buildings & technical works | Machinery & technical facilities | Vehicles | Furniture & other equipment | Fixed assets under construction or installation | Total |
| **ACQUISITION COST** | | | | | | | |
| Acquisition cost 31.12.2016 | **365** | **8,593** | **19,661** | **299** | **1,194** | **305** | **30,417** |
| Additions | - | 48 | 299 | 3 | 178 | 599 | 1,127 |
| Liquidations | (262) | (6,565) | (93) | (9) | - | - | (6,929) |
| Divestiture of business unit | (65) | (1,725) | (8,901) | (67) | (169) | (599) | (11,526) |
| Transfers | (38) | 21 | 283 | - | - | (305) | (39) |
| **Acquisition cost 31.12.2017** | **-** | **372** | **11,249** | **226** | **1,203** | **-** | **13,050** |

*Amounts in thousand Euro, unless stated otherwise*

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **DEPRECIATIONS** | | | | | | | |
| Cumulative depreciations 31.12.2016 | **-** | **(5,300)** | **(17,643)** | **(251)** | **(1,072)** | **-** | **(24,266)** |
| Depreciations for the period | - | (211) | (213) | (8) | (44) | - | (476) |
| Liquidations | - | 4,515 | 44 | 3 | - | - | 4,562 |
| Divestiture of business unit | - | 807 | 6,563 | 46 | 155 | - | 7,571 |
| Transfers | **-** | - | - | - | - | - | - |
| **Cumulative depreciations 31.12.2017** | **-** | **(189)** | **(11,249)** | **(210)** | **(961)** | **-** | **(12,609)** |
| **NET BOOK VALUE** | | | | | | | |
| 31.12.2016 | 365 | 3,293 | 2,018 | 48 | 122 | 305 | 6,151 |
| **31.12.2017** | **-** | **183** | **-** | **16** | **242** | **-** | **441** |

| **Tangible Assets** | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Company 2016** | **Fields – land plots** | **Buildings & technical works** | **Machinery & technical facilities** | **Vehicles** | **Furniture & other equipment** | **Fixed assets under construction or installation** | **Total** |
| **ACQUISITION COST** | | | | | | | |
| Acquisition cost 31.12.2015 | **365** | **8,578** | **31,519** | **283** | **1,180** | **-** | **41,924** |
| Additions | - | 15 | 111 | 16 | 14 | 305 | 461 |
| Liquidations | - | - | (11,969) | - | - | - | (11,969) |
| Transfers | - | - | - | - | - | - | - |
| **Acquisition cost 31.12.2016** | **365** | **8,593** | **19,661** | **299** | **1,194** | **305** | **30,417** |
| **DEPRECIATIONS** | | | | | | | |
| Cumulative depreciations 31.12.2015 | **-** | **(5,066)** | **(28,746)** | **(238)** | **(1,037)** | **-** | **(35,087)** |
| Depreciations for the period | - | (234) | (538) | (13) | (35) | - | (820) |
| Liquidations | - | - | 11,641 | - | - | - | 11,641 |
| Transfers | **-** | - | - | - | - | - | - |
| **Cumulative depreciations 31.12.2016** | **-** | **(5,300)** | **(17,643)** | **(251)** | **(1,072)** | **-** | **(24,266)** |
| **NET BOOK VALUE** | | | | | | | |
| 31.12.2015 | 365 | 3,511 | 2,773 | 45 | 143 | - | 6,838 |
| **31.12.2016** | **365** | **3,293** | **2,018** | **48** | **122** | **305** | **6,151** |

The change in the Company's tangible fixed assets is mainly due to:

a) The spin-off of the industrial segment and the subsequent contribution of the segment into the subsidiary company Thrace Polyfilms SA

*Amounts in thousand Euro, unless stated otherwise*

b) The sale of the industrial properties in subsidiary company Thrace NonWovens & Geosynthtics SA following the change of the business activity of the latter and its transformation into a Holding company

The Group's fixed assets include assets acquired via leasing agreement (machinery equipment, internal transportation vehicles) with acquisition cost of € 24,152 and cumulative depreciations of € 4,846 as of 31/12/2017.

There are no liens and guarantees on the Company's tangible fixed assets, while the liens on the Group's tangible assets amount to € 9,448.

### 3.10.2 Intangible Assets

The changes in the intangible fixed assets during the year are analyzed as follows:

| *Intangible Assets* | *Group* | | | *Company* | |
|---|---|---|---|---|---|
| | Concessions & industrial property rights | Company goodwill | Total | Concessions & industrial property rights | Total |
| **ACQUISITION COST** | | | | | |
| Acquisition cost 31.12.2016 | **3,496** | **9,955** | **13,451** | **1,511** | **1,511** |
| Foreign exchange difference | (134) | (85) | (219) | - | - |
| Additions | 211 | - | 211 | 62 | 62 |
| Change in the consolidation method of subsidiaries | (191) | - | (191) | - | - |
| Divestiture of business unit | - | - | - | (19) | (19) |
| Transfers | 850 | - | 850 | - | - |
| **Acquisition cost 31.12.2017** | **4,232** | **9,870** | **14,102** | **1,554** | **1,554** |
| **AMORTIZATION** | | | | | |
| Cumulative amortization 31.12.2016 | **(1,846)** | **-** | **(1,846)** | **(826)** | **(826)** |
| Foreign exchange difference | 75 | - | 75 | - | - |
| Amortization for the period | (294) | - | (294) | (50) | (50) |
| Change in the consolidation method of subsidiaries | 20 | - | 20 | - | - |
| Divestiture of business unit | - | - | - | 9 | 9 |
| Transfers | (633) | - | (633) | - | - |
| **Cumulative amortization 31.12.2017** | **(2,678)** | **-** | **(2,678)** | **(867)** | **(867)** |
| **NET BOOK VALUE** | | | | | |
| 31.12.2016 | **1,650** | **9,955** | **11,605** | 685 | 685 |
| **31.12.2017** | **1,554** | **9,870** | **11,424** | **687** | **687** |

Amounts in thousand Euro, unless stated otherwise

| *Intangible Assets* | *Group* | | | *Company* | |
|---|---|---|---|---|---|
| | **Concessions & industrial property rights** | **Company goodwill** | **Total** | **Concessions & industrial property rights** | **Total** |
| **ACQUISITION COST** | | | | | |
| Acquisition cost 31.12.2015 | **3,249** | **9,815** | **13,064** | **1,423** | **1,423** |
| Foreign exchange difference | 34 | 140 | 174 | - | - |
| Additions | 215 | - | 215 | 88 | 88 |
| Liquidations | (2) | - | (2) | - | - |
| **Acquisition cost 31.12.2016** | **3,496** | **9,955** | **13,451** | **1,511** | **1,511** |
| **AMORTIZATION** | | | | | |
| Cumulative amortization 31.12.2015 | **(1,542)** | **-** | **(1,542)** | **(790)** | **(790)** |
| Foreign exchange difference | (20) | - | (20) | - | - |
| Amortization for the period | (286) | - | (285) | (36) | (36) |
| Liquidations | 2 | - | 2 | - | - |
| **Cumulative amortization 31.12.2016** | **(1,846)** | | **(1,845)** | **(826)** | **(826)** |
| **NET BOOK VALUE** | | | | | |
| 31.12.2015 | 1,706 | 9,815 | 11,522 | 633 | 633 |
| **31.12.2016** | **1,650** | **9,955** | **11,605** | **685** | **685** |

The Group reviews on annually basis the goodwill impairment according to the Group's accounting principle (see note 2.3.1.5).

The goodwill which derives during the consolidation of companies which have been acquired has been allocated in the following cash flow generating units (CFGU) per subsidiary company.

| *Subsidiaries' Goodwill* | *2017* |
|---|---|
| Don & Low LTD | **7,490** |
| Trierina Trading LTD | **798** |
| Thrace Polybulk AB | **723** |
| Thrace Polybulk AS | **777** |
| Thrace Nonwovens & Geosynthetics SA | **50** |
| Other | **32** |
| *Total* | **9,870** |

Amounts in thousand Euro, unless stated otherwise

Major Assumptions

The recoverable value of a cash flow generating unit is determined according to the calculation of the value in use. This calculation uses provisions of cash flows before taxes, based on financial budgets, which have been approved by the management and cover a 5-year period. The value in use for the cash flow generating units is being affected (in terms of sensitivity) from basic factors such as the growth rate in the infinity which has been set at 0.5%, the projections with regard to the forecasted quantities and sales prices according to the 5-year plan of the group, the gross profit margin and the discount rates. The discount rates reflect the current estimations of the market for the separate risks of each cash flow generating unit. The calculation of the discount rates is based on the certain conditions in which the Group operates along with its operating segments, and is being extracted from the weighted average cost of capital (WACC), which is estimated at 6%-15%. The weighted average cost of capital is based on both the debt and the equity. The cost of equity derives from the expected return required by the Group's investors for their investment. The cost of debt is based on the interest rate of the Group's loans that are being repaid. The country's risk premium is incorporated with the application of individual beta sensitivity factors. Beta sensitivity factors (or beta coefficient) are being reviewed annually according to the published market data.

The above assumptions vary depending on the different market conditions prevailing in the countries which the Group activates in. The Group uses the services of an independent valuator who utilizes the Discounted Cash Flow method and values the companies based on the future cash flows in order to determine the value in use.
The Group analyzed the sensitivity of the recoverable amounts of each Cash Flow Generating Unit (CFGU) in relation to a rational and probable change in one of the major assumptions (as a indication it is noted the best case scenario which refers to 5% sales growth and 2% increase of gross profit, as well as the worst case scenario which refers to the corresponding opposite and unfavorable changes).

Based on the impairment audit conducted in the current year, there was no need for any goodwill impairment as of 31.12.2017.

### 3.10.3 Investment Property

| *Investment Property* | *Group* | *Company* |
|---|---|---|
| **Balance as at 31.12.2016** | 113 | 14 |
| Additions / (Reductions) | - | (14) |
| **Balance as at 31.12.2017** | **113** | - |

## 3.11 Other Long-Term Receivables

Due to delays observed in the collection of grants receivable from the Greek State over the last years, the Group reclassified the aggregate Greek State related receivable from the current to the non-current assets and also proceeded with an impairment of the above claims based on present value.

The receivable was formed due to a 12% grant on the payroll cost concerning the personnel employed in Xanthi and is to be collected from OAED.

Amounts in thousand Euro, unless stated otherwise

| *Other Long-Term Receivables* | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Grants receivable | **6,903** | 6,786 | **1,560** | 1,881 |
| Other accounts receivable | **766** | 601 | **52** | 86 |
| **Total** | **7,669** | 7,387 | **1,612** | 1,967 |

### 3.12 Inventories

| *Inventories* | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Merchandise | **7,400** | 5,270 | **-** | 76 |
| Finished and semi-finished products | **32,186** | 35,741 | **-** | 295 |
| Raw & auxiliary materials | **20,559** | 18,403 | **-** | 1,354 |
| Provision for impairment of inventory * | **(1,550)** | (2,574) | **-** | - |
| Other Inventories / Prepayments for purchases of inventories | **1,039** | 855 | **-** | 60 |
| **Total** | **59,634** | 57,695 | **-** | 1,785 |

| *(*) Provision for Impairment of Inventory* | Group | Company |
|---|---|---|
| **Opening Balance 1/1/2016** | **3,441** | **-** |
| Reverse Entry of Provisions | (428) | - |
| Provision | - | - |
| Foreign Exchange Differences | (439) | - |
| **Total 31/12/2016** | **2,574** | **-** |
| Reverse Entry of Provisions | (945) | - |
| Provision | - | - |
| Foreign Exchange Differences | (79) | - |
| **Total 31/12/2017** | **1,550** | **-** |

### 3.13 Trade and other receivables

#### 3.13.1 Trade Receivables

| *Trade Receivables* | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Customers | **49,187** | 43,794 | **6** | 1,640 |
| Notes – checks postdated | **8,077** | 6,693 | **-** | 842 |
| Doubtful customers – Checks – notes overdue | **5,341** | 5,343 | **2,371** | 2,375 |

Amounts in thousand Euro, unless stated otherwise

| *Trade Receivables* | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Trade receivables (Subsidiaries - Related Companies) | **1,319** | 1,489 | **-** | 682 |
| Provisions for doubtful debts | **(6,592)** | (6,679) | **(2,371)** | (2,458) |
| **Total** | **57,332** | 50,640 | **6** | 3,081 |

The fair value of the receivables approaches their book value.

The dispersion of the Group's sales is deemed as satisfactory. There is no concentration of sales into a limited number of customers and therefore there is no increased risk of income loss or increased credit risk. For the analysis of the credit risk see note 3.32.2.

### 3.13.2 Other receivables

| *Other receivables* | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Debtors | **3,083** | 3,678 | **10,581** | 10,826 |
| Investment Grant Receivable | **2,391** | 3,224 | **-** | - |
| Grants Receivables (OAED) | **-** | 84 | **-** | 4 |
| Accrued Income | **2,219** | 1,063 | **109** | 40 |
| Provisions for doubtful debtors | **(21)** | (21) | **-** | - |
| **Total** | **7,672** | 8,028 | **10,690** | 10,870 |

### 3.13.3 Analysis of Provisions for Doubtful Receivables and other receivables

| *Analysis of Provisions for Doubtful Receivables* | Group | Company |
|---|---|---|
| **Opening balance 1/1/2016** | **6,760** | **2,461** |
| Additional Provisions | 179 | - |
| Reverse Entry of Provision | (123) | - |
| Provisions utilized | (44) | (3) |
| Foreign Exchange Differences | (72) | - |
| **Total 31/12/2016** | **6,699** | **2,458** |
| **Opening balance 1/1/2017** | **6,699** | **2,458** |
| Additional Provisions | 155 | (87) |
| Reverse Entry of Provision | (93) | - |
| Provisions utilized | (120) | - |
| Foreign Exchange Differences | (29) | - |
| **Total 31/12/2017** | **6,612** | **2,378** |

Amounts in thousand Euro, unless stated otherwise

### 3.14 Cash & cash equivalents

| *Cash & cash equivalents* | *Group* | | *Company* | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Cash in hand | **509** | 149 | **4** | 5 |
| Sight and term deposits | **30,084** | 30,931 | **4,786** | 1,848 |
| **Total** | **30,593** | 31,080 | **4,790** | 1,853 |

**Credit rating of cash & cash equivalents**

Approximately 36.6% of the Group's cash and cash equivalents are deposited with dispersion in the Greek systemic banks. The Group's Management deems that there are no risks associated with the above deposits in the current period. The remaining balance of cash and cash equivalents is held by banking institutions abroad with credit rating higher than "BBB-".

Following, cash & cash equivalents are categorized according to the credit rating of banks (conducted by Fitch) where the relevant deposits are placed.

| *Credit rating of cash & cash equivalents* | *Group* | | *Company* | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| AA- | **2,164** | 2,438 | **-** | - |
| A+ | **-** | - | **-** | - |
| A | **-** | 288 | **-** | - |
| A- | **3,168** | 1,672 | **-** | - |
| BBB+ | **13,201** | 15,381 | **-** | - |
| BBB | **463** | - | **-** | - |
| BBB- | **84** | 408 | **-** | - |
| B | **-** | 35 | **-** | - |
| B- | **-** | - | **-** | - |
| RD | **11,004** | 10,709 | **4,786** | 1,848 |
| Other | **-** | - | **-** | - |
| **Total** | **30,084** | 30,931 | **4,786** | 1,848 |

### 3.15 Share Capital and Share Premium Reserve

The Company's share capital accounted for 28,869,358.32 Euro on 31 December 2017 divided by 43,741,452 common registered shares with nominal value of 0.66 Euro per share.

Amounts in thousand Euro, unless stated otherwise

## 3.16 Reserves

### 3.16.1 Statutory Reserves

In accordance with the provisions of Greek Law, the creation of a statutory reserve – by transferring to such a reserve an amount equal to 5% of the annual after tax profits realized – is mandatory until the time though the reserve reaches the 1/3 of the Company's share capital. The statutory reserve can be distributed only upon the dissolution of the Company. However it can be used to offset accumulated loss.

### 3.16.2 Tax-exempt and Other Reserves

These reserves were formed by the application of special provisions of laws for development. In case of their distribution will be taxed with the tax rate prevailing at the time of their distribution.

### 3.16.3 Foreign exchange difference reserves

These reserves are formed from the translation of the Assets, Liabilities and Results of subsidiaries based abroad into EUR based on the exchange rate according to the accounting policies mentioned in note 2.11.3.

## 3.17 Bank Debt

The Group' s long term loans have been granted from Greek and foreign banks. The repayment time varies, according to the loan contract, while most loans are linked to Euribor plus a spread.

The Group's short term loans have been granted from various banks with interest rates of Euribor plus a margin of 3%-6% and Libor plus a margin of 2%. The book value of loans approaches their fair value during 31 December 2017.

Analytically, bank debt at the end of the year was as follows:

| ***Debt*** | ***Group*** | | ***Company*** | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Long-term loans | 4,744 | 4,006 | **-** | **-** |
| Financial leases | 10,993 | 14,657 | **-** | **-** |
| **Total long-term loans** | **15,737** | **18,663** | **-** | **-** |
| Long-term debt payable in the next year | 3,424 | 7,170 | - | - |
| Short-term loans | 64,859 | 56,265 | 16,695 | 21,977 |
| Financial leases | 4,380 | 3,704 | - | - |
| **Total short-term loans** | **72,663** | **67,139** | **16,695** | **21,977** |
| **Grand Total** | **88,400** | **85,802** | **16,695** | **21,977** |

The maturity of loans is as follows:

Amounts in thousand Euro, unless stated otherwise

| *Maturity of Loans* | *Group* | | *Company* | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Up to 1 year | **72,663** | 66,510 | **16,695** | 21,977 |
| From 1 – 3 years | **4,366** | 3,503 | **-** | - |
| Over 3 years | **11,371** | 15,789 | **-** | - |

### 3.18 Employee Benefits

The liabilities of the Company and the Group towards its employees in providing them with certain future benefits, depending on the length of service is calculated by an actuarial study on annual basis. The accounting depiction is made on the basis of the accrued entitlement, as at the date of the Balance Sheet, that is anticipated to be paid, discounted to its present value by reference to the anticipated time of payment. The liability for the Company and the Group, as presented in the Balance Sheet, is analyzed as follows:

| *Employee Benefits* | *Group* | | *Company* | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Defined contribution plans – Not self financed | **2,555** | 2,142 | **257** | 352 |
| Defined benefit plans – Self financed | **13,292** | 22,226 | **-** | - |
| Total provision at the end of the year | **15,847** | 24,369 | **257** | 352 |

#### *3.18.1 Defined contribution plans – Not self financed*

The Greek companies of the Group as well as the subsidiary Thrace Ipoma domiciled in Bulgaria participate in the following plan. With regard to the Greek companies, the following liability arises from the relevant legislation and concerns 40% of the required compensation per employee.

| *Defined contribution plans – Not self financed* | *Group* | | *Company* | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| **Amounts recognized in the balance sheet** | | | | |
| Present value of liabilities | 2,555 | 2,142 | 257 | 352 |
| **Net liability recognized in the balance sheet** | **2,555** | **2,142** | **257** | **352** |
| | | | | |
| **Amounts recognized in the results** | | | | |
| Cost of current employment | 89 | 89 | 10 | 15 |
| Net interest on the liability / (asset) | 33 | 39 | 4 | 7 |
| **Ordinary expense in the account of results** | **122** | **128** | **14** | **22** |
| Recognition of prior service cost | 15 | - | - | - |
| Cost of curtailment / settlements / service termination | 178 | 155 | 13 | 132 |
| Other expense / (income) | - | - | - | (2) |
| **Total expense in the account of results** | **315** | **283** | **27** | **152** |

Amounts in thousand Euro, unless stated otherwise

| *Defined contribution plans – Not self financed* | *Group* | | *Company* | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| **Change in the present value of the liability** | | | | |
| Present value of liability at the beginning of period | 2,142 | 1,929 | 352 | 336 |
| Cost of current employment | 89 | 89 | 10 | 15 |
| Interest cost | 33 | 39 | 4 | 7 |
| Benefits paid from the employer | (240) | (193) | (15) | (154) |
| Cost of curtailment / settlements / service termination | 178 | 155 | 13 | 132 |
| Other expense / (income) | - | - | - | (2) |
| Cost of prior service during the period | 269 | - | - | - |
| Actuarial loss / (profit) – financial assumptions | 9 | 82 | - | 13 |
| Actuarial loss / (profit) – demographic assumptions | - | - | - | - |
| Actuarial loss / (profit) – evidence from the period | 75 | 41 | (106) | 5 |
| Transfer of personnel within the Group | - | - | - | - |
| **Present value of liability at the end of period** | **2,555** | **2,142** | **257** | **352** |
| **Adjustments** | | | | |
| Adjustments profit / (loss) in the liabilities due to change of assumptions | (10) | (83) | - | (13) |
| Empirical adjustments profit / (loss) in liabilities | 49 | (40) | 106 | (5) |
| Other | (124) | - | - | - |
| **Total actuarial profit / (loss) in the Net Worth** | **(85)** | **(123)** | **106** | **(18)** |
| **Changes in the Net Liability recognized in Balance Sheet** | | | | |
| Net liability / receivable at the beginning of year | 2,142 | 1,929 | 352 | 336 |
| Benefits paid from the employer - Other | 14 | (193) | (15) | (154) |
| Total expense recognized in the account of results | 314 | 283 | 27 | 152 |
| Total amount recognized in the Net Worth | 85 | 123 | (106) | 18 |
| **Net liability at the end of year** | **2,555** | **2,142** | **257** | **352** |
| **Cumulative amount in the Net Worth Profit / (Loss)** | **(923)** | **(1,070)** | **(125)** | **(232)** |
| **Money flows** | | | | |
| Expected benefits from the plan in the following year | 17 | 10 | - | - |

The actuarial assumptions are presented in the following table.

Amounts in thousand Euro, unless stated otherwise

| *Actuarial Assumptions* | *Greek Companies* | | *Thrace Ipoma AD* | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Discount rate | 1.50 % | 1.50 % | 1.40 % | 2.50 % |
| Inflation | 1.75 % | 1.75 % | 2.80 % | 0.10 % |
| Average annual increase of personnel salaries | 1.75 % | 1.75 % | 5.00 % | 5.00 % |
| Duration of liabilities | 16.10 years | 16.85 years | 11.5 years | 12 years |

### *3.18.2 Defined Benefit Plans – Self financed*

The subsidiaries DON & LOW LTD and THRACEPOLYBULKAS have formed Pension Plans which operate as separate legal entities in the form of trusts. Therefore the assets of the plans are not dependent to the assets of the companies.

The accounting depiction of the plans according to the revised IAS 19 is as follows:

| *Defined Benefit Plans – Self financed* | *Group 2017* | *Group 2016* |
|---|---|---|
| **Amounts recognized in the balance sheet** | | |
| Present value of liabilities | 146,669 | 152,621 |
| Fair value of the plan's assets | (133,377) | (130,395) |
| **Net liability recognized in the balance sheet** | **13,292** | **22,226** |
| | | |
| **Amounts recognized in the results** | | |
| Cost of current employment | 952 | 1,285 |
| Net interest on the liability / (asset) | 568 | 244 |
| **Ordinary expense in the account of results** | **1,520** | **1,529** |
| Other expense / (income) | - | 371 |
| Foreign exchange differences | - | - |
| Cost of curtailment / settlements / service termination | 343 | (34) |
| **Total expense in the account of results** | **1,863** | **1,866** |
| | | |
| **Change in the present value of the liability** | | |
| Present value of liability at the beginning of period | 152,621 | 145,231 |
| Cost of current employment | 947 | 1,285 |
| Interest cost | 3,907 | 4,791 |
| Benefits paid from the plan | (6,310) | (5,567) |
| Cost of curtailment / settlements / service termination | - | (34) |
| Other expense / (income) | 660 | 818 |
| Actuarial loss / (profit) – financial assumptions | 3,536 | 28,086 |
| Actuarial loss / (profit) – demographic assumptions | (2,281) | - |
| Actuarial loss / (profit) – evidence from the period | (1,027) | (248) |
| Foreign exchange differences | (5,384) | (21,742) |
| **Present value of liability at the end of period** | **146,669** | **152,621** |
| | | |
| **Change in the value of assets** | | |
| Value of the plan's assets at the beginning of period | 130,395 | 137,616 |
| Income from interest | 3,334 | 4,541 |
| Return on assets | 8,892 | 11,536 |
| Employer's contributions | 1,428 | 1,726 |

Amounts in thousand Euro, unless stated otherwise

| *Defined Benefit Plans – Self financed* | *Group 2017* | *Group 2016* |
|---|---|---|
| Employees' contributions | 342 | 488 |
| Benefits paid from the plan | (6,310) | (5,567) |
| Foreign exchange differences | (4,704) | (19,945) |
| **Present value of assets at the end of period** | **133,377** | **130,395** |
| | | |
| **Adjustments** | | |
| Adjustments profit / (loss) in the liabilities due to change of assumptions | (227) | (27,838) |
| Empirical adjustments profit / (loss) in liabilities | - | - |
| Empirical adjustments profit / (loss) in assets | 8,892 | 11,536 |
| **Total actuarial profit / (loss) in the Net Worth** | **8,665** | **(16,302)** |
| Foreign exchange differences | **-** | **-** |
| **Total amount recognized in the Net Worth** | **8,665** | **(16,302)** |
| | | |
| **Asset allocation*** | | |
| Mutual Funds (Equities) | 37,596 | 32,061 |
| Mutual Funds (Bonds) | 33,211 | 32,350 |
| Diversified Growth Funds | 62,106 | 65,055 |
| Other | 464 | 929 |
| **Total** | **133,377** | **130,395** |
| | | |
| **Changes in the Net Liability recognized in Balance Sheet** | | |
| Net liability / receivable at the beginning of year | 22,226 | 7,617 |
| Contributions paid from the employer and the members | (1,453) | (1,762) |
| Total expense recognized in the account of results | 1,862 | 1,866 |
| Total amount recognized in the Net Worth | (8,665) | 16,302 |
| Foreign exchange differences | (678) | (1,797) |
| **Net liability at the end of year** | **13,292** | **22,226** |
| **Cumulative amount in the Net Worth Profit / (Loss)** | **7,269** | **13,792** |
| | | |
| **Money flows** | | |
| Expected benefits from the plan in the following year | (6,199) | (5,256) |

* The assets of the plan are measured at fair values and include mutual funds of Baillie Gifford. The category "Other" also includes the plan's cash reserves.

The actuarial assumptions are presented in the following table.

| *Actuarial Assumptions* | *Don & Low LTD* | | *Thrace Polybulk AS* | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Discount rate | 2.50 % | 2.70 % | 2.40 % | 2.60 % |
| Inflation | 3.25 % | 3.35 % | 2.25 % | 2.25 % |
| Average annual increase of personnel salaries | 3.50 % | 3.60 % | 2.50 % | 2.50 % |
| Duration of liabilities | 18 years | 18 years | 17.4 years | 15 years |

The decrease in deficit (liability) during the current year is mainly due to the increase of the plan's assets whereas the liabilities of the plan were reduced due to the foreign exchange differences.

Amounts in thousand Euro, unless stated otherwise

### 3.19 Deferred Taxes

**Group**

The following amounts are recorded in the consolidated balance sheet, after any offsetting entries wherever it is required:

| Deferred Taxation | 2017 | 2016 |
|---|---|---|
| Deferred tax assets | 5,061 | 2,633 |
| Deferred tax liabilities | (7,570) | (4,524) |
| **Total deferred taxation** | **(2,509)** | **(1,891)** |

| A. Change of deferred tax in the results | 2017 | 2016 |
|---|---|---|
| As at 1 January | (1,891) | (5,127) |
| Change in the results | 1,201 | 492 |
| Foreign exchange differences | 28 | (42) |
| Change in statement of comprehensive income | (1,394) | 2,767 |
| Change in the equity | (453) | 19 |
| **As at 31 December** | **(2,509)** | **(1,891)** |

| B. Deferred tax liabilities | Depreciations | Other | Total |
|---|---|---|---|
| **As at 1 January 2016** | **(7,903)** | **(1,657)** | **(9,560)** |
| Change in the results | 992 | 17 | 1,009 |
| Foreign exchange differences | 302 | (44) | 258 |
| Change in the equity | - | - | - |
| **As at 31 December 2016** | **(6,609)** | **(1,684)** | **(8,293)** |
| Change in the results | 276 | 839 | 1,114 |
| Foreign exchange differences | 62 | 131 | 194 |
| Change in the equity | (362) | (224) | (585) |
| **As at 31 December 2017** | **(6,633)** | **(938)** | **(7,570)** |

| C. Deferred tax assets | Liabilities for employee benefits | Provisions | Other | Total |
|---|---|---|---|---|
| **As at 1 January 2016** | **1,995** | **1,689** | **749** | **4,433** |
| Change in the results | 55 | (304) | (268) | (517) |
| Change in the statement of comprehensive income | 2,767 | - | - | 2,767 |
| Foreign exchange differences | (314) | - | 15 | (299) |
| Change in the equity | 18 | - | - | 18 |
| **As at 31 December 2016** | **4,521** | **1,385** | **496** | **6,402** |

Amounts in thousand Euro, unless stated otherwise

| C. Deferred tax assets | Liabilities for employee benefits | Provisions | Other | Total |
|---|---|---|---|---|
| Change in the results | 64 | 10 | 12 | 86 |
| Change in the statement of comprehensive income | (1,394) | - | - | (1,394) |
| Foreign exchange differences | (115) | - | (50) | (165) |
| Change in the equity | 26 | - | 106 | 132 |
| **As at 31 December 2017** | **3,102** | **1,395** | **564** | **5,601** |

## Company

| A. Change of deferred tax in the results | 2017 | 2016 |
|---|---|---|
| **As at 1 January** | 12 | (141) |
| Change in the results | 595 | 148 |
| Change in the equity | 329 | 5 |
| **As at 31 December** | **936** | **12** |

| B. Deferred tax liabilities | Depreciations | Other | Total |
|---|---|---|---|
| **As at 1 January 2016** | **(933)** | **(2)** | **(935)** |
| Change in the results | 149 | - | 149 |
| **As at 31 December 2016** | **(784)** | **(2)** | **(786)** |
| Change in the results | 592 | - | 592 |
| Change in the equity | 385 | - | 385 |
| **As at 31 December 2017** | **193** | **(2)** | **191** |

| C. Deferred tax assets | Liabilities for employee benefits | Provisions | Other | Total |
|---|---|---|---|---|
| **As at 1 January 2016** | **98** | **696** | **-** | **794** |
| Change in the results | (1) | (1) | - | (2) |
| Change in the equity | 6 | - | - | 6 |
| **As at 31 December 2016** | **103** | **695** | **-** | **798** |
| Change in the results | 28 | (25) | - | 3 |
| Change in the equity | (56) | - | - | (56) |
| **As at 31 December 2017** | **75** | **670** | **-** | **745** |

In the statement of financial position, deferred tax assets and liabilities are offset per Company, while in the specific table deferred tax assets and liabilities are presented in detail. Therefore, any reconciliation is made in the change between assets and liabilities.

Amounts in thousand Euro, unless stated otherwise

### 3.20 Suppliers and Other Short-Term Liabilities

Suppliers and Other Short-Term Liabilities are presented analytically in the following tables:

#### *3.20.1 Suppliers*

| Suppliers | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Suppliers | **36,906** | 31,762 | **84** | 2,200 |
| Suppliers (Subsidiaries - Associates) | **115** | 37 | **-** | 2 |
| **Total** | **37,021** | 31,799 | **84** | 2,202 |

#### *3.20.2 Other Short-Term Liabilities*

| Other Short-Term Liabilities | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Sundry creditors | **4,125** | 2,784 | **571** | 460 |
| Liabilities from taxes and pensions | **4,572** | 4,467 | **519** | 860 |
| Dividends payable | **85** | 49 | **45** | 49 |
| Customer prepayments | **850** | 1,230 | | - |
| Personnel salaries payable | **1,933** | 2,284 | **538** | 856 |
| Accrued expenses – Other accounts payable | **6,026** | 4,503 | **106** | 296 |
| Liabilities towards related companies | **-** | 13 | **9** | 34 |
| **Total short-term liabilities** | **17,591** | 15,330 | **1,788** | 2,555 |

The fair value of the liabilities approaches the book values.

### 3.21 Factoring

Since the year 2010 the Company Thrace Plastics Pack signed a Factoring agreement with ABC Factors. On 31/12/2017 the amount of € 1,727 that has been received by the Company from ABC Factors and corresponds to customers with the right to recourse (uninsured) has been registered in Loans.

### 3.22 Dividend

#### *3.22.1 Dividend for the Year 2016*

The Ordinary General Meeting of shareholders that took place on 11 May 2017 decided not to distribute any dividend from the earnings of 2016 in view of the capital needs for the completion of the Group's extended investment plan

Amounts in thousand Euro, unless stated otherwise

### *3.22.2 Proposed Dividend for the Year 2017*

At the Ordinary General Meeting of the Company's Shareholders which will convene on May 15th, 2018, the Board of Directors will propose the distribution of a total gross dividend amounting to 2,058,217 Euros. Specifically, the Board of Directors will propose the distribution of a gross dividend amounting to 0.047054 Euros per share, which has included the incremental dividend corresponding to the treasury shares held by the Company (4,324 own shares). The net amount which will be received by the shareholders after the withheld tax of 15% according to L. 4172/2013 will settle at 0.04 Euros per share.

## 3.23 Transactions with Related Parties

The Group classifies as related parties the members of the Board of Directors, the directors of the Company's divisions as well as the shareholders who own over 5% of the Company's share capital (their related parties included).

The commercial transactions of the Group with these related parties during the period 1/1/2017 – 31/12/2017 have been conducted according to market terms and in the context of the ordinary business activities.

The transactions with the Subsidiaries and Related companies according to the IFRS 24 during the period 1/1/2017 – 31/12/2017 are presented below.

| ***Income*** | ***1.1 – 31.12.2017*** | | ***1.1 - 31.12.2016*** | |
|---|---|---|---|---|
| | *Group* | *Company* | *Group* | *Company* |
| Subsidiaries | - | 4,952 | - | 4,821 |
| Related Companies | 5,148 | 162 | 5,199 | 148 |
| **Total** | **5,148** | **5,114** | **5,199** | **4,969** |

| ***Expenses*** | ***1.1 – 31.12.2017*** | | ***1.1 - 31.12.2016*** | |
|---|---|---|---|---|
| | *Group* | *Company* | *Group* | *Company* |
| Subsidiaries | - | 54 | - | 50 |
| Related Companies | 1,999 | 130 | 1,554 | 163 |
| **Total** | **1,999** | **184** | **1,554** | **213** |

| ***Trade and other receivables*** | ***31.12.2017*** | | ***31.12.2016*** | |
|---|---|---|---|---|
| | *Group* | *Company* | *Group* | *Company* |
| Subsidiaries | - | 10,269 | - | 11,226 |
| Related Companies | 1,645 | 277 | 1,755 | 240 |
| **Total** | **1,645** | **10,546** | **1,755** | **11,466** |

Amounts in thousand Euro, unless stated otherwise

| ***Suppliers and Other Liabilities*** | ***31.12.2017*** | | ***31.12.2016*** | |
|---|---|---|---|---|
| | *Group* | *Company* | *Group* | *Company* |
| Subsidiaries | - | 10 | - | 33 |
| Related Companies | 115 | - | 52 | 3 |
| **Total** | **115** | **10** | **52** | **36** |

The Group's "subsidiaries" include all companies consolidated with "Thrace Plastics Group" via the full consolidation method. The "Related companies" include those consolidated with the equity method as well as those owned by the partners of the Group.

The Company has granted guarantees to banks against credit lines for the account of its subsidiaries. On 31.12.2017 the amount of guarantees settled at € 42,176.

| ***Guarantees for Subsidiaries*** | ***2017*** |
|---|---|
| Thrace Nonwovens & Geosynthetics SA | 26,565 |
| Thrace Ipoma AD | 726 |
| Thrace Greenhouses SA | 1,469 |
| Thrace Plastics Pack SA | 4,289 |
| Thrace Polyfilms | 7,727 |
| Synthetic Holdings | 1,400 |

### 3.24 Remuneration of Board of Directors

| ***BoD Fees*** | ***Group*** | | ***Company*** | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| BoD Fees | **5,024** | 5,186 | **2,046** | 2,062 |

The fees include remuneration of the executive members of Boards of Directors and other fees of both executive and other members.

### 3.25 Participations

#### *3.25.1 Participation in companies consolidated with the full consolidation method*

The Management reviews on annual basis whether there are indications for impairment in business interests held in subsidiaries. On 31.12.2017, the Management examined all equity participations according to the accounting principle that is presented in note 2.3.1.4 ***Impairment of Participations***. At the same time it followed the procedures described in note 3.10.2 ***Intangible Assets*** with regard to review for goodwill impairment and conducted an impairment test on the subsidiary companies Don &Low Ltd, Trierina Trading Ltd, Thrace Polybulk AB and Thrace Polybulk AS. According to the assessment made by the Management there is no indication for the need of any impairment in the participations to subsidiaries as of 31.12.2017.

Amounts in thousand Euro, unless stated otherwise

The value of the Company's participations in the subsidiaries, as of 31st December 2017, is as follows:

| Company | 2017 | 2016 |
|---|---|---|
| **Companies consolidated with the full consolidation method** | | |
| DON & LOW LTD | 33,953 | 33,953 |
| THRACE PLASTICS PACK SA | 15,507 | 15,508 |
| THRACE NON WOVENS& GEOSYNTHETICS SA | 5,710 | 5,710 |
| SYNTHETIC HOLDINGS LTD | 11,728 | 4,607 |
| THRACE POLYFILMS | 3,418 | - |
| PAREEN LTD | - | 7,121 |
| THRACE GREENHOUSES SA | - | 2,785 |
| **Total** | **70,316** | **69,684** |

### 3.25.2 Participation in companies consolidated with the equity method

The change of standards with regard to the consolidation of the joint arrangement companies (IFRS 10, IFRS 11, IFRS 12) from the year 2014 and onward resulted into the change of the consolidation method.

IFRS 11 removes the concept of the proportional consolidation of the jointly controlled entities. Instead, the jointly controlled entities which fulfill the definition of joint venture are accounted for with the equity method.

The following table presents the companies in which the management is jointly controlled with another shareholder with the right to participate in their net assets. The companies are consolidated according to the Equity method. The parent Company holds direct business interests of 50% in Thrace Greenhouses SA with a value of € 2,800 and of 51% in Thrace Eurobent SA with a value of € 204 on 31/12/2017. The company Thrace Greiner Packaging SRL is 50% owned by Thrace Plastics Pack SA whereas Lumite Inc is 50% owned by Synthetic Holdings LTD.

| Company | Country of Activities | Business Activity | Percentage of Group |
|---|---|---|---|
| Thrace Greiner Packaging SRL | Romania | The company activates in the production of plastic boxes for food products and paints and belongs to the packaging sector.<br>The company's shares are not listed. | **46.47%** |
| Lumite INC | United States | The company activates in the production of agricultural fabrics and belongs to the technical fabrics sector.<br>The company's shares are not listed. | **50.00%** |
| Thrace Greenhouses SA | Greece | The company activates in the production of agricultural products and belongs to the agricultural sector.<br>The company's shares are not listed. | **50.91%** |
| Thrace Eurobent SA | Greece | The company activates in the manufacturing of waterproof products via the use of Geosynthetic Clay Liner – GCL.<br>The company's shares are not listed. | **51.00%** |

Amounts in thousand Euro, unless stated otherwise

The change of the Group's interests in the companies that are consolidated with the equity method is analyzed as follows:

| *Interests in companies consolidated with the equity method* | *1.1 - 31.12.2017* | *1.1 - 31.12.2016* |
|---|---|---|
| **Balance at beginning** | **11,347** | **10,251** |
| Change in consolidation method of Thrace Polyfilms from Equity method to Proportional | (704) | 262 |
| Change in consolidation method of Thrace Greenhouses from Proportional to Equity method | 2,614 | - |
| Participation in profit / (losses) of joint ventures | 976 | 1,273 |
| Dividends | (417) | (648) |
| Foreign exchange differences and other reserves | (977) | 209 |
| **Balance at end** | **12,839** | **11,347** |

The financial statements of the companies are presented in the following tables:

| *STATEMENT OF FINANCIAL POSITION* | THRACE GREINER PACKAGING SRL | | THRACE GREENHOUSES | | LUMITE INC | | THRACE EUROBENT SA | |
|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| **% of Participation** | **46.47 %** | 46.47 % | **50.91 %** | 100 % | **50 %** | 50 % | **51 %** | 51 % |
| **ASSETS** | | | | | | | | |
| Fixed assets | **7,840** | 7,811 | **6,968** | 3,129 | **4,946** | 5,528 | **117** | 105 |
| Inventories | **2,946** | 3,249 | **56** | 14 | **10,902** | 9,877 | **182** | 262 |
| Trade and other receivables | **2,961** | 2,762 | **2,756** | 1,204 | **2,025** | 2,087 | **933** | 515 |
| Other asset items | **-** | - | **-** | - | **22** | 250 | **-** | 13 |
| Cash | **1,321** | 1,379 | **73** | 902 | **926** | 1,979 | **264** | 212 |
| **LIABILITIES** | | | | | | | | |
| Bank debt | **4,850** | 4,928 | **2,504** | 2,320 | **2,686** | 3,187 | **-** | 10 |
| Other liabilities | **2,110** | 3,192 | **2,341** | 456 | **3,970** | 2,408 | **1,119** | 906 |
| **EQUITY** | **8,108** | 7,081 | **5,008** | 2,473 | **12,165** | 14,126 | **377** | 191 |

| *STATEMENT OF COMPREHENSIVE INCOME* | THRACE GREINER PACKAGING SRL | | THRACE GREENHOUSES | | LUMITE INC | | THRACE EUROBENT SA | |
|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Turnover | **17,235** | 17,526 | **4,084** | 1,618 | **26,760** | 26,296 | **3,256** | 1,686 |
| Cost of sales | **(13,770)** | (13,240) | **(3,127)** | (1,307) | **(21,908)** | (21,032) | **(2,617)** | (1,584) |
| **Gross profit** | **3,465** | 4,286 | **957** | 311 | **4,852** | 5,264 | **639** | 102 |

Amounts in thousand Euro, unless stated otherwise

| *STATEMENT OF COMPREHENSIVE INCOME* | THRACE GREINER PACKAGING SRL | | THRACE GREENHOUSES | | LUMITE INC | | THRACE EUROBENT SA | |
|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Distribution expenses | **(745)** | (676) | **(559)** | (200) | **(2,306)** | (2,220) | **(329)** | (231) |
| Administrative expenses | **(1,365)** | (1,386) | **(181)** | (104) | **(1,660)** | (1,178) | **(63)** | (59) |
| Other expenses / income | **77** | (22) | **(19)** | 32 | **196** | 5 | **(45)** | (17) |
| Operating profit / loss | **1,432** | 2,202 | **198** | 39 | **1,082** | 1,871 | **202** | (205) |
| Financial results | **(202)** | (82) | **(196)** | (110) | **(269)** | (125) | **(1)** | (4) |
| **Profit/(loss) before Taxes** | **1,230** | 2,120 | **2** | (71) | **813** | 1,746 | **201** | (209) |
| Taxes | **3** | (310) | **(129)** | 204 | **(196)** | (527) | **(14)** | 3 |
| **Profit/(loss) after Taxes** | **1,233** | 1,810 | **(127)** | 133 | **617** | 1,219 | **187** | (206) |
| **Other comprehensive income** | **(204)** | (1,313) | **1** | - | **(1,245)** | 1,689 | **-** | (2) |
| **Total comprehensive income after taxes** | **1,029** | 497 | **(126)** | 133 | **(628)** | 2,908 | **187** | (208) |

### 3.26 Acquisition of an Equity Stake in THRACESARANTIS S.A.

The Management of the Company "THRACE PLASTICS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME" with the distinctive title "THRACE PLASTICS CO. S.A." proceeded on 6th March 2017 with the purchase from "GR. SARANTIS CYPRUS LTD" of thirteen thousand six hundred and twenty five (13,625) common registered shares of the Societe Anonyme under the name "THRACE SARANTIS INDUSTRIAL AND COMMERCIAL SOCIETEANONYME" and the distinctive title "THRACE SARANTIS S.A.", which represent a percentage of 50% of the paid-up share capital for a total consideration of one million (1,000,000) Euros. Following the above transaction, the Company became the sole shareholder of "THRACE SARANTIS S.A." as it already participated in the share capital of the latter by 50%. The acquired company will be included in the consolidated financial statements based on the full consolidation method.

The acquisition price, the acquired assets and the goodwill which emerged, are analyzed below:

| *Acquisition price* | *1.1 - 28.02.2017* |
|---|---|
| Price consideration | 1,000 |
| Common shares acquired (units) | 13,625 |

| *Assets and goodwill* | *1.1 - 28.02.2017* |
|---|---|
| Tangible fixed assets | 2,586 |
| Other long-term receivables | 117 |
| Inventories | 56 |
| Customers | 23 |
| Cash and cash equivalents | 4 |
| Long-term loans | (777) |
| Deferred tax liabilities | (182) |

Amounts in thousand Euro, unless stated otherwise

| Assets and goodwill | 1.1 - 28.02.2017 |
|---|---|
| Short-term loans | (422) |
| Suppliers | (19) |
| **Total assets acquired** | **1,386** |
| **Minus: Existing participation** | **693** |
| **Goodwill** | **307** |
| **Price consideration** | **1,000** |

The emerged goodwill was recorded in the results for the year, given that the total consideration did not exceed the fair value of the net assets which were acquired.

### 3.27 Absorption of Elastron Agricultural from Thrace Greenhouses

On 28th March 2017, a Draft Merger Agreement was signed by the Company's fully owned subsidiary Societe Anonyme under the name "THRACE GREENHOUSES SOCIETE ANONYME" which concerns the absorption by the latter of the Societe Anonyme under the name "ELASTRON AGRICURTURAL COMMERCIAL AND INDUSTRIAL SOCIETE ANONYME". According to the above mentioned Draft Merger Agreement, the Board of Directors of the two merged companies decided that the merger will be implemented according to the clauses of articles 68-77a of P.L. 2190/1920 as well as the articles 1-5 of L. 2166/1993, as they are currently in effect, whereas the date of the balance sheet transformation was set on December 31st, 2016.

With regard to the determination of the book value of the assets of the absorbed company "ELASTRON AGRICURTURAL COMMERCIAL AND INDUSTRIAL SOCIETE ANONYME", a certified auditor prepared a relevant report on March 24th, 2017, according to the clauses of Law 2166/1993 and in accordance with the already prepared transformation balance sheet of the absorbed company as of 31/12/2016. According to the above mentioned report, the value to be capitalized of the absorbed company "ELASTRON AGRICURTURAL COMMERCIAL AND INDUSTRIAL SOCIETE ANONYME" accounts for €2,700, which equivalent with its share capital on 31/12/2016. Following the merger via absorption, it was decided the exchange ratio between the shares of the absorbed company and the shares of the absorbing company as percentage of the Share Capital of the absorbing company. The Share Capital amounts now to € 5,500 divided by 550,000 shares with nominal value of € 10 per share, namely:

| | Share Capital | Number of Shares | Percentage |
|---|---|---|---|
| THRACE GREENHOUSES SOCIETE ANONYME | 2,800 | 280 | 50.91 |
| ELASTRON AGRICULTURAL COMMERCIAL AND INDUSTRIAL SOCIETE ANONYME | 2,700 | 270 | 49.09 |
| **Total Share Capital** | **5,500** | **550** | **100.00** |

On 26/07/2017, the Societe Anonyme Merger Agreement no. 13192 concerning the absorption of the Societe Anonyme under the name "ELASTRON AGRICULTURAL COMMERCIAL INDUSTRIAL SOCIETE ANONYME" by the Company's fully owned (100%) subsidiary "THRACE GREENHOUSES SOCIETE ANONYME" was approved and recorded in the General Electronic Commercial Registry (G.E.MI.) on 28/07/2017 under the code number 112663.

*Amounts in thousand Euro, unless stated otherwise*

The book values of the assets and liabilities on 31/12/2016 of the company that derived from the absorption of Elastron Agricultural by Thrace Greenhouses, were the following:

| *Balance Sheet of the company after absorption* | *31.12.2016* |
|---|---|
| Tangible fixed assets | 6,742 |
| Other long-term receivables | 393 |
| Inventories | 158 |
| Customers | 1,561 |
| Cash and cash equivalents | 1,205 |
| **TOTAL ASSETS** | **10,059** |
| Long-term loans | 887 |
| Deferred tax liabilities | 41 |
| Grants | 1,300 |
| Other long-term liabilities | 121 |
| Short-term loans | 1,964 |
| Suppliers | 267 |
| Other short-term liabilities | 345 |
| Equity | 5,134 |
| **TOTAL LIABILITIES** | **10,059** |

The temporary difference deriving from the above transaction has been recorded in the results of the period. The determination of the fair values will be finalized within the 12-month period which is provided by the IFRS 10 and will specify any impact on the financial statements.

### 3.28 Commitments and Contingent Liabilities

On 31 December 2017 there are no significant legal issues pending that may have a material effect in the financial position of the Companies in the Group.

The letters of guarantee issued by the banks for the account of the Company and in favor of third parties (Greek State, suppliers and customers) amount to € 834.

The Group has entered into leasing agreements for the use of buildings and vehicles. The liabilities deriving from the above contracts are analyzed as follows:

| *Operating Leases* | *Group* | *Company* |
|---|---|---|
| Liability up to 1 year | 643 | 136 |
| Liability up to 5 years | 996 | 283 |
| Over 5 years | 422 | - |
| **Total** | **2,061** | **420** |

The leasing expenses for the year settled at € 150 for the Company and at € 1,1145 for the Group.

Amounts in thousand Euro, unless stated otherwise

In the context of the investment plan of the Group, financial leasing agreements have been signed mainly for the purchase of machinery equipment.

| *Financial Leases* | *Group* | *Company* |
|---|---|---|
| Liability up to 1 year | 4,366 | - |
| Liability up to 5 years | 10,841 | - |
| Over 5 years | 190 | - |
| **Total** | **15,397** | **-** |

### 3.29 Fees of auditing firms

During the financial year 2017, the total fees of the Company's and Group's legal auditors, are analyzed as follows, according to those stated in article 43a of C.L. 2190/1920, as amended by article 30 of L. 3756/2009:

| *Fees of auditing firms* | *Group* | | *Company* | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Fees of auditing services | 405 | 372 | 53 | 57 |
| Fees for tax certificate | 102 | 97 | 23 | 24 |
| Fees for consulting services | 89 | 29 | - | - |
| **Total** | **596** | 498 | **76** | 81 |

Specifically, the auditing services, the tax certificate services and the other fees towards the company PricewaterhouseCoopers, based in Greece (meaning excluding other countries) amounted to 150, 90 and 8.6 respectively.

### 3.30 Discontinued Activities

On 2/10/2017, in the context of the internal restructuring of the Group's participations, the Boards of Directors of the parent Company and of its subsidiary (100% owned) company under the name "THRACE POLYFILMS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME" (henceforth "Thrace Polyfilms") approved the terms of the agreement with regard to the spinoff of the sector of production and trade of Industrial Packaging products (henceforth "the Sector") from the parent Company and its contribution into the subsidiary "Thrace Polyfilms". The spinoff and contribution of the sector was decided to be implemented according to the clauses of Law 2166/1993, whereas the date of 30.06.2017 was set as the Transformation Balance Sheet date.
The industrial sector of the parent Company which was contributed into the subsidiary Thrace Polyfilms is presented in the current period as discontinued activity.

The financial information concerning the discontinued activity for the period until the transformation date is presented below:

Amounts in thousand Euro, unless stated otherwise

| Statement of Comprehensive Income | 1/1 – 31/12/2017 | | | 1/1 – 31/12/2016 | | |
|---|---|---|---|---|---|---|
| | Continuing | Discontinued | Total | Continuing | Discontinued | Total |
| Turnover | - | 8,025 | 8,025 | - | 14,332 | 14,332 |
| Cost of sales | - | (6,570) | (6,570) | - | (12,098) | (12,098) |
| **Gross profit** | - | 1,455 | 1,455 | - | 2,234 | 2,234 |
| Other operating income | 5,268 | 4 | 5,272 | 5,046 | 5 | 5,051 |
| Distribution expenses | - | (350) | (350) | - | (561) | (561) |
| Administrative expenses | (5,709) | (143) | (5,852) | (5,249) | (196) | (5,445) |
| Other operating expenses | (289) | (13) | (302) | (560) | (9) | (569) |
| Other expenses / income | 1,678 | - | 1,678 | (32) | - | (32) |
| **Operating profit / loss** | 948 | 953 | 1,901 | (795) | 1,473 | 678 |
| Financial income | 1 | - | 1 | 1 | 1 | 2 |
| Financial expenses | (843) | (215) | (1,058) | (1,525) | (607) | (2,132) |
| Income from dividends | 1,234 | - | 1,234 | 1,763 | - | 1,763 |
| **Profit/(loss) before Taxes** | 1,340 | 738 | 2,078 | (556) | 867 | 311 |
| Taxes | (472) | (14) | (486) | (167) | 37 | (130) |
| **Profit/(loss) after Taxes** | 868 | 724 | 1,592 | (723) | 904 | 181 |

| Cash Flows | Discontinued Activities |
|---|---|
| **Profit before taxes** | 738 |
| Cash flows from operating activities (a) | 1,823 |
| Cash flows from investment activities (b) | (769) |
| Cash flows from financing activities (c) | - |
| **Net increase decrease in cash & cash equivalents (a+b+c)** | 1,054 |

### 3.31 Reclassifications of accounts

In the present financial statements, there have been reclassifications of not significant comparative accounts in the Statement of Total Comprehensive Income for the purpose of comparability with the ones of the present year.

### 3.32 Risk Management

The financial assets used by the Group, mainly consist of bank deposits, bank overdrafts, receivable and payable accounts and loans.

In general, the Group’s activities create several financial risks. Such risks include market risk (foreign exchange risk and risk from changes and raw materials prices), credit risk, liquidity risk and interest rate risk.

*Amounts in thousand Euro, unless stated otherwise*

### 3.32.1 Risk from fluctuation of prices of raw materials

The Group is exposed to fluctuations in the price of polypropylene (which represents 55% approximately of cost of sales), which is faced with a corresponding change in the sale price of the final product. The possibility that the increase in polypropylene prices will not be fully transferred to the sale price, induces pressure on profit margins.

### 3.32.2 Credit Risks

The Group is exposed to credit risk, and in order to manage such consistently, it applies a clearly defined credit policy that is continuously monitored and reviewed, in order to assure that the provided credit does not exceed the credit limit per customer. Also, insurance contracts are made to cover sales per customer, while collateral is not required on the assets of customers. During the preparation date of the financial statements, provisions were made for doubtful debts and the Management considers that there is no other substantial credit risk that is not covered by insurance coverage or provisions.

The following table presents an analysis of the maturity of trade and other receivables on 31/12/2017.

| *Maturity of Trade Receivables on 31/12/2017* | *Group* | *Company* |
|---|---|---|
| 01 – 30 days | 19,850 | - |
| 31 – 90 days | 31,657 | - |
| 91 – 180 days | 5,575 | - |
| 180 days and over | 6,842 | 2,377 |
| **Subtotal** | **63,924** | **2,377** |
| Provisions for doubtful receivables | (6,592) | (2,371) |
| **Total** | **57,332** | **6** |

The above amounts are expressed in terms of days of delay in the table below:

| *Analysis of delayed customer receivables on 31/12/2017* | *Group* | *Company* |
|---|---|---|
| Timely receivables | 43,283 | - |
| Overdue receivables 1 – 30 days | 11,570 | - |
| Overdue receivables 31 – 90 days | 1,958 | - |
| Overdue receivables above 91 days | 7,113 | 2,377 |
| **Subtotal** | **63,924** | **2,377** |
| Provisions for doubtful customer receivables | (6,592) | (2,371) |
| **Total** | **57,332** | **6** |

With regard to the amounts in delay for over 90 days, which the Group has classified as doubtful, relevant provisions have been made which are deemed as sufficient.

*Amounts in thousand Euro, unless stated otherwise*

Correspondingly, for comparability purposes, the amounts of maturity and delay for the financial year 2016 are presented in the following tables:

| *Maturity of Trade Receivables on 31/12/2016* | *Group* | *Company* |
|---|---|---|
| 01 – 30 days | 20,467 | 1,018 |
| 31 – 90 days | 25,366 | 1,593 |
| 91 – 180 days | 4,965 | 190 |
| 180 days and over | 6,522 | 2,738 |
| **Subtotal** | **57,320** | **5,539** |
| Provisions for doubtful receivables | (6,680) | (2,458) |
| **Total** | **50,640** | **3,081** |

| *Analysis of delayed customer receivables on 31/12/2016* | *Group* | *Company* |
|---|---|---|
| Timely receivables | 40,908 | 2,674 |
| Overdue receivables 1 – 30 days | 8,430 | 218 |
| Overdue receivables 31 – 90 days | 1,421 | 17 |
| Overdue receivables above 91 days | 6,561 | 2,630 |
| **Subtotal** | **57,320** | **5,539** |
| Provisions for doubtful customer receivables | (6,680) | (2,458) |
| **Total** | **50,640** | **3,081** |

### 3.32.3 Liquidity risk

The monitoring of liquidity risk is focused on managing cash inflows and outflows on a constant basis, in order for the Group to have the ability to meet its cash flow obligations. The management of liquidity risk is applied by maintaining cash equivalents and approved bank credits. During the preparation date of the financial statements, there were adequate, unused bank credits, approved to the Group, which are considered sufficient to face a possible shortage of cash equivalents.

Short-term liabilities are renewed at their maturity, as they are part of the approved bank credits.

The following table presents the liabilities –loans provided according to their maturity dates.

| **Group 31/12/2017** | **Up to 1 month** | **1-6 months** | **6-12 months** | **Over 1 year** | **Total** |
|---|---|---|---|---|---|
| Suppliers | 11,357 | 25,664 | - | - | **37,021** |
| Other short-term liabilities | 6,771 | 11,495 | 2,564 | - | **20,830** |
| Short-term debt | 5,380 | 39,303 | 27,980 | - | **72,664** |
| Long-term debt | - | - | - | 15,737 | **15,737** |
| Other long-term liabilities | - | 208 | 181 | 208 | **598** |
| **Total 31.12.2017** | **23,508** | **76,671** | **30,726** | **15,945** | **146,850** |

Amounts in thousand Euro, unless stated otherwise

| Company 31/12/2017 | Up to 1 month | 1-6 months | 6-12 months | Over 1 year | Total |
|---|---|---|---|---|---|
| Suppliers | 42 | 42 | - | - | **84** |
| Other short-term liabilities | 761 | 818 | 360 | - | **1,938** |
| Short-term debt | 139 | 56 | 16,500 | - | **16,695** |
| Long-term debt | - | - | - | - | **-** |
| Other long-term liabilities | - | 180 | 180 | 120 | **479** |
| **Total 31.12.2016** | **942** | **1,095** | **17,039** | **120** | **19,197** |

| Group 31/12/2016 | Up to 1 month | 1-6 months | 6-12 months | Over 1 year | Total |
|---|---|---|---|---|---|
| Suppliers | 10,105 | 20,718 | 808 | 168 | **31,799** |
| Other short-term liabilities | 8,692 | 7,955 | 2,363 | 99 | **19,109** |
| Short-term debt | 1,868 | 34,774 | 30,497 | - | **67,139** |
| Long-term debt | - | - | - | 18,663 | **18,663** |
| Other long-term liabilities | 122 | - | 3 | 214 | **339** |
| **Total 31.12.2015** | **20,787** | **63,447** | **33,671** | **19,144** | **137,049** |

| Company 31/12/2016 | Up to 1 month | 1-6 months | 6-12 months | Over 1 year | Total |
|---|---|---|---|---|---|
| Suppliers | 897 | 1,303 | - | - | **2,200** |
| Other short-term liabilities | 1,802 | 725 | 14 | - | **2,541** |
| Short-term debt | - | - | 21,977 | - | **21,977** |
| Long-term debt | - | - | - | - | **-** |
| Other long-term liabilities | 116 | - | - | - | **116** |
| **Total 31.12.2015** | **2,815** | **2,028** | **21,991** | **-** | **26,834** |

### 3.32.4 Foreign exchange risk

The Group is exposed to foreign exchange risks arising from existing or expected cash flows in foreign currency and investments that have been made in foreign countries. The management of the various risks is made by the use of natural hedge instruments. In particular, the Group's policy is to take out loans at the level of balances in foreign currency for the rest of the customers too.

Effect of changes in foreign exchange on the financial statements from the conversion of foreign subsidiaries' balance sheets.

Amounts in thousand Euro, unless stated otherwise

| Foreign currency | 2017 | | | 2016 | | |
|---|---|---|---|---|---|---|
| Change of foreign currency against Euro | USD | GBP | Other | USD | GBP | Other |
| **Profit before tax** | | | | | | |
| +5% | (534) | (96) | 19 | (711) | (47) | 16 |
| -5% | 590 | 106 | (21) | 785 | 52 | (18) |
| **Equity** | | | | | | |
| +5% | 42 | (764) | (230) | (61) | (1,213) | (197) |
| -5% | (46) | 844 | 255 | 67 | 1,340 | 217 |

### 3.32.5 Interest rate Risk

The Group's long-term loans have been provided by Greek and foreign banks and are mainly denominated in Euro. The repayment period varies, according to the loan contract, while long-term loans are mainly linked to Euribor plus a margin. The Group's short-term loans have been provided by several banks, under Euribor, plus a margin and Libor plus a margin.

It is estimated that a change in the average annual interest rate by 1 percentage point, will result in a (charge) / improvement of Earnings Before Tax as follows:

| *Possible interest rate change* | *Effect on Earnings before Tax* | | | |
|---|---|---|---|---|
| | *Group* | | *Company* | |
| | 2017 | 2016 | 2017 | 2016 |
| 1% interest rate increase | **(884)** | (858) | **(166)** | (220) |
| 1% interest rate decrease | **884** | 858 | **166** | 220 |

### 3.32.6 Capital Adequacy Risk

The Group controls capital adequacy using the Net Debt to Operating Profit ratio and the Net Bank Debt to Equity ratio. The Group's objective in relation to capital management is to ensure the ability for its smooth operation in the future, while providing satisfactory returns to shareholders and benefits to other parties, as well as to maintain an ideal capital structure so as to ensure a low cost of capital. For this purpose, it systematically monitors working capital in order to maintain the lowest possible level of external financing.

| *Capital Adequacy Risk* | *Group* | | *Company* | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Long-term debt | 15,737 | 18,663 | - | - |
| Short-term debt | 72,663 | 67,139 | 16,695 | 21,977 |
| **Total debt** | **88,400** | **85,802** | **16,695** | **21,977** |
| Minus cash & cash equivalents | 30,593 | 31,080 | 4,790 | 1,853 |
| **Net debt** | **57,808** | **54,722** | **11,905** | **20,124** |
| **EBITDA** | **30,130** | **35,161** | **2,428** | **1,534** |

*Amounts in thousand Euro, unless stated otherwise*

| *Capital Adequacy Risk* | *Group* | | *Company* | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| **NET BANK DEBT /EBITDA** | **1,92** | **1,55** | **4,90** | **13,12** |
| **EQUITY** | **137,478** | **122,788** | **72,491** | **70,817** |
| **NET BANK DEBT / EQUITY** | **0.42** | **0.44** | **0.16** | **0.28** |

### 3.33 Significant Events

#### Macroeconomic Environment

The Greek banks entered into a bank holiday period on 28.06.2015 via an Act of Legislative Content which imposed capital controls in accordance with the respective decision of the Ministry of Finance. The bank holiday was terminated on 20.07.2015 whereas capital controls still remain intact, despite the constant improvements made in the relevant legislative framework towards the relaxation of initial capital control measures.

It is noted that the capital controls did not have any negative effect on the Group's sales in the Greek market until today (Greek sales represent less than % of the total turnover).

In any case, the Management has concluded that there is no need for additional provisions for impairment with regard to the financial and non-financial assets of the Group and the Company on 31st December 2017, whereas it constantly monitors the developments in order to take measures and proceed with actions for the minimization of any negative effect on the activity of the Company and the Group.

#### Investment Program

During the fiscal year 2017 and in the context of its investment program, the Group implemented investments of € 17,200 in the technical fabrics unit and of € 4,500 in the packaging unit.

#### The Effect due to BREXIT

The Group activates in the United Kingdom via its subsidiaries DON&LOWLTD, domiciled in Scotland, and Synthetic Holdings Limited, domiciled in Northern Ireland. The exchange rate of British Pound on 31/12/2015 was at 0.734. After the outcome of the country's referendum concerning its status as a member, or not, of the European Union, the British Pound depreciated versus the Euro and on 31/12/2016 it settled at 0.8562. As of 31/12/2017, the British Pound was valued at 0.8872. Therefore during the year 2017, the depreciation was limited compared to 2016 and did not affect the results of 2017 and the Group's equity as of 31/12/2017.

In the current phase the Group is not in position to predict the effect on its financial statements from a permanent exit of Great Britain from the European Union. In any case the Management assesses on a constant basis the developments in order to take the necessary measures and actions for the minimization of any negative effects on the activities of the Group.

## Other Significant Events

**On 2nd February 2017**, the Extraordinary General Meeting of the Company's shareholders took place which decided the following:

- The reduction of the Company's share capital by the amount of eight hundred and ninety three thousand, ninety Euros and eighty eight cents (893,090.88 Euros) via the reduction of the Company's total number of shares from 45,094,620 to 43,741,452 common registered shares, due to the cancellation of the total treasury shares held by the Company amounting to 1,353,168 treasury shares, in accordance with the article 16 of P.L. 2190/1920.
- The initiation of a new stock repurchase plan of the Company via the Athens Exchange in accordance with the clauses of article 16 of P.L. 2190/1920, and specifically the repurchase within a period of twenty four (24) months from the date of the decision, meaning until 02.02.2019 at the latest, of up to 4,374,145 common registered shares at maximum, representing 10% of the Company's outstanding share capital (as of today standing at 43,741,452 shares as result of the decision made with regard to the reduction of the share capital via the reduction of the number of shares due to cancelation of treasury shares), at a price range between one Euro and fifty cents (1.50 €) and three Euros and fifty cents (3.50 €).

The Company "Thrace Plastics" following the granting of the necessary approvals, proceeded on **6th March 2017** with the purchase from "GR. SARANTIS CYPRUS LTD" of thirteen thousand six hundred twenty five (13,625) common registered shares of the Societe Anonyme under the name "THRACE SARANTIS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME" and with the distinctive title "THRACE SARANTIS SA", which represented a percentage of 50% of the paid-up share capital of the company, for a total consideration of one million (1,000,000) Euro.
Following the above transaction, the Company became the sole shareholder of "THRACE SARANTIS S.A." as it already participated in the share capital of the latter by 50%. Following a relevant decision of the Extraordinary Shareholders Meeting on 06/03/2017, the company was renamed in «THRACE POLYFILMS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME».

On **29th March 2017,** the Company announced to the investors' community that the Draft Merger Agreement was approved and signed by its fully owned subsidiary Societe Anonyme under the name "THRACE GREENHOUSES SOCIETE ANONYME" with regard to the absorption by the latter of the Societe Anonyme under the name "ELASTRON AGRICURTURAL COMMERCIAL AND INDUSTRIAL SOCIETE ANONYME". According to the above mentioned Draft Merger Agreement, the Board of Directors of the two merged companies decided the merger to be implemented according to the clauses of articles 68-77a of P.L. 2190/1920 as well as the articles 1-5 of L. 2166/1993, as they are currently in effect, whereas the date of the balance sheet transformation was set on December 31st, 2016.

The above merger was approved by the decision under the protocol number Γ/ΕΞ/2117-1/26.07.2017 of the Regional Vice-Governor of Xanthi of the Region of Eastern Macedonia and Thrace (ΑΔΑ: Ω44Μ7ΛΒ-ΜΗΛ), and was registered in the General Electronic Commercial Registry (G.E.MI.) on 28/07/2017 under the code number 112663, according to the clauses of articles 68, paragraph 2 and 69-77 of C.L. 2190/1920 and of the articles 1-5 of Law 2166/1993, as they are currently in effect. Furthermore, with this decision of the Regional Vice-Governor of Xanthi it was approved the amendment of article 5, paragraph 1 of the Articles of Association of the Societe Anonyme under the name "THRACE GREENHOUSES SOCIETE ANONYME", according to the relevant decision of the company's Extraordinary Shareholders Meeting on 22/06/2017.

The Ordinary General Meeting of shareholders that took place on **11th May 2017** approved the annual financial statements and decided not to distribute any dividend from the earnings of 2016 since the priority of the Management of both the Company and the Group is to maintain satisfactory levels of liquidity in the context of the completion of the Group's extended investment plan.

On **5th May 2017**, the company Thrace Protect M.I.K.E. was established as subsidiary of the company Thrace Nonwovens & Geosynthetics SA. The newly established company will gradually be responsible for the safeguarding of the facilities of the Group's companies.

In **August 2017**, in the context of the changes made in the Group's organizational structure, aiming at the most appropriate and effective administrative operation, the further expansion of its production and distribution network and the most complete servicing of the markets via the utilization of the entire spectrum of products and services, the following actions were taken:

a) The company Pareen LTD which was fully owned (100%) by the parent company, was transferred to its subsidiary company Synthetic Holdings LTD (fully owned by 100% as well), which is based in the United Kingdom, via the issuance of new shares which the Company received in exchange.

b) The merger through absorption of the company Thrace Linq Inc based in Summerville of USA, having as business objective the production and trading of technical fabrics, by the company Delta Real Estate Investments LLC, also based in Summerville of USA and owner of a property which hosts the business operations of "Thrace Linq Inc". Following the completion of the above merger procedure, the absorbing company Delta Real Estate Investments LLC was renamed into Thrace Linq Inc.

On **3rd October 2017** and in the context of the internal restructuring of Group's participations, the Management of the Company informed the investors' community that the Boards of Directors of the parent Company and of its subsidiary (100% owned) company under the name "THRACE POLYFILMS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME" approved the terms of the agreement with regard to the spinoff of the sector of production and trade of Industrial Packaging products from the parent Company and its contribution into the subsidiary "Thrace Polyfilms". The spinoff and contribution of the sector was decided to be implemented according to the clauses of Law 2166/1993, whereas the date of 30.06.2017 was set as the Transformation Balance Sheet date.

On **2nd November 2017** the Extraordinary General Meeting of shareholders convened and approved the following items among others:

- The spin-off of the business segment of production and trade of industrial packaging products of the Company and the contribution of the segment into the fully owned (100%) subsidiary Societe Anonyme under the name "THRACE POLYFILMS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME" according to the provisions of Law 2166/1993 and Law 2190/1920 as they are currently in effect, and they also validated unanimously the entire terms of the common Spin-off Plan Agreement as of 27/09/2017, the Valuation Report as of 12/09/2017 with regard to the book value of the above business segment compiled by the Certified Auditor Michael K. Pappas (SOEL Reg. No. 33331) (with Transformation Balance Sheet date on 30/06/2017), and also the entire relevant statements made by the Board of Directors.

- The amendment of the Company's business objective following the spin-off of the business segment of production and trade of industrial packaging products and also the subsequent amendment of article 3 of the Company's Articles of Association, according to the precise form that was previously announced by the Company, and in line with the clauses of article 27, paragraph 3, case d' of P.L. 2190/1920.

- The change of the Company's name from "THRACE PLASTICS INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME" into "THRACE PLASTICS HOLDING SOCIETE ANONYME" and the subsequent amendment of article 1 of the Company's Articles of Association, according to the precise form that was previously announced by the Company, and in line with the clauses of article 27, paragraph 3, case d' of P.L. 2190/1920.

On **12th December 2017**, the Company informed the investors' community that the fully owned by 100% subsidiary "THRACE POLYFILMS SA" proceeded with the signing of a binding agreement for the acquisition of 100% of the share capital and the voting rights of the Societe Anonyme under the name "E.VI.SAK. Hellenic Industry of Sacks and Plastic Materials" which is domiciled in Nea Karvali, County of Kavala, Greece, for a total consideration of 2.49 million Euros. The business objective of the Company is the production of polyethylene-based plastic sacks utilized in the packaging of fertilizers and in raw plastic materials. Specifically the particular company processes low density polyethylene (LDPE) and low density linear polyethylene (LLDPE) for the production of one-layer or three-layer films. These films are cut and sealed with heat, and in a later stage are utilized in the final product such as the sack or the uncut roll of film. The production capacity of the Company currently accounts for 26 million plastic sacks and films on annual basis. The Company's share capital amounted to 103.2 thousand Euros on 31.12.2016 and the total Shareholders' Funds to 3.7 million Euros. The turnover for the entire fiscal year 2016 settled at 3.1 million Euros.

On **14th December 2017**, the decision with Registration Code Number Γ/ΕΞ/3656-1/13-12-2017 of the Periphery of Xanthi was registered in the General Electronic Commercial Registry (GEMI). Via the above decision it was approved the absorption of the industrial business segment (production plant 7 at the Industrial Zone of Xanthi) of the Societe Anonyme under the name "Thrace Plastics Industrial and Commercial Societe Anonyme" by the Societe Anonyme under the "Thrace Polyfilms Industrial and Commercial Company".

On **22nd December 2017**, the decision with Registration Code Number 142129/22.12.2017 (Online Publication Number – ADA Ω1ΥΧ465ΧΙ8-ΒΚΛ) of the Department of Listed and Sport-Related Societe Anonymes of the Companies and GEMI Division, of the General Directorate of the Market, of the General Secretary for Commerce and Consumer Protection, of the Ministry of Economy and Development, was registered in the General Electronic Commercial Registry (GEMI). Based on the above presented decision, the amendment of articles 1 and 3 of the Company's Articles of Association was approved.

On **27th December 2017**, the audit concerning the fiscal year 2011 for the subsidiary company of the Group Thrace Nonwovens & Geosynthetics SA completed, and additional taxes of €239 as well as tax surcharges of € 288 were imposed. The Management of the Company did not accept the outcome of the tax audit and appealed to the authorities by paying in cash only 50% of the aggregate imposed amount as the law requires.

For the **fiscal year 2017**, the Group implemented investments of 21.7 million Euros of which 14.1 million Euros concerned the Technical Fabrics Unit and 7.6 million Euros concerned the Packaging Unit.

### 3.34 Events after the Balance Sheet date

There are no events subsequent to the date of the Balance Sheet, which affect the financial statements of the Group.

**The Financial Statements have been prepared in accordance with the International Financial Reporting Standards as they have been adopted by the European Union, were approved by the Board of Directors on 17 April 2018 and are signed by the representatives of such.**

| The Chairman and Chief Executive Officer | The Vice-Chairman of the Board | The Head of Financial Services | The Head Accountant |
|---|---|---|---|
| KONSTANTINOS ST. CHALIORIS | THEODOSIOS A. KOLYVAS | SPYRIDON A. NTAKAS | FOTINI K. KYRLIDOU |
| ID NO. AM 919476 | ID NO. AI 101026 | ID NO. AE 044759 | ID NO. AK 104541<br>Accountant Lic. Reg. No. 34806<br>A’ CLASS |

*Amounts in thousand Euro, unless stated otherwise*

## VI. INFORMATION OF ARTICLE 10 OF LAW 3401/2005

During 2017, the Company published the following press releases / announcements, thus relevantly informing the investors' community. The above announcements are registered on the internet at the Company's websitewww.thracegroup.gr as well as at the website of the Athens Exchange.

| Date | Press Releases / Announcements |
|---|---|
| **18 December 2017** | Announcement of Regulated Information of Law 3556/2007 |
| **15 December 2017** | Announcement of Share Repurchase |
| **12 December 2017** | Announcement of the Signing of a Binding Agreement for the Acquisition of 100% of the Share Capital of EVISAK |
| **6 December 2017** | Announcement of Financial Results for the 9-month period of 2017 |
| **28 November 2017** | Announcement of Share Repurchase |
| **22 November 2017** | Announcement of Share Repurchase |
| **16 November 2017** | Announcement of Share Repurchase |
| **15 November 2017** | Announcement of Share Repurchase |
| **14 November 2017** | Announcement of Share Repurchase |
| **10 November 2017** | Announcement of Share Repurchase |
| **8 November 2017** | Announcement of Share Repurchase |
| **7 November 2017** | Announcement of Share Repurchase |
| **3 November 2017** | Synopsis of the Resolutions of the Extraordinary General Meeting – Voting Results |
| **12 October 2017** | Invitation to Extraordinary General Meeting |
| **3 October 2017** | Announcement of Spin-off of Industrial and Commercial Business Unit |
| **8 September 2017** | Announcement of Financial Results for the 1st half of 2017 |
| **6 September 2017** | Announcement for the Release Date of the Financial Results for 2017 |
| **5 September 2017** | Internal Restructuring of Group's Participations |
| **31 July 2017** | Announcement of the Completion of the merger between Thrace Greenhouses and Elastron Agricultural |
| **8 June 2017** | Annual Presentation to Analysts at the Hellenic Fund and Asset Management Association |
| **2 June 2017** | Announcement of Financial Results for the 1st quarter of 2017 |
| **11 May 2017** | Resolutions of the Ordinary General Meeting of Shareholders – Voting Results |
| **5 May 2017** | Announcement of Regulated Information of Law 3556/2007 |
| **19 April 2017** | Invitation to Annual Ordinary General Meeting of Shareholders |
| **7 April 2017** | Announcement of Financial Results for the Fiscal Year 2016 |
| **29 March 2017** | Announcement of the Merger via Absorption of Elastron Agricultural by Thrace Greenhouses |
| **28 March 2017** | Announcement of Financial Calendar 2017 |
| **6 March 2017** | Announcement of the Acquisition of the remaining 50% of Thrace Sarantis S.A. from GR Sarantis Cyprus LTD |
| **3 March** | Announcement of the Date for the Cancellation of Treasury Shares |
| **2 February 2017** | Synopsis of the Resolutions of the Extraordinary General Meeting – Voting Results |
| **12 January 2017** | Invitation to Extraordinary General Meeting of Shareholders |

## VII. ONLINE AVAILABILITY OF THE ANNUAL FINANCIAL REPORT

The Annual Financial Statements of the Company, the Audit Report of the Chartered Auditor-Accountant and the Management Report of the Board of Directors, as well as the Annual Financial Statements, the audit certificates of the Chartered Auditor-Accountant and the Reports of the Board of Directors of the companies that are incorporated in the consolidated financial statements of "THRACE PLASTICS HOLDING SA" are registered on the internet at www.thracegroup.gr .