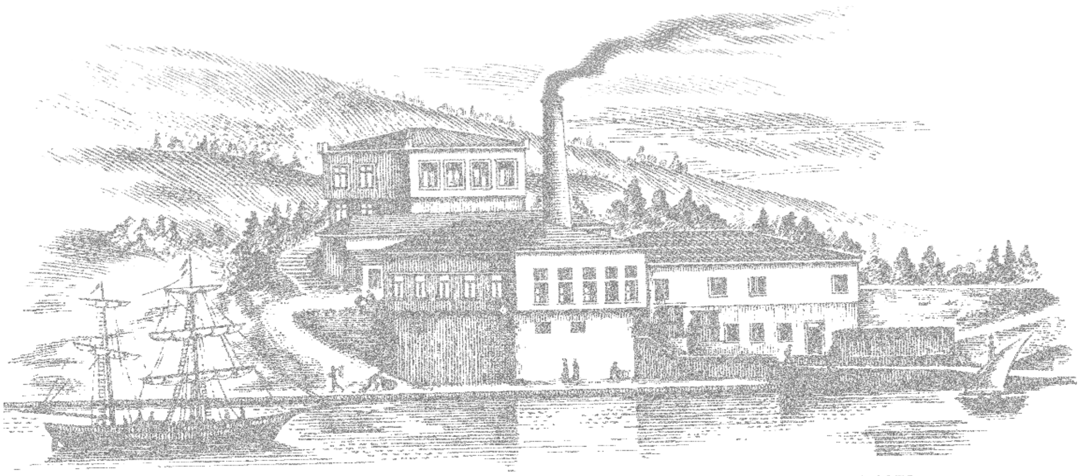
PAPOUTSANIS SA

ANNUAL FINANCIAL REPORT
Of the Fiscal Year 2012 (1 January -31 December 2012)



In accordance with Article 4 of Law 3556/2007 and the relevant executing decisions of the Board of Directors of the (Greek) Securities and Exchange Commission

Consumer Goods Industrial and Commercial Societe Anonyme
Companies' Register No 13108/06/V/86/89 –
General Commercial Register No 121914222000
71th klm of Athens-Lamia National Road, Vathy Avlida, 34100 Chalkida

Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

A. STATEMENT OF DIRECTORS BY ARTICLE 4 PARAGRAPH 2 (c) of LAW 3556/2007

According to Law 3556/2007 regarding the "transparency requirements for information about issuers whose securities are admitted to trading on a regulated market and other provisions", the undersigned hereby declare that to the best of our knowledge:

1. The Annual and Consolidated Financial Statements for the fiscal year 2012 (01.01.2012 - 31.12.2012), which were prepared in accordance with applicable accounting standards, are showing a true picture of the assets, liabilities, equity and results of PAPOUTSANIS SA and the undertakings included in the consolidation perceived as a whole in accordance with the provisions of Law 3556/2007.
2. The Annual Report of the Board of PAPOUTSANIS SA presents fairly the information required pursuant to Law 3556/2007.

Vathy Avlidos, 26 February 2013

Chairman of the Board	Vice Chairman and Managing Director	Member of the Board
George Gatzaros	Menelaos Tassopoulos	George Minoudis

B. MANAGEMENT REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY BY ARTICLE 43A of CL 2190/1920 and ARTICLE 4, PARAGRAPH 6 AND 7 OF LAW 3556/2007

The Board of Directors of Papoutsanis SA (the Company) presents the Annual Management Report for the Annual (Individual) and Consolidated Financial Statements for the year that was ended on 31 December 2012, that were prepared in accordance with the relevant provisions of Codified Law 2190/1920, Law 3556/2007 and decisions of the Board of Directors of the SEC that were issued under authorization thereby.

The above-mentioned Individual and Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards.

1. Development and performance during the reporting period

In 2012 the following significant events took place:

> The Board of Directors of the Athens Stock Exchange at its meeting of 10 May 2012, decided to discontinue the surveillance of the Company's shares, since the reasons for placing them under surveillance status were eliminated. The shares are being traded on the Main Market of the Athens Stock Exchange since the 11th of May 2012.

> In May 2012, the Company received an advance grant for an investment program amounting to 953 thousand euros, which significantly strengthened its liquidity. This investment is subject to the provisions of Law 3299/2004, concerns extensions and modernization of the company's factory and has been completed at the date of this Report.

> The group whose parent is the Company (the Group) during the fiscal year 2012 significantly increased its turnover despite difficult economic conditions 11,44% maintaining a high percentage of exports representing 39% of the total turnover of the Group. As a result and in combination with the maintenance or even the reduction of cost and expenses the Group results showed significant improvement and reached marginal losses after tax 0,005 million (i.e. the amount of 5.377,00 euros).

Turnover – Sales

The Group's turnover (which comes exclusively from the Company) during the fiscal year 2012 was increased by 11,44% and stood at 16,1 million vs. 14,5 million in 2011. Exports amounted to 6,2 million representing 39% of total turnover.

• **Papoutsanis operates in 3 main categories:**

- **Branded products.** In the year 2012, the position of Papoutsanis' products was strengthened showing an increase of 5% compared to the prior year. Specifically, in the category of solid soaps (Aromatics, Karavaki, Glycerine Papoutsanis, Green traditional), Papoutsanis' volume share increased by 19% (from 21,42 to 25,49%) compared to 2011. In the remaining categories the Company holds 4,81% of the volume of cream soap sales and 1,52% of the volume of shower gels' sales (source: IRI).

- **Hotel products.** The Company is the only producer in Greece and holds an important position. Its products (Olivia, Skin Essentials, Karavaki) and Korres' products (in collaboration with the company with the aforementioned name) are distributed to large hotel chains and hotel units both in Greece and abroad. This market suffered a significant decline during 2012 due to the downturn in tourism and the delayed start of the season.

- **Third party products, private label.** This segment grew 28% compared to the prior fiscal year, due to new partnerships and developing existing ones. Papoutsanis, because of its' facilities ranking among the most modern ones, is considered one of the main producers in Europe and the company is already in discussions for new partnerships.

Gross Profit

The consolidated gross profit during the fiscal year amounted to 3,5 million from 3,1 million in the fiscal year 2011, presenting an increase of 16% due mainly to the increase in turnover.

Operating expenses

Distribution expenses, administration, research and development rose in the fiscal year 2012 to 3,6 million from 4,1 million, decreased by 12% thanks to the ongoing efforts of the management to reduce costs.

Results

Earnings before taxes on a consolidated basis amounted to losses of approximately 0,04 million (i.e. the amount of 37.310,00 euros), compared to losses of 0,6 million in 2011 while profit after tax amounted to losses of about 0,005 million euro (namely in the amount of 5.377,00 million) compared to losses of 0,8 million in 2011.

Operating cash flows

The operating cash flows were negative by 0,17 million but significantly improved compared to the previous fiscal year when they had amounted to negative 0,68 million.

Borrowings

The net debt of the Group and of the Company (debt minus cash) amounted to 6.3 million euros, which represents 39% of the Company's turnover and 16.7% of total assets. During the previous fiscal year the net debt stood at 6,4 million and accounted for 44,4% of turnover and 15,9% of total assets.

Fixed Equipment

The Net Book value of fixed assets of the Group and the Company amounted on 31.12.2012 to 26,3 million euro compared to 26,8 million in 2011.

Financial Structure

Total liabilities in relation to equity on a consolidated basis improved during the fical year 2012 and on 31.12.2012 it amounted to 0,95, while it amounted to 1,07 on 31.12.2011.

Working Capital-Liquidity

The working capital (current assets minus current liabilities) at the consolidated level on 31.12.2012 amounted to EUR 2,8 million compared to 0,0 as of 31.12.2011. Current assets on 31.12.2012 represents 1,33 of current liabilities, while on 31.12.2011 this relation was 1.

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2. Other important information for the fiscal year that ended on December 31, 2012

Group's properties have not changed since the previous year and are as follows:

Properties of the Parent Company

Privately owned and owner-occupied properties and plots of the Company are shown in the following table:

ADDRESS	AREA (in sq. m)	USE
Land in Halkida (on which the factory stands)	38.246	owner-occupied
Land in Halkida	5.042	owner-occupied
Land in Halkida	2.905	owner-occupied
Land in Halkida	2.905	owner-occupied
Land in Halkida	932	owner-occupied
Factory in Halkida	8.383	owner-occupied
Land in Halkida (on which the industrial plant is situated)	8.400	owner-occupied
Industrial facility in Halkida	2.676	owner-occupied
Farm in the Prefecture of Evia	130.000	Investment in real estate property held in order to enhance capital
Ground floor residence on the farm in the prefecture of Evia	95	Investment in real estate property held in order to enhance capital

Properties of subsidiaries

There are none.

There are liens on the properties of the Company securing bank loans analyzed in the notes to the financial statements.

In the Notes to the annual financial statements you will find an analysis of all items of the financial statements of the Parent Company and the Group.

Treasury shares

The Company and its subsidiaries do not hold any treasury shares.

Activities in Research and Development

The Research and Development department of the parent company is engaged in researching and developing new products and modifying existing to meet current consumer trends.

3. Risks and uncertainties

Price risk

The basic Raw materials used in production are vegetable oils and the chemical derivatives thereof, tallow and in the production of packaging materials there are used various types of plastics. The price of the above varies depending on supply and demand in the global market, since most are commodities. Due to increased competition in the sector, increases in international and domestic prices of raw materials cannot be easily be included in the final price of products, which poses the risk of negative impact on the Group's results. Therefore, the Company annually seeks and eventually uses that supplier, which ensures the best price, reducing the risk of dependency.
To offset this risk derivatives are not used.

Credit risk

Given the global economic crisis, the credit risk is increased. To address the risk, the Group companies continuously monitor the financial condition of borrowers and take up the required actions (Credit insurance, legal actions) based on the credit policy of the company, in order to reduce this risk.

For the Company accounts receivable consist mainly of customer claims for branded products in the Greek market, large super market chains for private label products and big companies abroad, and claims of hotel businesses, both domestic and foreign.

The Group's subsidiary company has no commercial activity.

Interest rate risk and foreign currency risk

The financial cost of the total borrowings of the company and the group is floating under euribor. Bank lending is exclusively in euro. The Management believes that there are no significant risks from changes in interest rates, while the impact on the creditworthiness of the group from the borrowing costs is limited.

Sensitivity analysis of risk

The following table illustrates the sensitivity of the results for the year and equity to a reasonable possible change in interest rates of 1% or -1%. These changes are considered to be moving in a reasonable range in light of recent market conditions.

Amounts in EUR	**2012**	**2011**
Group	82.846	99.384
Parent Company	82.846	99.384

The company and the Group do not make significant transactions in foreign currency. There are no significant assets and liabilities in a currency other than the euro. So there are no conditions that could expose it to currency risk.

Liquidity risk - cash flow

The liquidity risk management includes ensuring sufficient cash and cash equivalents as well as ensuring the creditworthiness, through the existence of adequate credit lines from banks.

The Group according to these Financial Statements 31.12.2012 displays considerable cash and positive working capital (2,8 million) and therefore has no significant liquidity risk. During 2012 the Group converted part of its debt obligations from short to long term. Net bank borrowings amount to 6,3 million, representing 39% of turnover. It is also noted that the needs for capital requirements are not expected to be significant. Furthermore, the Company has diversified and shortened the customer credit in order to further improve its working capital.

Liquidity needs are monitored by the company on a daily and weekly basis, and on a rolling 30 day period. The medium-term liquidity needs for the next six months and the next year are determined quarterly.

Risk of reduced demand due to the general consumer recession

The consumer recession has already affected the sector in which the Group operates, but not significantly. In addition through the promotion and development of its products, the Company has succeeded in increasing its sales of branded products. This fact, coupled with new collaborations achieved in private label products has resulted in a turnover increase by 11,4%. An important role plays the large percentage (39%) of the Group exports, it should of course be underlined that a further overall decline in demand could have an impact mainly on foreign markets and tourist areas.

Risk of discontinuation of operation

The events, conditions and related business risks that could cast significant doubt about the possibility of the company to continue its operation during the next fiscal year have been evaluated. As the Group has significant cash balances, positive working capital of 2,8 million despite negative operating cash flow of € 0,7 million and in combination with low needs for flows for investing activities, there is no risk of discontinuation of operation.

4. Significant events that occurred since the end of the fiscal year until the drafting of Report

Not existing.

5. Goals and Prospects - Prospects of the Group and the Company

In the year 2012, the increase in turnover of 11,4%, combined with efforts to reduce costs and expenses resulted in a significant improvement of the results after tax (0,00 million in 2012 compared to losses of 0,8 cm euros in 2011).

For the year 2013, a further increase in turnover with a positive effect on the Group's results is expected. It remains important to achieve rapid recovery of the amounts due to the Company and to avoid bad debts despite the goal of expanding activities.

The subsidiary included in the consolidation has ceased operations and no reactivation is intended during the next fiscal year.

No acquisition or sale of companies, or any other change in the composition of the group is planned for the next fiscal year.

6. Transactions with related parties

Transactions with related parties within the meaning of IAS 24 relating to:

a) The company's transactions with its subsidiaries and transactions among the subsidiaries. There have been no such significant transactions during this fiscal year.

b) Transactions with company directors and managers. These transactions relate to remuneration for their work, providing independent services under contracts with an executive director and with a limited liability company (EPE), having a manager of which is an executive member of the Board

c) Transactions with shareholders. This relates to the company's financing through long-term borrowing.

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EXPLANATORY MEMORANDUM TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS PURSUANT TO ARTICLE 4 PAR. 8 OF LAW 3556/2007.

This explanatory report of the Board shall be submitted to the Annual General Meeting of Shareholders of the Company under paragraph 8 of Article 4 of Law 3556/2007 and has been prepared in accordance with the provisions of paragraphs 6 and 7 of Article 4 of the above mentioned law.

(A) Share capital structure

Following the reverse splitof shares and the setting off of losses against equity that took place in 2010 as well as the capital increase, the share capital of the Company amounts to fifteen million seven hundred forty-seven thousand one hundred eighty-four euro and thirty-nine cents (15.747.184,39) divided into fifty million seven thousand ninety seven three hundred sixty nine euro (50.797.369) ordinary shares with a par value of 0,31 euros each.

The Company's shares are listed for trading on the Main Securities Market of the Athens Stock Exchange.

The rights of shareholders emanating from its share are in proportion to the percentage of capital to which the paid-up nominal value of the share corresponds. Each share incorporates all the rights and obligations provided for by law and the Articles of Association and in particular:

• The right to participate and vote at the General Meeting.
• The right to receive dividend from the annual or upon liquidation profits of the Company.
• The right to withdraw the contribution when the company is liquidated.
• The pre-emptive right to any increase in the share capital of the Company through cash and the right to receive new shares.
• The right to obtain copies of the financial statements and the reports of the auditors and the Board of Directors of the Company.

(B) Restrictions on the transfer of shares of the Company

The transfer of shares of the Company which are dematerialized and listed on the Securities Market of the Athens Stock Exchange, takes place as specified law and the articles of association contains no limitations on their transfer.

(C) Significant direct or indirect participations within the meaning of Articles 9 to 11 of L.3556/2007

Based on participation in the last annual general meeting of shareholders on 29.06.2012, the shareholders holding more than 5% of the total shares and voting rights are listed in the following table:

Name or registered shareholder	Shares attributable (in pieces)	Participation Ratio
RAGUSO Co Ltd	38.481.347	75,755%
THRUSH INVESTMENT HOLDINGS LTD	2.631.200	5,180%
Other shareholders	9.684.822	19,065%
Total	50.797.369	100,00%

(D) Owners of shares confering special control rights

There are no shares of the Company which confer to their holders special control rights.

(E) Restrictions on voting rights- Time-limits for the exercise of relevant rights.

There are no limitations on voting rights arising from shares provided for in the Statutes of the Company

(F) Shareholders' Agreements on restrictions on transfer or exercise of voting rights

No restrictions on the voting rights attached to the shares are provided in the Articles of Association and the Company is not otherwise aware of any such Shareholders Agreement.

(G) The Rules of appointment / replacement of members of the Board of Directors and amendment of Articles as differentiated from the provisions of Law 2190/1920.

The rules set out in the Company for appointment / replacement of members of the Board of Directors and the amendment of the Statute does not deviate from the provisions of CL 2190/1920, subject to the following:

1. If for any reason there is a vacancy of the position of a member of the Board of Directors, the remaining Board members, if they are at least three (3), may elect a temporary replacement for the remaining term of office of the Board member that is thus replaced. The above replacement is mandatory when the number of Board members is below the minimum limit specified in paragraph 2 of Article 7 of the Statute (ie less than three members) so that the minimum limit of three members is reached again.
2. The Articles of Association has been harmonized with the provisions of L.3604/2007 and its provisions do not deviate from the provisions of Law 2190/20, as applicable.

(H) Power of the Board to issue new shares / purchase Company shares in accordance with Article 16 of Law 2190/20.

1. According to Article 13 paragraph 1 of Art. Point b) of CL 2190/1920, the Board of Directors has the right, following a decision of the General Meeting, subject to the formalities of article 7b of CL 2190/1920 to increase the share capital by issuing new shares, by a decision reached by a majority of at least two thirds (2/3) of all members. In this case, the share capital may be increased by a maximum of the amount of paid up capital on the date that the Board was granted such authority from the General Assembly. The power of the Board may be renewed by the General Assembly for a period not exceeding five years for each renewal.

2. 2.According to Article 13, paragraph 13 of Law 2190/1920, by decision of the General Assembly a stock option plan may be established for the distribution of shares to the Board of Directors and employees of the Company and its affiliated companies within the meaning of paragraph 5 of article 42 in the form of stock options shares as per the terms thereof. The General Meeting shall, in particular, set out the maximum number of shares that may be issued, which by law can not exceed 1/10 of existing shares if the holders exercise the right (option) to purchase shares, the price and conditions for the sale of shares to the beneficiaries and any other similar term.

3. Through a decision of the Board of Directors of the Company, the Company may itself or through a person acting in his name, but on its behalf, acquire its own shares, subject to approval of the

General Assembly and to the specific terms and procedures of paragraphs 1-9 of Article 16 of Law 2190/1920.

(I) Significant agreements of the Company that are in force / modified / terminated in case of change of control of the Company following a takeover bid.

There are no agreements which take effect, are modified or terminated upon a change of control following a takeover bid.

(J) Agreements for the compensation of members of the Board or personnel in case of resignation / dismissal without due cause or termination of office / employment following a takeover bid

There are no agreements between the Company and members of the Board of Directors or its employees, which provide for compensation in case of resignation or dismissal without just cause or termination of office or employment due to a takeover bid.

February 26, 2013
For the Board

The Vice Chairman & Managing Director
Menelaos Tasopoulos

CORPORATE GOVERNANCE STATEMENT PURSUANT TO ARTICLE 43A OF CODIFIED LAW 2190/1920

This Corporate Governance Statement is prepared in accordance with Article 43a paragraph 3 case d of C.L. 2190/1920, as amended and currently in force through paragraph 2 of Article 2 of Law 3873/2010 and is part of the Annual Report of the Board of Directors of the Company.

CONTENTS

INTRODUCTION

The term "corporate governance" describes the way in which companies are managed and audited. Corporate governance is a system of relations between the Company's management, the Board of Directors, shareholders and other stakeholders, it is the structure through which are approached and set, the means of attaining those objectives are determined and the monitoring of the performance of the management during the process of carrying out the above is enabled.

In Greece, the corporate governance framework has been developed mainly through the adoption of binding rules such as Law 3016/2002 and Decision 5/204/2000 of the Securities and exchange Commission, which, among other things, require the participation of non-executive and independent non-executive members in the Boards of Directors of Greek listed companies, the establishment and operation of an internal audit unit and the adoption of internal Rules of Operation with a minimum mandatory content in accordance with these provisions. In addition, other legislative acts have incorporated into the Greek legislative framework the European company law directives, creating new rules of corporate governance, such as Law 3693/2008, which requires the establishment of audit committees, and important reporting obligations with respect to ownership and governance of a company, Law 3884/2010 on the rights of shareholders and additional corporate disclosure obligations to shareholders during the process of preparation of the General Meeting, and Law 3873/2010, which transposed into Greek law Directive 2006 / 46/EK of the European Union on the annual and consolidated accounts of certain types of companies.

Finally, the Act on Societes Anonymes (Law 2190/1920, which is amended by several of the above provisions) contains the basic rules of corporate governance of societes anonymes.

1. Code of Corporate Governance

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

The Company has voluntarily decided to adopt the Corporate Governance Code of the Federation of Enterprises (SEV) for Listed Companies (hereinafter the "Code"). This Code is on the website of SEV in the following web address: http://www.sev.org.gr/Uploads/pdf/KED TELIKO JAN2011.pdf

Besides the website of SEV, the code is available to all staff in printed form in the Finance Department and in the Human Resources Department and on the Company's official website at the following web address: http://www.papoutsanis.gr/coφorate-governance.php?id=3&lang= gr.

1.2 Deviations from the Corporate Governance Code and justification thereof. Specific provisions - Code of practice for listed companies - not employed by the Company and an explanation of the reasons for non-compliance

The Company confirms first with this statement that it complies faithfully and strictly with the provisions of Greek legislation (Law 2190/1920, 3016/2002, decision 5/204/2000 and Law 3693/2008) which form the minimum requirements that must be met by any Corporate Governance Code applicable by a Company whose shares are traded on a regulated market.

These minimum requirements are incorporated in the above Code of Corporate Governance (SEV) to which the Company is subject, but this Code also contains a number of additional (to the minimum requirements) specific provisions.

The Company, as appropriate, deviates or does not apply at all, some provisions of the Code relating to "Special practices for listed companies." Below are detailed those deviations (at the end of each paragraph there is a reference to the numbering of the Code of the relevant specific practice).

It is noted that in the report that follows there are included exceptions for special practices for smaller listed companies, ie, not included in the indices FTSE / ATHEX 20 and FTSE / ATHEX Mid 40, for which the Code provides in its Annex 1 the possibility of exemption from the requirement to explain the non-compliance with them.

Regarding the Board of Directors and its members

Role and Responsibilities of the Board

- The Board has not formed a special separate committee, to supervise the process for nominations for election to the Board of Directors and prepare proposals to the Board of Directors regarding the remuneration of executive members and key senior management, since the company's policy in relation to such fees is fixed and formed, but also because in view of the size of the Company, the existence of such committees is not considered as absolutely
necessary. A I (1.2)

Size and composition of the Board

- The existing Board of Directors does not consist of seven (7) to fifteen (15) members, but of five (5) members, with a statutory provision for the possibility of elect a Board with a minimum of three (3) members and a maximum of fifteen (15) members, since the size and structure of the Company does not justify the existence of such a large number of Directors in the Board. AII (2.1)

Role and profile of the Chairman of the Board

- No explicit distinction is made between the responsibilities of the Chairman and CEO or is it deemed appropriate in view of the organizational structure and operation and the size of the Company to establish such a distinction. A II(3.1)

- The Board does not appoint an independent Vice President among its independent members, but an executive vice-president, since it is considered of utmost importance that the Vice President assists the President of the Board in the exercise of his executive duties. AII (3.3 & 3.4)

Nomination of candidate members of the Board of Directors

- There is no committee for nominating candidate members for the Board, since, as a result of the structure and operation of the Company this committee is not considered necessary for the time being. A V (5.4 to 5.8)

Operation of the Board

- In the beginning of each calendar year, the Board shall not adopt a calendar of meetings and a 12-month agenda, to be revised according to the needs of the Company, in view of the fact that all its members are residents of Attica, so it is easy to convene and hold a meeting of the Board, if this is required by the needs of the Company or by law, without having to have a predetermined plan of action. A VI (6.1)

- There is currently no provision for the support of the Board in the performance of its work by a competent, suitably qualified and experienced company secretary, since his or her key tasks can be performed by other departments of the Company. A VI (6.2, 6.3)

- There is no need for conducting regular meetings between the President of the Board and non-executive directors without the presence of executive members to discuss the performance and remuneration of the latter, as all the issues are openly discussed in the presence of all members A VI (6.5)

- There is no provision for introductory information programs for new members of the Board and the continuous professional development and training for other members, as the persons nominated as candidates for election as Board members are persons with proven experience and organizational - administrative skills. A VI (6.6)

- There is no provision to provide adequate resources to the committees of the Board for the performance of their duties and for hiring outside consultants as necessary, as there are no Board committees, except the Audit Committee, as provided by law and the relevant resources, where appropriate, are approved in each case by the Board of Directors, based on the individual company needs that may from time to time arise. A V (6.10)

Evaluation of the Board

- There is no institutionalized process for evaluating the effectiveness of the Board and its committees of for evaluating the performance of Chairman of the Board during a process, headed by the independent Vice Chairman or other non-executive member of the Board in the absence of the independent Vice President. Apart from evaluating the Board through the Annual Report of the Annual General Meeting, the Board monitors and reviews the implementation of its decisions on an annual basis. Further to the above, the introduction of an assessment system for the Board and its committees is already being considered. A VII (7.1, 7.2 and 7.3)

Regarding internal audit

Internal audit system

- There were no committee meetings with the external auditor without the presence of members of the Administration, because there was frequent communication with the members of the Board of Directors This practice is expected to apply as of the next fiscal year. BI (1.6)

-No special funds are made available to the Commission for using external consultants, as the composition of the Commission and the specialized knowledge and experience of its members ensure its effective operation. BI (1.9)

Regarding Fees

Level and structure of remuneration

- There is no remuneration committee, having as its object the determination of the remuneration of executive and non-executive Directors and thus there are no provisions for the tasks of such committee, the frequency of its meetings and other matters relating to the operation thereof. The establishment of such a committee, given the structure and operation of the Company, has not been considered necessary to date. The overall remuneration of the Chairman of the Board, the CEO and board members, executive and non-executive is approved by the Annual General Meeting of shareholders and adequately disclosed in the financial statements under IAS 24. There is no public remuneration report in the corporate governance statement as this obligation, under the Code has been postponed. CI (1.1 - 11.1).
- No bonuses are provided in the Company's contracts with those executive members of the Board who maintain contracts with the Company. CI (1.3)

The General Meeting of Shareholders

- There was no deviation, apart from the exception in the code, according to Annex 1 for information in English. DII (I. I)

1.3 Corporate governance practices applied by the Company in addition to the provisions of the law

The Company complies faithfully and strictly with the provisions of the above legislative framework on corporate governance (Law 2190/1920, Law 3016/2002, decision 5/204/2000 SEC 3693/2008 and n .3 873/2010). There are at the present moment no practices applied in addition to the above provisions.

2. Main features of the internal audit and Risk Management systems in relation to the preparation of the Financial Statements and Financial Reports

The Internal Audit and Risk Management System of the Company in relation to the preparation of financial statements and financial reports includes safety valves and audit mechanisms at various levels within the organization as described below:

2.1 General

Identifying, assessing, measuring and managing risk:

The identification and assessment of risks is mainly during the phase of forming the strategic planning and annual business plan. The topics examined vary depending on market conditions and industry including, among others, developments and trends in the markets in which the company is active or are important sources of raw materials, changes in technology, macroeconomic indicators and competitive environment. The Board makes an annual reevaluation of corporate strategy, major business risks and internal control systems.

Planning and monitoring / Budget:

The course of the company is monitored through a detailed budget. The progress of financial results of the company depends heavily on external factors such as the raw material prices and other market factors. Therefore the budget is adjusted at regular intervals to take such changes into account. Management monitors the evolution of economic size of the company through regular reports, comparisons to the budget and meetings of the management group.

Adequacy of Internal Audit System:

The management has designed and performs continuous surveillance activities, which are embedded in the operation of the Company and which ensure that the System of Internal Audit maintains its effectiveness through time. The Company also conducts periodic individual assessments as to the suitability of the Internal Audit system, which are mainly implemented through the Internal Audit Service.

The Company has an independent Internal Audit Service, which among other ensures that the procedures for identification and management of risks applicable by management are adequate to ensure effective operation of the Internal Audit System and the quality and reliability of the provided information from the management to the Board with regard to the system of internal audit.

The adequacy of the internal audit system is monitored on a regular basis by the Audit Committee through mutual communication with the Service of Internal Audit.

Prevention and combating of financial fraud:

In the context of risk management, areas that are considered high risk for financial fraud are monitored with appropriate control systems and accordingly increased safety valves. Examples include the existence of organizational structure, rules of operation, as well as detailed procedures and approval limits. Also, in addition to the control mechanisms applied by each division, all activities of the company are subject to controls by the Internal Audit.

Internal Operation Regulation:

The Company has compiled a relevant internal operation regulation, which is approved by the Board. Within the framework of the Regulation the powers and responsibilities of the key positions are stated, thus promoting adequate separation of powers within the Company.

Safety valves for information systems
The Company has developed a framework for the monitoring and control of information systems, which is defined by individual audit mechanisms, policies and procedures. Among these is the definition of specific entry rights for all employees according to their position and the role they hold, while also a file of entry is kept at the systems of the Company.

2.2 Safety valves process to prepare financial statements and financial reports

As part of the procedures to the financial reporting of the Company there exist and function specific safety valves, which are associated with the use of tools and methodologies commonly acceptable under international practices. The main areas in which safety valves are activated that are associated with the preparation of financial reports and financial statements are the following:

Organization - Division of Responsibilities

- The assignment of responsibilities and powers both to the senior management of the company and to the middle and inferior officers, ensures the strengthening of the effectiveness of internal control systems, while preserving the required separation of powers.
- Proper staffing of financial services with people who have the required technical knowledge and experience for the duties assigned to them.

Accounting monitoring and financial statements preparation procedures

- Uniform policies and way of monitoring the accounting offices of the Group.
- Training and education of staff involved with the preparation of the Financial Statements.
- Automated checks and inspections carried out between different information systems, while specific approval is required for accounting handlings of non-recurring transactions.
- Judgments and management estimates required for the preparation of financial statements are re examined at each financial reporting period, compared with the identified risks.

Processes of Internal audit of financial statements

The internal audit during the process of preparation is designed so as to confirm through specific procedures the claims of the management towards third parties and the external auditors on individual items of the financial statements that are:

On the Balance Sheet: the existence and ownership of the data, the completeness, the consistent with the accounting framework and measurement classification.

On the Results: The existence of the transaction, the autonomy of use, completeness, accuracy and classification based on the accounting framework.

Procedures for safeguarding assets

- The existence of safety valves for assets, inventories, cash - checks and other assets of the company, such as the physical security of the cashier and the warehouses, the carrying out of inventory and the comparison of the measured quantities with those in the accounting records, the adequate security of assets and more.

<u>3. Board of Directors</u>

3.1 Composition and operation of the Board

3.1.1. The role, duties and related responsibilities of the Board described in the Articles of Association and complementarily also in the Rules of Operation of the Company.

The Board of Directors acting collectively has the administration and management of corporate affairs. It decides on all matters relating to the Company and carries out any act other than those provided either by law or the Articles of Association for the General Meeting of Shareholders.

Without limitation, the Board:

(A) Represents the Company in and out of court.
(B) enters and conducts Court proceedings, foreclosures, and notices of Mortgage, consents to their withdrawal, waives privileges, actions and remedies, concludes compromises in and out of court and agrees to arbitrations.

(C) Obtains or transfers in rem and contractual rights in moveable and real properties subject to Article 10 of the Law No 2190/20 and accepts obligations, enters into any form of contract, without prejudice to Article 23a of Law 2190/1920, participates in public or other competitions as well as in auctions.
(D) Appoints, places and fires employees and agents of the Company regulating remuneration and salaries and grants and revokes any general and special Power of attorney on behalf of the Company.

(E) Issues, accepts and signs or guarantees or endorses promissory notes, checks and any negotiable instruments.

(F) in general determines the expenses of the Company.

(G) examines the books and the Cashier of the Company, prepares the annual financial statements, proposes depreciations on the facilities and doubtful debts and proposes dividends and profits to be distributed,

(h) arranges the internal operation of the Company and adopts the relevant regulations and generally carries out any act of management of the Company and of management of its assets and has every right and power to manage the corporate interests and perform any act for the realization of the objectives pursued by the Company.

i) Provides lawfully of any kind guarantees by the company in favor of natural persons or legal entities with which the Company has or maintains commercial or financial transactions for the fulfillment of its purposes.

(I) decides whether to issue bonds, other than those referred to in Article 3b of the CL 2190/1920. With regard to bonds convertible into shares of the Company, the Board may decide to issue them following an authorization by the General Meeting in accordance with Article 13 § 1 of codified 2190/1920.

3.1.2. The Board may by resolution delegate the exercise of all or some of its rights and powers, related to the management, administration and representation of the Company to one or more persons, whether those persons are or are not members of the Board. Such persons may, if provided by the relevant decisions of the Board, further delegate the exercise of the powers conferred to them in whole or in part to others or third parties. The title and responsibility of each of these persons is always determined by the Board of Directors through their appointment resolution.

3.1.3 Each Board member is responsible to the Company for the management of corporate affairs for any fault. He is particularly liable if the balance sheet contains omissions or misrepresentations that conceal the true state of the Company. This responsibility does not exist should he demonstrate that he has acted with the diligence of a prudent businessman. Such diligence is judged based on the capacity of each member and the tasks assigned to him. Also, the liability does not exist concerning acts or omissions based on lawful decisions of the General Meeting or on a reasonable business decision taken in good faith, based on sufficient information and only in the best interest of shareholders.

3.1.4 Incompatibilities - other liabilities

a) The members of the Board, the Directors and officers of the Company are prohibited from exercising, either alone or in collaboration with third parties, any or all of the intended purposes of the Company, or to perform tasks similar to those purposes or to participate as equal partners in companies pursuing such purposes without prior permission of the General Meeting. In case of violation of this prohibition, the Company has the right to compensation and the liable person, if he is a member of the Board, loses his position in the Board by resolution of the Board of Directors. In this case paragraphs 2 and 3 of article 23 of Codified 2190/1920 also apply.

b) Members of the Board and any other persons entrusted with this responsibility are not allowed to pursue interests that conflict with the interests of the company.

c) Members of the Board and any other persons entrusted with responsibilities must timely disclose to the other members of the Board their own interests, which may arise from transactions of the company which are part of their duties, as well as any other conflict of interest with the company or its affiliated companies within the meaning of paragraph 5 of article 42 of the C.L. 2190/1920 arising in the performance of their duties.

3.1.5. Board Meetings
The Board meets at the headquarters of the company when the law or the Company's needs so require and shall be convened by the Chairman or the Vice-President in his stead, on the date and time specified by him. It is also convened whenever the President deems it appropriate or it is requested by two directors, as specified in the law.

The convening of the Board may be requested apart from the President or his deputy by two (2) of the members through an application to the Chairman or his deputy, who are required to convene the Board in order to meet within a period seven (7) days from the submission of the application. The application must, under penalty of inadmissibility, clearly state the issues to be discussed by the Board. If the Board is not convened by the President or his deputy within that time, the members who requested the meeting may convene the Board within five (5) days from the expiry of the abovementioned period of seven (7) days by notifying the invitation to the other Board members.

The year 2012 thirty two (32) meetings of the Board took place, which were attended by all members.

3.2 Information on the members of the Board

The current Board of Directors comprises of five members (5-member), as elected by the Extraordinary General Meeting on 29.06.2010 and after the replacement of Mr. Gerasimos Bousvaros by Mr. Christos Georgalis on 31.01.2013 and consists of the following members:

A. George Gatzaros, son of Sotirios, resident of Drossia, Attica, 9, Chloridon street, holder of ID No 563348 issued by the Police department of Kifissia. Chairman, executive member. He holds a degree in Mechanical Engineering from NTUA. He is the founder of Gageo SA merged in 2009 with PAPOUTSANIS SA. Between 2008 and 2009 he was an advisor of industrialization of the Companies PAPOUTSANIS and Gageo. He is also Chairman of the company PLIAS TRADING SA (100% subsidiary of PAPOUTSANIS SA).

B. Menelaos Tassopoulos, son of Athanasios, resident of Filothei, Attica, 34, Kehagia str., holder of ID No 365174 O issued by the Police department of Nea Erithrea. Vice President and Managing Director, executive member. He holds PhD and MPhil degrees in Engineering & Applied Science from Yale University, has a Master in Industrial Engineering & Management Science from Columbia University and a Master in Chemical Engineering from Worcester Polytechnic Institute. He also holds a degree in Chemical Engineering from the National Technical University of Athens. He has extensive experience in the industry, as General Manager and Managing Director and Private Equity Director in a commercial bank.

C. Minoudis George, son of Michael, a resident of Athens, 8, Omirou street, holder of ID No AB 634593. Non-executive member. Lawyer, a graduate of the University of Essex (LLB) and the University of London (LLM, London School of Economics and Political Science). He has been working in the Law Firm Karatzas & Partners since 2000 and has become a partner since 2004. Specializes in commercial and corporate law.

D. Papoutsanis Dimitrios, son of Panagiotis, resident of Kifissia, 22A, Strofyliou str., holder of ID No X 351490. Non-executive independent director. He studied Business Management with specialization in Marketing and Communications at Adelphi University. He has worked in the field of marketing, sales and purchases of a big multinational company.

E. Gerasimos Bousvaros, son of Constantine, resident of Kifissia, 33, Karaiskaki Street, holder of No ID X 349929. Non-executive independent director. He holds a degree in Chemistry. He has extensive experience as a production manager, quality control and new product development in industries producing soaps and cosmetics. He is a member of the Board of the Panhellenic Association of Manufacturers and Representatives of Cosmetics and Perfumes (PSVAK). Mr. Gerasimos Bousvaros on January 31, 2013 submitted his resignation from the Board of Directors and was replaced with Board approval by Mr. Christos Georgalis, son of Peter, ID No X 424550/1985, issued by the Police department of Halandri with Tax Reg. No 013429794, Resident of N. Penteli, 16, Ierou Lohou str.: non-executive, independent member. He holds a degree of the School of Economics and Commercial Sciences (A.S.OEE.) Has extensive experience of finance in industry as Financial Director.

At the upcoming Annual General Meeting there will be announced the election of Mr. Georgalis.

Based on the above formulation the Board consists of two (2) executive and three (3) non-executive directors, two (2) of which are independent members, which the Board deems that they retain its independence, based on the definitions of the Code.

The mandate of the board is three years ending on 29 June 2013 and shall be automatically extended until the first Annual General Meeting following the termination thereof. In any case, the term may not exceed four (4) years.

The members of the Board and members of supervisory bodies, apart from the activities associated with their status and position in the Company shall not pursue other professional activities that are important for the Company, with the following exceptions:

Dimitris Papoutsanis - Tax Representative of “Immobile Investment LTD”.

George Minoudis, Attorney-in-law.

Mr. George Gatzaros, Engineer.

They are not involved in administrative, management or supervisory bodies nor are they partners in another company or legal entity, today, with the following exceptions:

- George Gatzaros - Chairman of Plias Commercial SA. (Subsidiary of PAPOUTSANIS SA). Shareholder holding 50% of Bolelli CO Ltd. Also Mr. Gkatzaros until 2008 held a 49% stake in the subsidiary Gageo SA. This percentage was acquired by PAPOUTSANIS SA and the abovementioned company has merged with the parent company at the end of 2009. Also, until May 2010 he was a 6% shareholder of PAPOUTSANIS SA, percentage transferred to Bolelli Co LTD in 2010. Shareholder of 50% of Bolelli Co Ltd. Since the year 2012 he is manager of the consulting firm named GAGEO Single-member Limited Liability Company (MEPE).
- Menelaos Tasopoulos - Member of the Board of Eurodrip SA, Board member of the company MJ. MAILLIS S.A. (From which he resigned on February 18, 2013), a 50% shareholder of Bolelli Co Ltd.
- George Minoudis, member of the Board of Levant Partners Greece SA and partner in the Law Firm KARATZA & Associates and member and secretary of the Board of the Michael Cacoyannis Institute.
- Dimitris Papoutsanis, Tax Representative of Immobile Investment LTD.
- Christos Georgalis, member of the boards of companies PROSAL AU. and Cypriot BOZETI Ltd

3.3 Audit Committee

The Company in compliance with the provisions and requirements of Law 3693/2008 has established an Audit Committee in support of the Board in its duties relating to financial reporting, internal audit and supervision of regular audit.

The Audit Committee comprises of one non-executive member of the Board, Mr George Minoudis, and two non-executive independent members of the board of directors, Messrs. Dimitrios and Papoutsanis and Christos Georgalis, following the replacement of the resigned Mr. Gerasimos Bousvaros. The members of the Audit Committee are elected by the General Meeting.

Mr. Dimitrios Papoutsanis was appointed Chairman of the Audit Committee.

The mandate of the committee shall be the same as the term of the Board, i.e. ending on the 29th of June 2013, but prolonged until the next ordinary general meeting that follows after its termination, in any case not exceeding four years.

In case one or more members resign or leave the Committee for any reason, they will be replaced by the Board of Directors, and the replacement shall be put up for approval at the next general meeting of shareholders of the Company.

The powers and duties of the Audit Committee involve:

a) monitoring the financial reporting process, examining crises and Management estimates that affect the configuration of the financial statements as well as overseeing any official announcement on the financial performance of the company,
b) monitoring the effective operation of internal audit and risk management systems, and overseeing the internal audit service of the Company and ensuring its independence,

c) Monitoring the statutory audit of individual (separate, regular) and consolidated financial statements,

d) Reviewing and monitoring issues related to the existence and maintaining of objectivity and independence of the statutory auditor or audit firm, particularly in case other services are provided to the Company by the statutory auditor or audit firm.

The Audit Committee during the year 2012 (01.01.2012-31.12.2012) has held two meetings.

It is noted that the Auditor of the Company, who audits the annual and interim financial statements, provides no other type of non-audit services to the Company or has any other relationship with the Company; this way his objectivity and independence are ensured.

3.4 Other managerial, supervisory bodies or committees of the company

There are at the present time no other management or supervisory bodies or committees of the Company within the framework of operation of the Board of Directors.

<u>4. General Meeting of Shareholders</u>

The role, responsibilities, convening, participation, the ordinary and extraordinary quorum and majority of the participants, and the general functioning of the General Meeting of Shareholders of the Company and the rights of shareholders and the way to exercise them are described in the Company's Articles of Association, as amended and currently in force, while it is noted that the relevant provisions of Law 3884/2010, which amended the Law 2190/1920, inter alia, as to the convening formalities and participation in the General Meeting and to the rights of minority shareholders, have been incorporated to the Articles of Association.

Selected information is mentioned hereinafter:

4.1 Operation mode of the General Meeting and basic powers thereof

The General Meeting is the supreme body of the Company, and it is entitled to decide on any corporate affair and decide on all the issues submitted to it.

In particular, the General Meeting is exclusively competent to decide on:

(A) Any matter submitted to it by the Board or by those entitled under the provisions of the Law or the Articles of Association to cause its convocation.

(B) Amendments to the Articles of Association. Such amendments are those related to the increase or decrease of capital, the dissolution of the Company, the extention of its duration and its merger with another company.

(C) The election of members of the Board, except in the case of Article 7 § 3, and of the Auditors and the specification of their remuneration.

(D) The adoption or amendment of the annual financial statements prepared by the Board and the distribution of net profits.

(E) The approval, by special vote by roll call, of the management of the Board and the discharge of the Directors and the Auditors from any liability after the adoption of the annual financial statements and after hearing the report on the activities of Board of Directors and on the general state of the affairs of the Company. In the above vote the Members of the Board of Directors and employees are entitled to participate also, but only with shares that are owned by them.

(F) The hearing of the auditors on the audit of the books and accounts of the Company they have carried out.

(G) the issue of loans with bearer bonds, as well as the issue of bonds provided in Article 3a and 3b of CL. 2190/1920, as currently in force,

(H) The appointment of liquidators in the event of dissolution of the Company,

(i) any action against the Board of Directors or the auditors for breach of their duties under the law and the Articles of Association.

4.2 Shareholder rights and ways in which they are to be exercised

Exercise of right of Participation and voting rights at the General Meeting

Whoever appears as shareholder in the records of the Dematerialized Securities System managed by Hellenic Exchanges S.A., in which the shares of the Company are recorded may participate in the General Meeting. Proof of shareholder status can be provided through the handing over of a relevant written statement of HELEX, or through direct electronic link-up of the Company with the records of HELEX. Shareholder status must exist at the start of the 5th day prior to the date of the General Meeting (Record Date) and the written statement or the electronic verification of shareholder status must have been received by the Company by the 3rd day prior to the date of the General Meeting. In the Reiterative General Meeting, shareholders under the same conditions as mentioned above can participate. Shareholder status must exist at the start of the 4th day prior to the date of the Reiterative General Meeting (Record Date of Reiterative General Meetings) and the relevant written statement or electronic verification of shareholder status must have been received by the Company by the 3rd day prior to the date of the Reiterative General Meeting.

The exercise of these rights does not require the blocking of shares or any other similar process, which limits the ability to sell or transfer shares during the interval between the record date as defined above, and the relevant general meeting.

A shareholder may attend the general meeting and vote in person or by proxy. A representative acting on behalf of several shareholders may cast votes differently for each shareholder. Legal entities may participate in the General Meeting by appointing up to three (3) persons as their representatives.

The proxy holder must disclose to the Company, before the commencement of the general meeting, any fact that may be useful to the shareholders in assessing the risk of the proxy serving interests other than the interests of the shareholder. Conflicts of interest may arise in particular when the proxy: a) is a shareholder who controls the Company or is another legal entity controlled by such shareholder, b) is a member of the board or of the management of company or of a shareholder who controls the company or of another legal entity controlled by a shareholder who controls the Company, c) is an employee or an auditor of the Company or of a shareholder exercising control over the Company or of another legal entity controlled by a shareholder who controls the Company, d) is a spouse or first-degree relative with one of the natural persons referred to in subparagraphs a to c above.

The appointment and revocation of a proxy shall be in writing and notified to the Company likewise at least three (3) days prior to the date of the Meeting. Each shareholder may appoint up to three (3) representatives.

- *Exercise of Minority Rights.* By a request of shareholders representing one twentieth (1/20) of the paid up share capital, the Board of Directors shall convene an extraordinary general meeting of shareholders, setting a meeting date which must be not more than forty-five (45) days from the date the application to the Chairman of the Board. The application contains the items of the agenda. If no general meeting is convened by the Board within twenty (20) days after service of the request, it shall be convened by the requesting shareholders at the company's expense, by decision of the court of first instance of the area where the company's headquarters are situated, issued in the process of interim measures. This decision shall state the place and time of the meeting and the agenda.

- Upon request of shareholders representing one twentieth (1/20) of the paid up share capital, the Board shall include on the agenda of the General Meeting which has been convened, additional items, if the request is received by the Board of Directors fifteen (15) days before the general meeting. The additional items are to be published or communicated by the Board under Article 26 of the Law 2190/1920, seven (7) days before the general meeting. As the Company is listed in the stock exchange, the request for an additional item on the agenda shall be accompanied by a justification or a draft resolution to be adopted at the general meeting and the revised agenda shall be published in the same manner as the previous agenda thirteen (13) days before the date of the general meeting and will also be made available to shareholders at the Company's website, along with the justification or draft resolution submitted by the shareholders in accordance with Article 27 paragraph 3 of C.L. 2190/1920. In companies with listed shares, upon request of shareholders representing one twentieth (1/20) of the paid up share capital, the Board of Directors shall make available to shareholders as stipulated in Article 27 paragraph 3 of the Law 2190/1920, six (6) days before the date of the general meeting, draft resolutions for items included in the initial or revised agenda, if the request has been received by the Board seven (7) days before the date of the general meeting.

- Upon request of shareholders representing one twentieth (1/20) of the paid up share capital, the chairman of the meeting is obliged to have the decisions of the general meeting (regular or an extraordinary) postponed only once for all or some issues, defining the day of the continuation of the meeting, as defined in the shareholders' request, which cannot be more than thirty (30) days from the date of postponement.

- Upon request of any shareholder submitted to the Company five (5) days before the general meeting, the board must provide to the General Meeting specifically requested information regarding the affairs of the company, to the extent that they are useful for the estimation of the items on the agenda.

- Upon request of shareholders representing one twentieth (1/20) of the paid up share capital, the Board of Directors shall inform the general meeting, if it is a regular one, about the amounts that were paid within the last two years, to any board member or the directors of the Company, as well as any benefit to these persons from any cause or company's contract with them. In all the above cases the Board may decline to provide such information citing sufficient material grounds, and this should be recorded in the minutes.

- At the request of shareholders representing one fifth (1/5) of the paid up share capital which is submitted to the Company within the period of the preceding paragraph, the Board shall provide to the General Meeting information on the course of corporate affairs and financial statements. The Board may decline to provide such information citing sufficient material grounds, and this should be recorded in the minutes.

- Upon request of shareholders representing 1/20 of the paid up share capital, the decision on any item on the agenda of the general meeting shall be effected by "roll call.

Extraordinary Audit of the Company upon exercise of minority rights

- The right to seek control of the company by a single court for the area where the company is based, that deciding on an ex parte proceedings, shall have, among others, shareholders representing at least one twentieth (1/20) of the paid up share capital. The audit is ordered if it is suspected that there have been actions that violate the provisions of the law or the Articles of Association or resolutions of the General Meeting.

- Shareholders representing one fifth (1/5) of the paid up share capital have the right to apply the member district court of the district in which the company has its registered offices for the Company's audit, if from its whole course it is believed that the handling of Company affairs is not carried out as would be required by sound and prudent management.

5. Information required by Article 10 para 1 of Directive 2004/25/EC on takeover bids

Article 10 § 1 of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, provides the following in relation to companies whose whole number of securities is admitted to trading on a regulated market:

> *“1.Member States shall ensure that companies as referred to in Article 1(1) publish detailed information on the following:*
>
> *(a) the structure of their capital, including securities which are not admitted to trading on a regulated market in a Member State, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents;*
>
> *(b) any restrictions on the transfer of securities, such as limitations on the holding of securities or the need to obtain the approval of the company or other holders of securities, without prejudice to Article 46 of Directive 2001/34/EC;*
>
> *(c) significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC;*
>
> *(d) the holders of any securities with special control rights and a description of those*

rights;

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

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

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

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

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

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

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

The disclosure of the above required information is included in the section captioned "EXPLANATORY REPORT TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS PURSUANT TO ARTICLE 4 of Law 3556/2007 "of this Annual Report of the Board, reference to which is made hereby.

This Statement of Corporate Governance constitutes an integral and special part of the Annual Management Report of the Board of Directors.

February 26, 2013
On behalf of the Board

The Vice Chairman & Managing Director
Menelaos Tasopoulos

C. INDEPENDENT AUDITOR'S REPORT

To the shareholders of "**PAPOUTSANIS A.V.E.E**"

Report on the Financial Statements

We have audited the accompanying separate and consolidated financial statements of the societe anonyme **PAPOUTSANIS S.A.,** which comprise of the corporate and consolidated statement of financial position as at December 31, 2012, the corporate and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company **PAPOUTSANIS A.V.E.E.** and its subsidiary on December 31, 2012, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, as these adopted by the European Union.

Other Matter

The financial statements of the Company **PAPOUTSANIS S.A.** for the year ended 31 December 2012 had been audited by another Certified Auditor Accountant, which expressed an unmodified opinion on 28 March 2012 on the financial statements of the previous year.

Report on Other Legal and Regulatory matters

A) The Board of Directors' report includes a statement of corporate governance that provides the information required by paragraph 3d of article 43a of Law 2190/1920.
B) We have verified the agreement and consistence of the content of the Board of Directors' Report with the above mentioned Financial Statements, in the scope of the requirements of Articles 43a, 108 and 37 of Law 2190/1920.

Athens, 27th of February 2013
The certified accountant – auditor

ΣΟΛ
ΟΡΚΩΤΟΙ ΛΟΓΙΣΤΕΣ
Crowe Horwath.

EFSTATHIOS P. BANILAS

Certified Public Accountant Auditor
Institute of CPA (SOEL) Reg. No. 16451

Associated Certified Public Accountants s.a.
member of Crowe Horwath International
3, Fok. Negri Street – 112 57 Athens, Greece
Institute of CPA (SOEL) Reg. No. 125

Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

D. FINANCIAL STATEMENTS

1. Statement of financial position

ASSETS	Note	GROUP		COMPANY	
Non – current assets		**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**
Tangible assets	5.7	26.285.006	26.837.677	26.285.006	26.837.677
Investments in real estate property	5.8	247.500	275.000	247.500	275.000
Intangible assets	5.9	163.347	215.435	163.347	215.435
Long-term receivables	5.11	42.184	38.793	42.184	38.793
		26.738.037	**27.366.906**	**26.738.037**	**27.366.906**
Current assets					
Reserves	5.12	2.354.044	2.692.294	2.354.044	2.692.294
Trade receivables	5.13	3.631.703	1.608.616	3.631.703	1.855.575
Receivables (Checks)	5.13	2.211.307	3.349.742	2.211.307	3.349.742
Other receivables	5.13	380.912	910.448	376.952	907.553
Financial assets at fair value through results	5.14	20.026	19.507	20.026	19.507
Cash and cash equivalents	5.15	2.561.560	4.468.309	2.557.981	4.464.168
		11.159.553	**13.048.916**	**11.152.014**	**13.288.839**
Total Assets		**37.897.590**	**40.415.822**	**37.890.051**	**40.655.745**

EQUITY	Note	GROUP		COMPANY	
Total Equity attributable to the shareholders of the parent company		**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**
Share capital	5.16	15.747.184	15.747.184	15.747.184	15.747.184
Above par	5.16	31.953.519	31.953.519	31.953.519	31.953.519
Reserves at fair value	5.17	2.615.271	2.615.271	2.615.271	2.615.271
Other reserves	5.18	217.200	217.200	217.200	217.200
Results carried forward		(31.052.442)	(31.047.065)	(30.987.584)	(30.729.263)
		19.480.733	**19.486.110**	**19.545.591**	**19.803.912**
Non-controlling interests		-	-	-	-
Total Equity		**19.480.733**	**19.486.110**	**19.545.591**	**19.803.912**

Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

LIABILITIES	**Note**	**GROUP**		**COMPANY**	
Long-term liabilities		**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**
Long-term borrowings	5.19	5.440.371	3.919.357	5.440.371	3.919.357
Deferred Income Tax	5.20	1.844.596	1.876.529	1.844.596	1.876.529
Provisions for employee benefits	5.21	544.324	518.510	544.324	518.510
Other provisions	5.22	133.000	133.000	133.000	133.000
Grants of assets	5.23	2.056.048	1.468.940	2.056.048	1.468.940
		10.018.339	**7.916.335**	**10.018.339**	**7.916.335**
Short-term liabilities					
Suppliers	5.24	4.155.188	5.280.633	4.082.791	5.202.754
Other liabilities	5.24	788.636	756.600	788.636	756.600
Short-term loans	5.19	3.454.694	6.976.144	3.454.694	6.976.144
		8.398.518	**13.013.376**	**8.326.121**	**12.935.498**
Total liabilities		**18.416.857**	**20.929.711**	**18.344.460**	**20.851.833**
Total equity and liabilities		**37.897.590**	**40.415.822**	**37.890.051**	**40.655.745**

The notes in pages 36 to 86 constitute integral part of the financial statements.

Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

2. Statement of comprehensive income

		GROUP		COMPANY	
		01.01-31.12.2012	01.01-31.12.2011	01.01-31.12.2012	01.01-31.12.2011
Sales	5.25	16.114.931	14.460.902	16.114.931	14.460.902
Cost of sales	5.26	(12.564.945)	(11.403.855)	(12.564.945	(11.403.855)
Gross profit		**3.549.986**	**3.057.047**	**3.549.986**	**3.057.047**
Other revenues	5.27	797.425	971.266	551.666	638.845
Distribution expenses	5.28	(2.097.645)	(2.261.569)	(2.097.645)	(2.261.569)
Administrative expenses	5.28	(1.495.446)	(1.829.238)	(1.478.653)	(1.813.860)
Research and development expenses	5.28	(42.021)	-	(42.021)	-
Other expenses	5.29	(182.575)	(47.666)	(206.800)	(48.292)
Finance cost (net)	5.30	(567.034)	(535.451)	(566.787)	(535.214)
Losses pre tax		**(37.310)**	**(645.611)**	**(290.254)**	**(963.042)**
Income tax	5.31	31.933	(148.444)	31.933	(148.444)
Net losses of fiscal year (A)		**(5.377)**	**(794.055)**	**(258.321)**	**(1.111.486)**
Other Total Income					
Capital Increase Tax		-	1.618	-	1.618
Other total after tax (B)			**1.618**		**1.618**
Total comprehensive income after tax (A+B)		**(5.377)**	**(792.437)**	**(258.321)**	**(1.109.868)**
Distributed as follows:					
Net operating loss					
Owners of parent Company		(5.377)	(792.055)	(258.321)	(1.111.486)
Non controling interests		-	-	-	-
Total comprehensive income					
Owners of parent Company		(5.377)	(792.437)	(258.321)	(1.109.868)
Non controling interests		-	-	-	-
Profit / (loss) after tax per share	5.32	(0,0001)	(0,0156)	(0,0051)	(0,0219)

The Notes presented in pages 36 through 86 are an inseparable part of the financial statements.

Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

3. Statement of changes in Equity

Group	Share capital	Above par	Reserves at fair value	Foreign currency differences	Other reserves	Results carried forward	Total	Total equity
	ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY							
Balances 1.1.2011	**15.747.184**	**31.951.901**	**2.615.271**		**217.200**	**(30.253.010)**	**20.278.546**	**20.278.546**
Net Loss of fiscal year						(794.055)	(794.055)	(794.055)
Capital Increase Tax		1.618					1.618	1.618
Comprehensive Total Income After tax	**-**	**1.618**	**-**	**-**	**-**	**(794.055)**	**(792.437)**	**(792.437)**
	-	-	-	-	-	-	-	-
Balances 31.12.2011	**15.747.184**	**31.953.519**	**2.615.271**	**-**	**217.200**	**(31.047.065)**	**19.486.110**	**19.486.110**
Balances 1.1.2012	**15.747.184**	**31.953.519**	**2.615.271**	**-**	**217.200**	**(31.047.065)**	**19.486.110**	**19.486.110**
Net Loss of fiscal year						(5.377)	(5.377)	(5.377)
Comprehensive Total Income After tax	**-**	**-**	**-**	**-**	**-**	**(5.377)**	**(5.377)**	(5.377)
Balances 31.12.2012	**15.747.184**	**31.953.519**	**2.615.271**	**-**	**217.200**	**(31.052.442)**	**19.480.733**	**19.480.733**

The Notes presented in pages 36 through 86 are an inseparable part of the financial statements.

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Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

Company	Share capital	Above par	Reserves at fair value	Other reserves	Results carried forward	Total
Balances 1.1.2011	**15.747.184**	**31.951.901**	**2.615.271**	**217.200**	**(29.617.777)**	**20.913.780**
Net Loss of fiscal year					(1.111.486)	(1.111.486)
- Capital Increase Tax		1.618				1.618
Comprehensive Total Income After tax	-	1.618	-	-	(1.111.486)	(1.109.868)
Balances 31.12.2011	**15.747.184**	**31.953.519**	**2.615.271**	**217.200**	**(30.729.263)**	**19.803.912**
Balances 1.1.2012	**15.747.184**	**31.953.519**	**2.615.271**	**217.200**	**(30.729.263)**	**19.803.912**
Net Loss of fiscal year					(258.321)	(258.321)
Comprehensive Total Income After tax	-	-	-	-	(258.321)	(258.321)
Balances 31.12.2012	**15.747.184**	**31.953.519**	**2.615.271**	**217.200**	**(30.987.584)**	**19.545.591**

The Notes presented in pages 36 through 86 are an inseparable part of the financial

Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

4. statement of cash flows (indirect method)

		GROUP		COMPANY	
		01.01. – 31.12.2012	**01.01. – 31.12.2011**	**01.01. – 31.12.2012**	**01.01. – 31.12.2011**
OPERATING ACTIVITIES					
Losses pre tax		(37.310)	(645.611)	(290.254)	(936.042)
Plus / (minus) adjustments for:					
Depreciations	5.7, 5.9	1.340.853	1.653.102	1.340.853	1.653.102
Provisions		(287.010)	(588.804)	(9.380)	(341.845)
Deletion of participation		-	-	-	18.000
Depreciation of grants	5.23	(366.141)	(88.239)	(366.141)	(88.239)
(Revenues) / expenses of investments		26.981	-	26.981	-
Finance cost (net)	5.30	566.787	535.451	566.787	535.214
		1.244.159	**865.898**	**1.268.844**	**813.188**
Plus/Less adjustments of working capital or related to operating activities:					
Decrease / (Increase) of inventory		421.865	(287.425)	421.865	(287.425)
Decrease / (Increase) of claims		(159.969)	(275.746	(158.904)	(766.770)
Decrease / (Increase) of liabilities (with the exception of banks)		(1.062.738)	(430.318)	(1.087.926)	117.374
Minus:					
Interest payable and related expenses paid		(612.517)	(554.019)	(612.517)	(553.782)
Paid up taxes		-	2.023	-	2.023
Total of inflows / (outflows) of operational activities (a)		**(169.200)**	**(679.587)**	**(168.638)**	**(675.391)**
Investment activities					
Purchase of tangible and intangible assets		(744.312)	(618.896)	(744.312)	(618.896)
Purchase of financial elements		-	(15.364)	-	(15.364)
Proceeds from sales of tangible and intangible assets		8.219	19.001	8.219	19.001
Total of inflows / (outflows) of investment activities (b)		**(736.093)**	**(615.259)**	**(736.093)**	**(615.259)**
Financing activities					
Proceeds from issued/ taken up loans		55.881	1.517.223	55.881	1.517.223
Proceeds from grant		953.250	-	953.250	
Repayment of loans		(1.693.773)	(537.702)	(1.693.773)	(537.702)
Repayment of liabilities from leasing agreements (payment of interest)		(316.814)	(483.613)	(316.814)	(483.613)
Total of inflows / (outflows) of financing activities (c)		**(1.001.456)**	**495.908**	**(1.001.456)**	**495.908**
Total increase (decrease) of cash and cash equivalents of the period (a) + (b) + (c)		**(1.906.749)**	**(798.938)**	**(1.906.187)**	**(794.742)**
Cash and cash equivalents at the beginning of the fiscal period	**5.15**	**4.468.309**	**5.267.247**	**4.464.168**	**5.258.910**
Cash and cash equivalents at the end of the fiscal period	**5.15**	**2.561.560**	**4.468.309**	**2.557.981**	**4.464.168**

The Notes presented in pages 36 through 86 are an inseparable part of the financial statements.

Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

5. Notes to the Financial Statements

5.1.General information

PAPOUTSANIS SA was established in 1960 and is engaged in the production, import, export, marketing and general marketing of consumer goods such as soap items, cosmetics and other personal care products and raw materials for preparing them, et cetera.

The company's premises are located at 71 ° km National Road Athens-Lamia in the area of Ritsona of the Prefecture of Evia.

The company PAPOUTSANIS SA is a Societe Anonyme and the Company's registered offices are situated in the Municipality of Avlida of the prefecture of Evia. The Company's site is: www.papoutsanis.gr; the Company is listed in the Stock Exchange. These financial statements were approved by the Board of Directors on 27 February 2013.

5.2. Group Structure

The Group PAPOUTSANIS consists of the following companies:

Company's name	**Registered Offices**	**Participation ratio**	
		Direct	**Indirect**
Papoutsanis SA	Municipality Avlidos	Parent company	
Plias Trading SA	Municipality Avlidos	100%	

The Parent Company PAPOUTSANIS SA is characterized as fully vertically integrated industry of soaps and personal care products for the consumers, hotels, etc.

PLIAS Trading SA, which used to be a distributor of the consumer goods of the parent company and Olympus Foods SA in the Greek market, stopped in the fiscal year 2008 its activity, but so far no final decisions have been taken regarding its future.

On August 31, 2011 took place the definitive cessation of operation of PD PAPOUTSANIS SINGLE PARTNER LLC.

5.3. Summary of significant accounting policies

The principal accounting policies applied in preparing the financial statements are described below. These policies have been consistently applied to all periods that are being presented herein, unless otherwise stated.

5.3.1. Basis of preparation of financial statements

These annual separate and consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Interpretations of the Committee of Interpretations of International Financial Reporting Standards as they were adopted by the European Union, and they present the financial position of the company PAPOUTSANIS SA and its subsidiary, their financial performance and cash flows based on the principle of continuous operation of the company taking into account the macroeconomic and microeconomic factors and their impact on operational activities.

The financial statements have been prepared under the historical cost principle, except land and buildings, investment properties and financial assets at fair value through profit or loss which are measured at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the exercise of judgment by management in the process of applying the Company's accounting policies.

5.3.2. Domestic public debt and liquidity.

Domestic public debt

Result of the economic crisis is the uncertainty in the current international financial markets. The commitment of the Greek government to implement the necessary measures to contribute to the country's recovery and the reduction of government debt is essential for the recovery of the Greek economy.

Domestic banking system and liquidity

The PSI brought negative effects on Greek banks. The exact restructuring of its capital structure for each bank is not yet complete. On the other hand the reduction of insecurity by developments in the Greek economy is expected to have a positive impact on the overall availability of credit of Greek business bonds of high credit rating. However, the impact on Greek economy from any deleveraging process is expected to occur over the next 12 months and will directly affect the company and its trading partners. The management will constantly supervise the situation and react accordingly in order to ensure continuity of the Company’s business operations.

5.3.3. Risk of discontinuing operations

The events, conditions and related business risks that could create serious doubt about the possibility of the company to continue its operation during the next fiscal year. As the Group has significant cash resources, a significantly positive working capital, operating cash flows remain negative, but significantly improved (from 0,68 to 0,17 million) and in combination with low needs for flows from investing activities the risk of discontinuing activity does not exist. The Company also in 2012 turned part of short-term borrowings into long and its net bank borrowings amount to 6,3 million euros, which represents 39% of its turnover.

As it was appreciated and fully reflected in the financial statements, risk factors of not continuing activity were effectively addressed during the last three years to ensure a smooth operation of the company and the group in the following year as well.

5.3.4. New standards, amendments to standards and interpretations

Certain new standards, amendments to standards and interpretations have been published that are mandatory for accounting periods beginning during this fiscal year or later. The Group's assessment of the effect of these new standards and interpretations is set out below.

Adoption of New and Revised International Standards

New standards, amendments to standards and interpretations have been published and are mandatory for annual periods beginning on 1 January 2012 or later.

The estimate of the Company and of the Group regarding the effect of these new standards and interpretations is set out below.

Standards and Interpretations effective for the current financial (fiscal) year 2012

IFRS 7 (Amendment) "Financial Instruments: Disclosures- Transfers of financial assets"

(REGULATION (EC) No 1205/2011 of the 22nd Νοεμβρίου 2011, L 305/23.11.2011)

It is applied to annual accounting periods beginning on or after 1 July 2011. Earlier application is permitted.

These amendments are intended to help users of financial statements to better assess the risks associated with transfers of financial assets and the effect of these risks on the financial position of an entity. Their purpose is to promote transparency in the reporting of transactions relating to transfers, in particular those that involve securitization of financial assets. Through the Amendment the relevant requirements of Notification of International Financial Reporting Standards (IFRS) are harmonized with the American generally accepted accounting principles (GAAP). The above Amendment has no effect on the financial statements of the Company and the Group.

The following two amendments to standards are applicable to the current year 2012. However they were adopted by the European Union on 11 December 2012 and must be applied no later than the date of the first financial year commencing on or after that date.

IFRS 1 (Amendment) "First-time Adoption of International Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters "

(REGULATION (EC) No 1255/2012 of 11 December 2012, L 360/29.12.2012)

Effective for annual accounting periods beginning on or after 1 July 2011.

20.12.2010 On the International Accounting Standards Board issued an amendment to IFRS 1 whereby a company which first applies IFRS and its functional currency is the currency of a hyperinflationary economy should determine whether at the date of transition conditions of inflation have been "normalized". If conditions have been "normalized", it may make use of the exception to measure assets and liabilities available before the "normalization" of the currency, at the fair value at the date of transition to IFRS and use the value as the deemed costs of these assets in the opening balance sheet. In the event that the date of "normalization" of the currency is placed in the comparative period, the company may present as comparative a period of less than 12 months. Fixed dates are also removed (1.1.2004 and 25.10.2002) set by the standard with respect to the exceptions provided for the cessation of recognition and measurement at fair value on initial recognition, of financial instruments. These dates are replaced by the words "the date of transition to IFRS."

This amendment does not apply to the financial statements of the Company and the Group.

IAS 12 (Amendment) "Income Taxes - Deferred Tax: Recovery of Underlying Assets'

(REGULATION (EC) No 1255/2012 of 11 December 2012, L 360/29.12.2012)

Effective for annual periods beginning on or after January 1, 2012.

IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or through sale. It can be difficult and subjective to assess whether recovery will be achieved through use or through sale when the asset is measured using the fair value under IAS 40 "Investment Property". The amendment provides a practical solution to this problem by introducing the hypothesis that recovery of the carrying amount will be normally through sale. The Company and the Group does not expect that this amendment, if adopted by the European Union will have a significant impact on the financial statements.

<u>Standards and Interpretations mandatory for annual periods beginning on or after 1 January 2013 and have not been adopted early by the Company (or Group)</u>

The following new standards, amendments to standards and interpretations have been issued but are mandatory for periods beginning on or after January 1, 2013. The Company (or the Group) has not applied early the following standards and is examining their effect on the financial statements.

IFRS 1 "First time adoption of international financial reporting standards-Government Loans»

Effective for annual periods beginning on or after January 1, 2013.

On 13.3.2012 the International Accounting Standards Board issued an amendment to IFRS 1 whereby, in the first application of IFRS, a company should not retroactively apply the requirements of IFRS 9 (or IAS 39) and IAS 20 regarding existing, at the date of transition, loans received from the state and therefore should not recognize them as a state-sponsored benefit solely from the fact that the loan is granted at a rate lower than the market. Therefore, if the loan had not been recognized and evaluated before the transition to IFRS in a manner consistent with IFRS, the company should consider as book value at the date of transition the carrying value on the loan based the previous accounting standards. However, a company that first adopts IFRS may retroactively apply IFRS 9 (or IAS 39) and IAS 20 for government loans granted before the date of transition, provided that the required information existed at the date of initial recognition of these loans. The amendment has not been adopted by the European Union, and does not apply to the financial statements of the Company and the Group.

IFRS 7 (Amendment) "Financial Instruments: Disclosures"

Effective for annual periods beginning on or after January 1, 2015. Earlier application is permitted.

On 16.12.2011, the International Accounting Standards Board issued an amendment to IFRS 7 through which there were added to the standard disclosures regarding the transition to IFRS 9. The amendment has not been adopted by the European Union. The Company and the Group examines the impact of adopting this standard on its financial statements.

IFRS 9 "Financial Instruments"

Effective for annual periods beginning on or after January 1, 2015. Earlier application is permitted.
IFRS 9 is the first phase in the work of the IASB (International Accounting Standards Board) to replace IAS 39 and deals with the classification and measurement of financial assets and financial liabilities. The IASB in

subsequent phases will expand IFRS 9 to add new requirements for impairment and hedge accounting. The Company and the Group are in the process of assessing the impact of IFRS 9 on its financial statements. The Company and the Group cannot apply IFRS 9 earlier because it has not been adopted by the European Union. Only when it is adopted, it will be deciding whether it shall be applied earlier than January 1, 2015.

IFRS 13 "Fair Value Measurement"
(REGULATION (EC) No 1255/2012 of 11 December 2012, L 360/29.12.2012)

Effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted.

IFRS 13 provides new guidance on fair value measurement and the relevant disclosure requirements. The requirements of the standard do not extend the use of
fair value accounting but provide guidance for their application in case their use is already required by other standards. IFRS 13 provides accurate definition of the fair value, as well as guidance regarding fair value measurement and the relevant disclosure requirements, irrespective of the standard under which use of fair values is made. Moreover, the necessary disclosures have been extended to cover all assets and liabilities measured at fair value and not just the financial ones. The Company and the Group are in the process of assessing the impact of IFRS 13 on its financial statements.

IAS 1 (Amendment) "Presentation of Financial Statements-Presentation of Items of Other Comprehensive Income"

(Regulation (EU) No 475/2012 of 5 June 2012, L 146/6.6.2012)

Effective for annual periods beginning on or after 1 July 2012.

The main change resulting from the modification is a requirement of the entities to group items presented in the Statement of Other Comprehensive Income to show whether they are potentially to be categorized under profit or loss in a subsequent period.

The Company and the Group will apply this amendment from the day it shall be implemented and do not expect to have a material impact on the financial statements.

IAS 19 (Amendment) "Employee Benefits"

(Regulation (EU) No 475/2012 of 5 June 2012, L 146/6.6.2012)
Effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

In June 2011 the IASB amended IAS 19 as it rescinds the option that allows a company to defer some gains and losses arising from pension plans (defined benefit plans-"corridor approach"). The companies will now mention these changes at the moment when they occur. This will lead them to include any deficit or surplus in a pension plan in the statement of financial position. It also requires businesses to include service cost and finance cost in the income statement and the remeasurement of other comprehensive income. The Company and the Group does not expect that the amendment to IAS 19 will have a material impact on the financial statements.

IAS 32 (Amendment) "Financial Instruments: Presentation" and IFRS 7 (Amendment) "Financial Instruments: Disclosures-Offsetting financial assets and financial obligations'
(REGULATION (EC) No 1256/2012 of 13 December 2012, L 360/29.12.2012)
Effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted.

The amendment to IAS 32 relates to the instructions of implementation of the standard on offsetting a financial asset and a financial liability and the amendment to IFRS 7 regards related disclosures.

International Financial Reporting Interpretations Committee's (IFRIC) 20 “Stripping Costs in the Production Phase of a Surface Mine”

(REGULATION (EC) No 1255/2012 of 11 December 2012, L 360/29.12.2012)
Effective for annual periods beginning on or after 1 January 2013.

Earlier application is permitted.

The interpretation addresses accounting costs (striping cost) resulting from the activity of removing waste materials in mining operations at the surface in order to gain access to mineral deposits.

Group of standards on consolidation and joint arrangements
(REGULATION (EC) No 1254/2012 of 11 December 2012, L 360/29.12.2012)

In May 2011 the IASB issued three new standards, IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities" and amended IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures".

These new standards and these amendments were adopted by the European Union on 11 December 2012 and must be applied no later than the date of its first financial year starting on 1 January 2014 or thereafter. Earlier application is permitted only if all five are implemented. The Group is currently assessing the impact on the consolidated financial statements. The main provisions of the standards are:

IAS 27 (revised) "Separate Financial Statements"

This Standard has been issued concurrently with IFRS 10 "Consolidated Financial Statements". Both standards replace IAS 27 "Consolidated and Separate Financial Statements". The amended IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and affiliated companies (associates) when an entity prepares separate financial statements. The Standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IAS 39 or IFRS 9 "Financial Instruments".

IAS 28 (revised) "Investments in Associates and Joint Ventures"

IAS 28 "Investments in Associates and Joint Ventures" replaces IAS 28 "Investments in Associates". The purpose of this Standard is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures, as defined in IFRS 11 "Joint Arrangements"

IFRS 10 "Consolidated Financial Statements"

IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements contained in IAS 27 "Consolidated and Separate Financial Statements" and in SIC-12 "Consolidation - Special Purpose Entities". IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 11 "Joint Arrangements"

IFRS 11 replaces IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities - Non-monetary Contributions by Venturers". IFRS 11 provides a more realistic reflection of joint arrangements (joint arrangements) focusing on the rights and obligations, rather than its legal form. The types of agreements are limited to two: joint operations and joint ventures. The method of proportionate consolidation is no longer allowed. The participants in joint ventures are obliged to implement the consolidation using the equity method. Entities that participate in joint operations apply accounting methodology similar to that applied currently by participants in jointly controlled assets or jointly controlled operations. The standard also provides guidance for parties that participate in joint arrangements but do not have joint control.

IFRS 12 "Disclosure of Interests in Other Entities"

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

Amendments to IFRS 10, IFRS 11 and IFRS 12 – Transition guidance

The amendments adopted by the Council on 28 June 2012 provide additional relief regarding the transition to IFRS 10, IFRS 11 and IFRS 12, limiting the obligation to provide comparative information only in the previous comparative period. For disclosures about structured entities the amendments remove the requirement to present comparative information for periods prior to the first application of IFRS 12. These amendments, that have not yet been adopted by the European Union, apply to periods beginning on or after January 1, 2013.

Amendments to IFRS 10, IFRS 12 and IAS 27 - Exceptions to the consolidation requirement for investment companies

These amendments that were adopted by the Council on 31 October 2012 provide an exemption from the requirements of consolidation for investment companies and instead require investment companies to present their investment in subsidiaries, as a pure investment measured at fair value with changes in the results of the fiscal year. These amendments that have not been yet adopted by the European Union apply to periods beginning on or after January 1, 2014.

Amendments to standards that form part of the annual improvements project of the IASB (International Accounting Standards Board)

The IASB as part of its annual improvements project, issued in May 2012 amendments to five of the existing standards. These amendments that have not been yet adopted by the European Union apply to periods beginning on or after January 1, 2013. Unless otherwise stated, the following amendments are not expected to have a material impact on the financial statements of the Company and the Group.

IFRS 1 "First-time Adoption of International Financial Reporting Standards"
The amendment clarifies that an entity can apply IFRS 1 more than once under certain conditions. Also an entity may elect to apply IAS 23 either on the transition date or from an earlier date.

IAS 1 "Presentation of Financial Statements"
The amendment clarifies the disclosure requirements for comparative information when an entity presents a third balance sheet either because it is required by IAS 8, either voluntarily. It also clarified that an entity may include in the first financial statements prepared in accordance with IFRS additional comparative information in order to better explain the impact of the transition to IFRS.

IAS 16 "Tangible Assets"
The amendment clarifies that maintenance equipment and spare parts may be classified as fixed assets, not inventory, if they meet the definition of fixed assets.

IAS 32 "Financial Instruments: Presentation"
The amendment clarifies the treatment of income tax relating to distributions to shareholders and transaction costs of equity.

IAS 34 "Interim Financial Reporting"
The amendment clarifies the disclosure requirements for assets and liabilities of segment information in interim financial statements.

5.3.5. Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has direct or indirect control over the financial and operating policies and generally accompanying a shareholding of more than 50% of the voting rights. The existence of potential voting rights that can be currently exercised or converted, are taken into account when assessing whether the Group controls a company. These companies are completely consolidated (full consolidation). Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which it ceases control.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the sum of the fair values, at the date of exchange, of assets, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired business. Costs related to the acquisition are recorded in the results. The acquired assets, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of minority (non-controlling interests).

The amount by which the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. In cases where the total cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated except for cases in which their costs are non-recoverable. Accounting principles of subsidiaries have been readjusted where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interest holders

The group has adopted a policy whereby it handles transactions with holders of non-controlling interests in the same way it handles transactions with major equity owners of the Group. As for purchases made by holders of non-controlling interests, the difference between the consideration paid and the relevant share of the carrying value of net assets of the subsidiary that is acquired, is deducted from equity. Gains or losses arising from the sale to the holders of non-controlling interests are also recorded in equity. As for sales made to holders of non-controlling interests, the difference between the proceeds received and the relevant share the holders of non-controlling interests acquired, is also recorded in equity. In the financial statements of the parent company, investments in subsidiaries are presented as the result of historic cost, less any impairment of the asset.

5.3.6. Information by Segment

The segments are determined based on internal information received by the Group's management and are reported in the financial statements based on this internal classification. The Group Papoutsanis has only one business segment, that of production (in Greece) and sales of consumer goods in domestic markets and abroad.

5.3.7. Foreign currency translation

Functional and presentation currency

The financial statements of the Group are measured using the currency of the primary economic environment in which each company operates ("the functional currency"). The consolidated financial statements are presented in euros, which is the functional currency and presentation currency of the parent company and the consolidating subsidiary.

Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the date of each transaction. In income recognized gains and losses from foreign exchange differences arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are realized at the exchange rates prevailing at the balance sheet date.

5.3.8. Tangible Assets

Owner-occupied property assets (buildings, land) are measured at revalued amount consisting of the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value is determined after assessing professional appraisers and a positive difference is entered in net assets account "Fair value reserves". While a negative, is entered into operational results, to the extent not offsetting corresponding fair value reserve. Such estimates are performed when there are market data for a change in fair market value and every five years at the latest. The last such valuation was done dated 31.12.2010.

Other Tangible assets (machinery, equipment, etc.) are measured at cost less accumulated depreciation and impairment. Cost of acquisition includes expenditure that is directly attributable to the tangible property. Subsequent costs are either included in the carrying value of tangible property or where it is deemed more suitable, recognized as a separate asset, only when it is probable that future economic benefits will incur for the Group and provided that the cost of the item can be measured reliably. The cost of repairs and maintenance are charged to the income statement when incurred.

Financial costs on borrowings of funds used to finance the purchase of tangible fixed assets are capitalized during the period of time required for the preparation and completion of the asset for future use. Other types of borrowing costs are recognized in the income statement as expenses.

Land is not amortized. The amortization of other plant and equipment is calculated using the straight-line method in equal annual installments over the period of their estimated useful lives, so as to write off the cost to their residual value. The estimated lifetime of the major classes of assets are as follows:

	Years
Industrial buildings	45-60
Other buildings	50
Machinery and equipment	2-40
Other plant and equipment	2-7
Furniture and fixtures	2-11

The cost of subsequent expenditure is amortized over the estimated useful life of the asset. When a machine comprises of major components with different useful lives, the components are accounted for as separate items.

The residual values and useful lives of tangible assets may be reviewed and adjusted if appropriate, at each balance sheet date.

Where the carrying value of the asset exceeds its recoverable amount, the difference is recognized as an expense in the income statement and the asset is recorded at recoverable value.

Gains and losses on disposals are determined by the difference between the sales proceeds and the carrying value of them and are included in the income statement. In case tangible assets valued at fair value are sold, the formed fair value reserves are transferred to retained earnings.

5.3.9. Intangible assets

Expenses Research

Search costs recognized as an expense as incurred.

Development costs

The cost of development projects (relating to the design and testing of new or improved products) are recognized as intangible assets only when success is probable for these projects, considering the degree of commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognized as expenses when incurred. Development costs for elements with finite useful life that have been capitalized are amortized from the commencement of commercial production of the related products by the straight-line method in equal annual installments over their expected useful lives, which in any case may not exceed 5 years.
No such expenses have been recognized in intangible assets in the period.

Computer software

Capitalized software licenses are stated at cost less accumulated depreciation and any accumulated impairment. These assets are depreciated using the straight-line method over their estimated span of useful lives, which may not exceed 5 years. The expenses necessary for the development or maintenance of software are recognized as an expense in the income statement at they time they incurred.

5.3.10. Investments in real estate

The purpose of investing in properties is either to have them rented or to increase capital value. They are valued at fair value as the differences from the previous evaluation are reported in the income statement. No amortization is made.

5.3.11. Impairment of value of non-financial assets

Assets that have an indefinite useful life are not subject to amortization but are tested for impairment annually or more frequently when events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortization are reviewed for impairment when there are indications that the carrying value may not be recoverable.

Impairment losses are recognized immediately as an expense equal to the difference between the carrying amount and the recoverable value of the underlying asset.

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

5.3.12. Financial assets

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

(A) Financial assets at fair value through profit or loss

This category includes financial assets acquired for the main purpose of selling in the short term as well as those so designated in this category from the Group's management. Derivatives are also categorized as held for trading purposes, provided they are not designated as hedging instruments. Assets in this category are classified as current assets.

(B) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those with maturities greater than 12 months from the date of the year-end financial statements. Those are classified as long-term assets. The receivables are included in the balance sheet either in the category "trade receivables" or the category "cash and cash equivalents" and are carried at unamortized cost using the effective interest method.

During the periods presented in the financial statements, the Group had no receivables from loan contracts.

(C) Available for sale

Available for sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the date of the year-end financial statements. Available for sale financial assets are valued at fair value and the gain or loss is recognized directly in other comprehensive income.

During the periods presented in the financial statements, the Group and the Company do not hold financial assets that can be characterized as available for sale.

Impairment of financial assets

At each balance sheet date the Group assesses whether there is objective evidence to suggest that financial assets have been impaired. For available-for-sale financial assets, such evidence consists of a significant or prolonged decline in fair value below cost. If such impairment is substantiated, the cumulative loss, which is the difference between acquisition cost and fair value, is recognized in the income statement. Impairment losses which are recognized in the income statement are not reversed through the income statement. For trade receivables impairment is examined as described in Note 5.3.15.

Offsetting financial assets

Financial assets and liabilities are offset and the net amount presented in the statement of financial position, when there is a legal right to offset the recognized amounts and also there is an intention to settle on a net basis or the acquisition of the asset and settlement of the liability are done simultaneously.

5.3.13. Leases

When the (tenant) lesee is a company of the Group

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

As finance leases are considered leases of property, plant and equipment where one of the companies of the Group has substantially all the risks and rewards of ownership of the asset. Finance leases are capitalized at the lease's inception at the lower value of the fair value of the asset and the present value of the minimum lease payments. Each lease payment is allocated between liabilities and finance charges so as to achieve a constant interest rate on the finance balance outstanding.

The corresponding obligations from leasing, net of finance charges, are included in long term liabilities. The part of the financial cost that relates to the interest rate, is recorded in the income statement over the lease period so as to produce a constant periodic interest rate on the remaining balance of the liability for each period. Tangible fixed assets acquired under finance leases are depreciated over the shorter of the useful life of the asset, and the lease term, if there is no reasonable certainty that the Group will obtain ownership of the asset at the end of the lease.

When the lessor (landlord) is a company of the Group

During the leasing of assets under finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. The Lease income is recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Assets leased out to third parties under operating leases are recognized as tangible assets. They are depreciated over their expected useful lives, which is determined after comparison to similar kind of tangible assets owned by the Group. Rental income (net of any incentives to lessees) is recognized on the straight-line method over the lease term.

5.3.14. Inventory

Inventories are valued at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses.

The cost of finished goods and work in progress is determined using the method of weighted cost and comprises of raw materials, direct labor and production overheads which are allocated based on normal operating capacity.

Proper care is taken for scrap, obsolete and slow moving inventories if they exceed projected. The decrease in the value from book to net realizable and inventory losses are expensed in the period in which the depreciation or loss corresponds.

5.3.15. Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at unamortized cost, using the effective interest method unless the effect of discounting is not material, less any provision for impairment. Provision for impairment is recognized when there is objective evidence that the Group's company is unable to collect all amounts due, in accordance to the original terms of the agreement.
Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 270 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the carrying value and the recoverable value.

The recoverable amount, if the amount due is pending for more than one year, is the present value of expected cash flows discounted at the effective interest rate. The amount of the provision is recognized as an expense in the income statement.

5.3.16. Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits, highly liquid investments of short term maturities of up to three months. Bank overdrafts are included in the balance sheet under current liabilities as debt.

5.3.17. Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares are shown in equity as a deduction, net of taxes. When the Company or its subsidiaries purchase their own shares, the amount paid, including any attributable incremental external costs net of income taxes, is deducted from equity in the form of treasury shares until the shares are canceled or reissued. Where such shares are subsequently sold or reissued, any such transaction will be included in equity.

5.3.18. Borrowing

Borrowings are recognized initially at fair value, as the proceeds received, net of any direct costs of the transaction. They are subsequently measured at unamortized cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has a right to defer the settlement of the liability for at least twelve months after the balance sheet date.

5.3.19. Current and deferred income tax

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is defined as tax which is expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities at the financial statements and the corresponding tax bases used in the calculation of taxable income, and is accounted for by using the calculation method based on the balance sheet.

Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination and at the time of the transaction it affects neither the accounting nor the taxable profit or loss.

Deferred tax assets are recognized to the extent that there might be future taxable profits against which the temporary differences will be used.

Deferred tax is recognized on temporary differences arising on investments in subsidiaries, except the deferred tax liability in the case where the reversal of the temporary difference is audited by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax assets will become due and payable obligations.

Deferred tax is charged or credited in the income statement except where it relates to items charged or credited directly to the 'other comprehensive income' in which case the deferred tax is also recorded in 'other comprehensive income'.

5.3.20. Suppliers

Suppliers are recognized initially at fair value and subsequently at unamortized cost using the effective interest method.

5.3.21. Employee benefits

Pension obligations

Pension benefits of employees of the Group include both defined contribution plans and defined benefit plans.

A defined contribution plan is a pension plan under which the Group company that implements it pays fixed contributions into a separate entity (as funds) and is not burdened with any further legal or contractual obligation to pay further contributions if the fund does not have sufficient resources to pay benefits to all employees, arising from service in the current and prior periods. The accrued cost of defined contribution plans is recognized as an expense over the vesting period.

As a defined benefit plan is a pension or voluntary redundancy plan that defines an amount of pension or retirement, usually dependent on one or more factors such as age, years of service and compensation.
The liability recognized in the balance sheet for defined benefit plans is the present value of the defined benefit obligation less the fair value of plan assets (if the program is funded) and the changes resulting from unrecognized actuarial gains and losses and past service costs. The defined benefit obligation is calculated at periodic intervals not exceeding two years by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions that are above or below the 10% margin of the accumulated liability are recognized in the income statement over the expected average remaining service lives of plan participants. Past service costs are recognized immediately in income, unless the changes to the plan are conditional on the remaining service period of workers. In this case the service cost is recognized on a straight-line basis over the vesting period.

Termination benefits

The Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is obviously committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing these benefits as an incentive for voluntary retirement. Severance payments or voluntary redundancy, which fall due more than 12 months after the balance sheet date are discounted at present value.

Profit-sharing and bonus plans (bonus)

The Company and the Group recognizes a liability for bonuses, which are expected to be settled within twelve months and is measured using the basis of amounts expected to be paid when the liabilities are settled.

5.3.22. Provisions

Provisions are recognized when:

a) a company-member of the Group has a present legal or contractual obligation arising from past events; b) it is probable that an outflow of resources will be required to settle the obligation; and c) the amount can be reliably estimated. Future losses related to the Group's ongoing activities are not recorded as provisions in advance.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. In cases where the Group entity expects a provision to be reimbursed by a third party, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Provisions are measured at the present value of costs incurred, based on Management's best estimates required to settle the present obligation at the balance sheet date (note 5.22). The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

5.3.23. Grants

Government grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the income statement in order to match them with the costs they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to income to the income statement on a straight-line basis over the expected useful lives of the related assets.

5.3.24. Revenue Recognition

Revenue comprises the fair value from the sale of goods and services, net of value added tax, rebates and discounts and after eliminating sales within the Group in the consolidated financial statements. The recognition of revenue is effected as follows:

Sales of goods

Revenues from sales of goods are recognized when the significant risks and rewards of ownership are transferred to the buyer (usually upon delivery and acceptance by the customer), and if they achieve in reasonable extent the recoverability of the amount due.

Rendering of services

Revenue from services is recognized in the period when the services are provided, based on the stage of completion of the service in relation to all services provided.

Interest income

Interest income is recognized on a time proportion basis using the effective interest method. When a receivable is impaired, the carrying value is reduced to its recoverable amount, which is equal to the present value of expected future cash flows discounted at the original effective interest rate. Then interest is calculated using the same rate on the impaired (new book) value.

3.5.25. Borrowing Costs

The net financing costs consist of interest accrued on the loans, calculated under the effective interest method.

Interest costs on borrowings of funds used to finance the acquisition of tangible fixed assets are capitalized during the period of time required for the preparation and completion of the asset for its intended use. Other borrowing (financing) costs are recognized in the income statement as expenses.

3.5.26. Dividends

Dividends are recognized as revenue when the right to receive payment is established.

3.5.27. Dividends

Dividends are recorded in the period approved by the General Meeting of Shareholders.

5.3.28. Assets held for sale

Assets held for sale are measured at the lower of carrying amount and fair value less costs incurred to sell, if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

5.3.29. Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders of the parent Company by the weighted average number of common shares outstanding during each year, excluding the average number of ordinary shares as treasury shares.

Diluted earnings per share are calculated by dividing the net profit attributable to shareholders of the parent (after deducting interest on convertible shares, after taxes) by the weighted average number of shares outstanding during the year (adjusted for the effect of dilutive convertible shares).

The weighted average number of ordinary shares outstanding during the fiscal period and for all periods presented is adjusted for events that have changed the number of ordinary shares outstanding without a corresponding change in resources.

5.3.30. Comparative figures and rounding

Differences between amounts presented in the financial statements and the corresponding amounts in the notes are due to rounding. In addition, where necessary, comparative figures of previous years have been reclassified to make them comparable to the figures for the current year.

5.4. Financial Risk Management

5.4.1. Financial risk factors

The Group is exposed to financial risks: market risk (including currency risk, cash flow risk and fair value interest rate risk and price risk), credit risk and liquidity risk.

(A) Market Risk

Currency risk

The company and the Group does not make significant transactions in foreign currency. There are no significant assets and liabilities in a currency other than the euro. So there are no conditions that could constitute exposure to currency risk. The company does not pre-purchase foreign currency and does not use derivatives for the hedging of risk.

Interest rate risk

The financial cost of the total borrowings of the company and the group is floating under the euribor. Bank lending is exclusively in euro. Management believes that there are no significant risks from changes in interest rates, while the impact on the creditworthiness of the group from the borrowing costs is limited.

Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

Revenue of the Group and the Company and operating cash flows are substantially independent of changes in market interest rates because the Group does not hold any interest bearing assets other than short-term time deposits.

Exposure to risks due to changes in interest rates on liabilities is limited to cash flow risk from changes in variable interest rates.

The approach of the Group is to continuously review trends in interest rates, and the duration of funding needs.

The following table illustrates the sensitivity of the results for the year and equity to a reasonable possible change in interest rates of 1% or -1%. These changes are considered to be moving in a reasonable range in light of recent market conditions.

Amounts in EUR	**2012**	**2011**
Group	82.846	99.384
Parent Company	82.846	99.384

Price risk

The basic Raw materials used in production are vegetable oils and the chemical derivatives thereof, tallow and various types of plastics. The price of these varies depending on supply and demand in the global market, since most are traded commodities. Due to increased competition in the sector, increases in international and domestic prices of raw materials are not easily passed in the final price of products, which poses the risk of negative impact on the Group's results. For this purpose, the Company annually seeks and eventually uses the supplier, which ensures the best price, reducing the risk of dependency.

To offset this risk no derivatives are used.

(B) Credit risk

Given the global economic crisis, the credit risk is increased. To address the risk, the Group companies monitor the financial condition of borrowers and make the required actions (credit insurance, legal actions) based on the credit policy of the company, to reduce this risk.

For the Company trade accounts receivable consist mainly of claims of the customer of branded products in the Greek market, large super market chains for private label and international leading companies. For the activity of hotel products, trade accounts receivable consist mainly of domestic hotel businesses.

The subsidiary company has no commercial activity.

The following table shows the breakdown of trade receivables.

	GROUP		**COMPANY**	
	2012	**2011**	**2012**	**2011**
Current balance customers and checks receivable	8.198.330	7.542.887	17.442.315	16.756.200
Past due period but not impaired	-	-	-	-
Impaired balance	**(2.355.320)**	**(2.584.529)**	**(11.599.304)**	**(11.550.883)**

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The provision of impaired trade receivables for the Group and the Company are presented below:

	GROUP	COMPANY
Impaired balance 31.12.2011	(2.584.529)	(11.550.883)
Change during the fiscal year	229.209	(48.421)
Impaired balance 31.12.2012	(2.355.320)	(11.599.304)

(C) Liquidity risk

Liquidity risk - cash flow risk

The liquidity risk management includes ensuring sufficient cash and cash equivalents as well as ensuring the creditworthiness, through the existence of adequate credit lines from banks.

The Group in accordance with these Financial Statements of 31.12.2012 displays considerable cash and positive working capital and therefore has no significant liquidity risk. During 2012 the Group converted part of borrowings from short to long term. Net bank debt was 6.3 million representing 39% of turnover. It is also noted that the needs for capital requirements are not expected to be significant. Furthermore, the Company has diversified and reduced the time of customer credit in order to further improve its working capital.

Liquidity needs are monitored by the company on a daily and weekly basis, and on a rolling 30-day period. The medium-term liquidity needs for the next six months and the next year are determined quarterly.

Maturity of financial liabilities based on the estimated undiscounted contractual outflows on December 31, 2012 and 2011 respectively for the Group and the Company are analyzed as follows:

GROUP 2011

	Short-term		Long-term	
	within 6 months	6 to12 months	1 to 5 years	Over 5 years
Borrowings	633.710	5.834.858	3.566.871	-
Obligations under finance leases	250.676	256.901	352.486	-
Trade payables	5.950.493	86.739	-	-
	6.834.878	**6.178.498**	**3.919.357**	-

GROUP 2012

	Short-term		Long-term	
	within 6 months	6 to12 months	1 to 5 years	Over 5 years
Borrowings	537.522	2.723.226	5.091.069	-
Obligations under finance leases	95.568	98.378	349.302	-
Trade payables	4.694.517	249.307	-	-
	5.327.607	**3.070.911**	**5.440.371**	-

COMPANY 2011

	Short-term		Long-term	
	within 6 months	6 to12 months	1 to 5 years	Over 5 years
Borrowings	633.710	5.834.858	3.566.871	-
Obligations under finance leases	250.676	256.901	352.486	-
Trade payables	5.872.614	86.739	-	-
	6.757.000	**6.178.498**	**3.919.357**	-

Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

	COMPANY 2012			
	Short-term		Long-term	
	within 6 months	6 to12 months	1 to 5 years	Over 5 years
Borrowings	537.522	2.723.226	5.091.069	-
Obligations under finance leases	95.568	98.378		-
Trade payables	4.622.120	249.307	349.302	-
	5.255.210	**3.070.911**	**5.440.371**	-

The expected time for collection of clients that have not suffered an impairment are presented in the following table:

	GROUP		COMPANY	
	2012	**2011**	**2012**	**2011**
Less than 6 months	5.258.709	4.494.108	5.258.709	4.691.675
Between 6 months and 1 year	584.301	464.250	584.301	513.642
	5.843.010	**4.958.358**	**5.843.010**	**5.205.317**

5.4.2. Determination of fair value

The Group uses the following hierarchy for determining and disclosing of fair values of financial assets, based on the method of evaluation that follows:

Level 1: fair values are determined by reference to published active market prices.

Level 2: fair values are determined by measurement techniques for which all parameters that influence the attributed fair value are supported by prices from observable current market transactions (directly or indirectly).

Level 3: fair values are determined by measurement techniques for which parameters which have a significant impact on the fair value attributed are not supported by prices from observable current market transactions.

On 31 December 2012 the Group had:

Financial assets at fair value through profit of € 20.026 which are classified in Level 2.

On 31 December 2011 the Group had:

Financial assets at fair value through profit or loss amounting to € 19.507 classified in Level 2.

Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

5.4.3. Disclosure of Financial Instruments.

Financial instruments by category are divided into financial assets consisting of investments in mutual funds, customers, checks receivable, cash and financial liabilities consist of loans and leasing contracts.

	GROUP		COMPANY	
Assets	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**
Measured at unamortized cost				
Current assets				
Customers (open balance)	3.631.703	1.608.615	3.631.703	1.855.575
Customers (covered by checks)	2.211.307	3.349.742	2.211.307	3.349.742
Other receivables	380.912	910.448	376.952	907.553
Cash and cash equivalents	2.561.560	4.468.309	2.557.981	4.464.168
Measured at fair value				
Financial assetsat fair value through profit or loss	20.026	19.507	20.026	19.507
Liabilities				
Measured at amortized cost				
Long-term liabilities				
Loans	5.091.069	3.566.871	5.091.069	3.566.871
Obligations under leasing agreements	349.302	352.486	349.302	352.486
Short-term liabilities				
Supplies and other liabilities	4.943.824	6.037.232	4.871.427	5.959.354
Loans	3.260.748	6.468.568	3.260.748	6.468.568
Obligations under leasing agreements	193.947	507.577	193.947	507.577

5.5. Critical accounting estimates and judgments of the management

Estimates and judgments of the management are constantly reviewed and are based on historical experience and expectations of future events that are reasonable under the circumstances.

5.5.1. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the determination of the useful life of the assets, the need to reassess the fair value of property, the fair value of investment properties, the determination of the recoverable value of assets, the recognition of contingent liabilities and the impairment of assets. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next 12 months are as follows:

Income tax

The tax returns of the Company and its subsidiaries have not been examined by the tax authorities as follows:

Company Name	Unaudited tax years
Papoutsanis SA	5
Plias Trading SA	2
P.D.Papoutsanis Ltd.	2

It is noted that in the above fiscal years there are included:

• For the parent company and the subsidiary the year 2012, for which the tax audit has been assigned to the auditor, aiming to the issue of a Tax Compliance Report by an Independent Auditor in accordance with Article 82 paragraph 5 of Law 2238/1994.

The above unaudited fiscal years do not include:

• In relation to the affiliate Plias Trading SA the year 2011, for which there has been issued a Tax Compliance Report without exception, by the statutory auditor, in accordance with Article 82 Fri the 5th Law 2238/1994.

The administration taking into account that there is a large amount of tax losses brought forward sufficient to cover any potential accounting differences that may result from the tax audit for the relevant years, believes that there will be no additional charge from tax audit differences for the relevant years and therefore did not carry out any provision in the financial statements.

The amount of accumulated tax losses of the company, which may be recovered by offsetting their tax-deferred earnings, amounts to 15.400 thousand €. After a reduction of that amount by the estimated accounting tax audit differences for the relevant years, it is estimated that there is a remaining amount of 12.800 thousand €, for offsetting. Based on the business plan and budgets for the next five years it is estimated reliably that from that amount there will be recovered at least amount 178 thousand €, by offsetting tax-deferred earnings. For this amount there was recognized a related tax claim.

For the affiliate company, no amount of deferred tax assets arising from unused tax losses was recognized because there is no valid assessment that any of them will be recovered by offsetting them with tax-deferred earnings.

Provisions for litigation or arbitration disputes

The Management creates a corresponding provision for pending litigation when it considers that the outcome of the case will be at the expense of the Group and when the charge can be estimated reliably. Due to the uncertain nature of these matters, the final outcome or the final cost settlement of cases may vary significantly from the initial estimates.

5.5.2. Critical judgments of the management in applying accounting policies

There are no areas where estimates of the management had to be made for the application of accounting principles.

5.6. Information per Segment

The Group Papoutsanis has only one business segment, that of production (in Greece) of consumer products and distribution thereof in the domestic markets and abroad.

The Sales of the Company for the current and prior year per level of geographic origin of the customers are presented in the following table:

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	2012	
Domestic customers	9.910.253	61,50%
Foreign customers	6.204.678	38,50%
Total sales	**16.114.931**	**100,00%**

	2011	
Domestic customers	8.933.498	61,78%
Foreign customers	5.527.404	38,22%
Total sales	**14.460.902**	**100,00%**

All non-current assets of the Company are located in Greece.
As regards sales per product category, those are listed in the following table:

	2012		**2011**	
CATEGORY	**SALES VALUE**	**PERCENTAGE**	**SALES VALUE**	**PERCENTAGE**
BRANDED PRODUCTS	4.642.011	28.81%	4.423.945	30,59%
HOTEL ITEMS	2.684.300	16.66%	3.156.401	21,83%
PRIVATE LABEL OF THIRD PARTIES	8.788.620	54.54%	6.880.556	47,58%
TOTAL	**16.114.931**	**100,00%**	**14.460.902**	**100,00%**

The company for the year that ended on 31.12.2012, in the category "private label of third parties", had a major customer which accounted for sales of € 4,2 million (26% of total sales). In the category of "branded products" the Company had a major customer which accounted for sales of € 3,8 million (24% of total sales).

5.7. Tangible Assets

Buildings - Land

To determine the fair value (Fair Value) of facilities to be appraised the Residual Replacement Cost method was used combined with the method of Comparative Data or Real Estate Market. Based on this method the fair value of the land was calculated separately and the replacement cost of the buildings impaired at selected factor which represents their functional and technological obsolescence. The sum of the two individual values (fair value of land plus unamortized replacement cost of the buildings) is the property's fair value. To determine the fair value of the field there was applied the method of comparative data from real estate market data.

The tangible assets of the Group and the Company are as follows:

	GROUP		**COMPANY**	
	31 Dec. 2012	**31 Dec. 2011**	**31 Dec. 2012**	**31 Dec. 2011**
Tangible Assets	23.727.212	24.018.383	23.727.212	24.018.383
Leased Assets	2.557.794	2.819.294	2.557.794	2.819.294
	26.285.006	**26.837.677**	**26.285.006**	**26.837.677**

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GROUP

Acquisition or evaluation value	Land and plots	Buildings and premises	Machinery and machine facilities	Other equipment	Assets under construction	TOTAL
On January 1st, 2011	**2.492.676**	**6.141.952**	**22.550.710**	**2.561.111**	**461.880**	**34.208.329**
Additions	-	27.381	540.196	9.074	1.889	578.541
Carried forward from under construction	-	-	461.880	-	(461.880)	-
Sales (disposals)	-	(1.500)	(34.501)	(104.287)	-	(140.288)
On December 31, 2011	**2.492.676**	**6.167.833**	**23.518.285**	**2.465.898**	**1.889**	**34.646.582**
On January 1st, 2012	**2.492.676**	**6.167.833**	**23.518.285**	**2.465.898**	**1.889**	**34.646.582**
Additions	-	3.515	643.291	30.643	36.434	713.884
Carried forward from under construction			1.017		(1.017)	
Sales (disposals)	**-**	**-**	(8.095)	(142)	-	(8.237)
On December 31, 2012	**2.492.676**	**6.171.349**	**24.154.498**	**2.496.399**	**37.307**	**35.352.228**
Accumulated Depreciations						
On January 1st, 2011	**-**	**285.553**	**6.749.094**	**2.482.910**	**-**	**9.517.557**
Depreciations of fiscal year	-	104.946	1.095.155	31.829		1.231.930
Depreciations of assets	-	(17)	(17.861)	(103.409)	-	(121.288)
On December 31, 2011	**-**	**390.483**	**7.826.388**	**2.411.329**	**-**	**10.628.199**
On January 1st, 2012		**390.483**	**7.826.388**	**2.411.329**		**10.628.199**
Depreciations of fiscal year	-	105.585	867.459	25.238	-	998.281
Depreciations of assets	-	-	(1.463)	-	-	(1.463)
On December 31,2012	**-**	**496.067**	**8.692.383**	**2.436.567**	**-**	**11.625.017**
Unamortized value						
On December 31, 2011	**2.492.676**	**5.777.351**	**15.691.897**	**54.569**	**1.889**	**24.018.382**
On December 31,2012	**2.492.676**	**5.675.283**	**15.462.115**	**59.832**	**37.307**	**23.727.212**

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COMPANY

	Land and plots	Buildings and premises	Machinery and machine facilities	Other equipment	Assets under constructio	TOTAL
On January 1st, 2011	**2.492.676**	**6.076.125**	**22.550.710**	**2.107.001**	**461.880**	**33.688.392**
Additions	-	27.381	540.196	9.074	1.889	578.541
Carried forward from under construction	-	-	461.880	-	(461.880)	-
Sales (disposals)	-	(1.500)	(34.501)	(104.287)	-	(140.288)
On December 31, 2011	**2.492.676**	**6.102.006**	**23.518.285**	**2.011.788**	**1.889**	**34.126.645**
On January 1st, 2012	**2.492.676**	**6.102.006**	**23.518.285**	**2.011.788**	**1.889**	**34.126.645**
Additions	-	3.515	643.291	30.643	36.434	713.884
Carried forward from under construction			1.017		(1.017)	
Sales (disposals)	-	-	(8.095)	(142)	-	(8.237)
On December 31, 2012	**2.492.676**	**6.105.522**	**24.154.498**	**2.042.289**	**37.307**	**34.832.291**
Accumulated Depreciations						
On January 1st, 2011	**-**	**219.725**	**6.749.094**	**2.028.800**		**8.997.619**
Depreciations of fiscal year	-	104.946	1.095.155	31.829		1.231.930
Depreciations of assets disposed	-	(17)	(17.861)	(103.409)		(121.288)
On December 31, 2011	**-**	**324.655**	**7.826.388**	**1.957.219**		**10.108.261**
On January 1st, 2012	**-**	**324.655**	**7.826.388**	**1.957.219**		**10.108.261**
Depreciations of fiscal year	**-**	**105.585**	**867.459**	**25.238**		998.281
Depreciations of assets disposed	**-**		**(1.463)**			(1.463)
On December 31, 2012	**-**	**430.239**	**8.692.383**	**1.982.457**		**11.105.079**
undepreciated value						
On December 31, 2011	2.492.676	5.777.352	15.691.897	54.569	1.889	24.018.383
On December 31, 2012	**2.492.676**	**5.675.283**	**15.462.115**	**59.832**	**37.307**	**23.727.212**

The following mortgages were granted in order to secure bank loans, the outstanding balance of which on 31/12/2012 amounts to 6.563 thousand euros:

On land and buildings (factory PAPOUTSANIS)

A’ class mortgage of € 1.467.351
B’ class mortgage of € 8.070.432
C’ class mortgage of € 2.000.000
D ‘ class mortgage of € 7.000.000
On land and buildings (former GAGEO factory)
A’ class mortgage of € 733.676

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Leased assets

Leased assets relate to machinery and are analyzed as follows:

	Group and company
Acquisition or evaluation value	4.150.147
On January 1st, 2011	**-**
Additions	4.150.147
On December 31, 2011	**4.150.147**
On January 1st, 2012	**4.150.147**
Additions	
On December 31, 2012	**4.150.147**
Accumulated Depreciations	
On January 1st, 2011	1.012.767
Depreciations of fiscal year	318.086
On December 31, 2011	**1.330.853**
On January 1st, 2012	**1.330.853**
Depreciations of fiscal year	261.501
On December 31, 2012	**1.592.354**
Unamortized value	
On December 31, 2011	**2.819.294**
On December 31, 2012	**2.557.794**

Historical cost of fixed assets valued at fair value.

	group			**company**		
	Historical cost 31/12/2012	**Fair value 2012**	**Difference**	**Historical cost 31/12/2012**	**Fair value 2012**	**Difference**
Plots	1.253.350	2.492.676	1.239.326	1.253.350	2.492.676	1.239.326
Buildings	8.648.437	5.675.283	(2.973.154)	8.648.437	5.675.283	(2.973.154)
Investments in real estate	262.000	247.500	(14.500)	262.000	247.500	(14.500)
	10.163.787	**8.415.459**	**(1.748.328)**	**10.163.787**	**8.415.459**	**(1.748.328)**

5.8. Investment Property

Investment property comprises of land parcels with a house owned by the Company (in Evia), worth 247.500 euros, compared to € 275.000 in the previous year. The change in fair value of 27.500 euros was recognized in the results of the fiscal year.

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5.9. Intangible Assets

The intangible assets of the Group and the Company refer to software licenses and development costs of new products. They are analyzed as follows:

	Group		
Acquisition or evaluation value	**Computer software**	**Development cost**	**Total**
On January 1st, 2011	**1.874.873**	**221.358**	**2.096.231**
Additions	41.368		41.368
On December 31, 2011	**1.916.241**	**221.358**	**2.137.599**
On January 1st, 2012	**1.916.241**	**221.358**	**2.137.599**
Additions	32.003		32.003
On December 31, 2012	**1.948.244**	**221.358**	**2.169.602**
Accumulated Depreciations			
On January 1st, 2011	**1.682.502**	**135.563**	**1.818.065**
Depreciations of fiscal year	98.554	5.545	104.099
On December 31, 2011	**1.781.056**	**141.108**	**1.922.164**
On January 1st, 2012	**1.781.056**	**141.108**	**1.922.164**
Depreciations of fiscal year	78.546	5.545	84.091
On December 31, 2012	**1.859.602**	**146.653**	**2.006.255**
Unamortized value			
On December 31, 2011	135.186	80.250	215.436
On December 31, 2012	**88.642**	**74.705**	**163.347**

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Acquisition or evaluation value	Computer software	Company Development cost	Total
On January 1st, 2011	**1.616.364**	**221.358**	**1.837.722**
Additions	41.368		41.368
On December 31, 2011	**1.657.732**	**221.358**	**1.879.090**
On January 1st, 2012	**1.657.732**	**221.358**	**1.879.090**
Additions	32.003		32.003
Disposals			
On December 31, 2012	**1.689.735**	**221.358**	**1.911.093**
Accumulated Depreciations			
On January 1st, 2011	**1.423.993**	**135.563**	**1.559.556**
Depreciations of fiscal year	98.554	5.545	104.099
On December 31, 2011	**1.522.547**	**141.108**	**1.663.655**
On January 1st, 2012	**1.522.547**	**141.108**	**1.663.655**
Depreciations of fiscal year	5.545	78.546	84.091
On December 31, 2012	**1.528.092**	**219.654**	**1.747.746**
Unamortized value			
On December 31, 2011	135.186	80.250	215.436
On December 31, 2012	**161.644**	**1.704**	**163.347**

5.10. Investments in Subsidiaries (Company)

Investments in subsidiaries are analyzed as follows:

	31/12/2012	31/12/2011
Balance at beginning of year	-	18.000
Capital increases	-	-
Deletion	-	(18.000)
Balance at end of year	-	-

Company name	Country of esta-blishment	Participation percentage	Historical cost	Reduction	Accounting value	Historical cost	Reduction	Accounting value
PLIAS TRADE S.A.	GREECE	100%	42.749.933	(42.749.933)	-	42.749.933	(42.749.933)	-

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5.11. Trade and other receivables (non-current)

These pertain entirely to long-term guarantees and their movement within the years 2011 and 2012 was as follows:

	Group	*Company*
Balance 1/1/2011	46.337	46.337
Guarantee returns within the fiscal year	(23.571)	(23.571)
Granting of guarantees within the fiscal year	16.027	16.027
Balance 31/12/2011	**38.793**	**38.793**
Balance 1/1/2012	38.793	38.793
Guarantee returns within the fiscal year	(1.518)	(1.518)
Granting of guarantees within the fiscal year	4.909	4.909
Balance 31/12/2012	**42.184**	**42.184**

5.12. Inventories

	Group		**Company**	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Raw and auxiliary materials	1.477.308	1.507.483	1.477.308	1.507.483
Merchandise	48.841	54.168	48.841	54.168
Finished products	1.379.643	1.766.006	1.379.643	1.766.006
Provisions for impairment	(551.748)	(635.363)	(551.748)	(635.363)
	2.354.044	**2.692.294**	**2.354.044**	**2.692.294**

5.13. Trade and other receivables (current asset)

Analysis

	Group		**Company**	
	31/12/2012	**31/12/201**	**31/12/2012**	**31/12/2011**
Customers	5.984.028	4.193.144	5.984.028	4.193.144
Intercompany customers	-	-	9.243.984	9.213.314
Cheques receivable	2.214.302	3.349.742	2.214.302	3.349.742
Other deductions (Greek State)	148.666	137.085	148.055	137.085
Claim for VAT for the fiscal year	30.024	537.250	26.782	534.828
Advances	204.979	303.023	204.872	303.023
Debtors	488.640	470.709	488.640	470.237
Other receivables	128.330	82.109	128.330	82.109
Less: Allowance for doubtful accounts customers	(2.355.320)	(2.584.528)	(11.599.304)	(11.550.883)
Less: Allowance for doubtful other receivables	(619.728)	(619.728)	(619.728)	(619.728)
Total	**6.223.922**	**5.868.806**	**6.219.962**	**6.112.870**

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It is noted that intercompany customers of the company are related to a claim by the subsidiary Plias Commercial SA, which has been impaired to the recoverable amount thereof. The relevant provision of impairment is included in the item "Provisions for doubtful debts."

5.14. Financial assets at fair value through results

Concerns mutual fund parts in domestic shares owned by the parent company. The increase within the fiscal year is due to a difference in fair value recognized in the results.

5.15. Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and the Company's bank deposits and term deposits maturing until 31.3.2013.

	Group		Company	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
Cash	6.356	957	6.298	585
Demand deposits in euro	165.144	588.483	161.623	584.715
Demand deposits in foreign	60	-	60	-
Term deposits	2.390.000	3.878.869	2.390.000	3.878.869
	2.561.560	**4.468.309**	**2.557.981**	**4.464.168**

5.16. Share capital

	Αριθμός μετοχών	**Μετοχικό κεφάλαιο**	**Υπέρ το άρτιο**	**Σύνολο**
Balance at 1 January 2011	**50.797.369**	**15.747.184**	**31.951.901**	**47.699.085**
Change	-	-	1.618	1.618
Balance at December 31, 2011	**50.797.369**	**15.747.184**	**31.953.519**	**47.700.703**
Balance at 1 January 2012	**50.797.369**	**15.747.184**	**31.953.519**	**47.700.703**
Change	-	-	-	-
Balance at December 31, 2012	**50.797.369**	**15.747.184**	**31.953.519**	**47.700.703**

The share capital amounts to EUR 15.747.184,39, divided into 50.797.369 common registered voting shares with a par value of 0,31 euros each.

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

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Policies and processes for managing capital

As Capital the Group considers the total equity as shown in the financial statements.
The Group's objectives in managing capital is to maintain positive equity and ensure that the capital requirements imposed by corporate law are met.

Capital requirements imposed by external factors

Articles 47 and 48 of codified law 2190/20 impose capital requirements as follows:

Article 47 provides that:
If the total equity of a company falls below half of its share capital, the Board of Directors must convene the General Assembly, within six (6) months from the end of the fiscal year to decide on the dissolution of the company or adoption of other measures.

Article 48 provides that:
The company may be dissolved by court order at the request of anyone with an lawful interest in case in which all of the equity of the company becomes less than one tenth (1/10) of the share capital and the meeting does not take action in accordance with the Article 47. The court, before issuing its verdict, provides the Company with reasonable time to remedy the reasons for termination, unless it justifiably believes that this measure is pointless. This period may be two (2) to six (6) months and may be extended up to three (3) months. If the above deadline is provided, the court may order provisional measures to regulate corporate affairs.

The Company meets the above capital requirements of the legislation. For Plias Trading SA the conditions for the application of the provisions of Articles 47 and 48 of CL. 2190/1920 are met, and the company has temporarily suspended its activities since January 2008. The Company's management considers various scenarios, but so far no final decisions have been taken.

5.17. Fair value reserves

The fair value reserves are created through the evaluation of the property by certified appraisers and are analyzed as follows:

	Group		Company	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
From evaluation of property	2.615.271	2.615.271	2.615.271	2.615.271
	2.615.271	**2.615.271**	**2.615.271**	**2.615.271**

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5.18. Other reserves

Other reserves are analyzed as follows:

	Group and Company			
	Statutory reserve	Untaxed reserves	Other reserves	Total
Balance at 1 January 2011	46.127	150.155	20.918	217.200
Balance at December 31, 2011	46.127	150.155	20.918	217.200
Balance at 1 January 2012	46.127	150.155	20.918	217.200
Balance at December 31, 2012	46.127	150.155	20.918	217.200

(A) Statutory reserve

The statutory reserve is required under the provisions of Law 2190/20 (Articles 44 and 45) to cover any loss of business. This amount consists of 5% of profits, after deduction of income tax, until it reaches 30% of the share capital.

(B) Non-taxable reserves

The non-taxable reserves are formed under development laws from the net profits. These amounts are tax free, not subject to income tax because they were formed for the creation of fixed investments.

(C) Other reserves

These reserves are formed by retention of profits that have been taxed, following a decision of the General Meeting. The main purpose of their creation is to strengthen the company's liquidity.

5.19. Loans

The fair value of borrowings is not significantly different from their book value, since the loans of the Company and the Group are of a variable interest rate.

The loans of the Group and the Company are as follows:

	Group		**Company**	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Long term				
Bank loans	4.480.567	2.956.369	4.480.567	2.956.369
Obligations under Leasing agreements	349.302	352.486	349.302	352.486
Non-bank loans	610.502	610.502	610.502	610.502
Total	**5.440.371**	**3.919.357**	**5.440.371**	**3.919.357**
Short –term				
Bank loans	3.260.748	6.403.971	3.260.748	6.403.971
Obligations under Leasing agreements	193.947	507.577	193.947	507.577
Non-bank loans	-	64.597	-	64.597
Total	**3.454.694**	**6.976.144**	**3.454.694**	**6.976.144**
Total loans	**8.895.065**	**10.895.501**	**8.895.065**	**10.895.501**

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In the fiscal year 2012 some of the short term lending company became long-term.

The average interest rate on borrowings was 5,7% in the fiscal year 2012 and 5,0% in 2011.

To secure the above loans there have been granted mortgages as described in note 5.7.

The agreements with the involved banks, through which in the previous fiscal year, the long-term loans of the Group companies were regulated, provide the following commitments:

• Major acquisitions and disposals of investments and investment assets, require the consent of all the banks involved.
• Consent of all banks required for loans to third parties outside the group, by the group companies.
• The index EBITA / financial cost needs to be achieved, above certain limits set per year.

Analysis of liabilities from leasing agreements

Leasing obligations are secured by the leased fixed assets which become the lessor's property if the lessee is unable to pay its liabilities.

Leasing liabilities	**31/12/2012**		**31/12/2011**	
	Group	**Company**	**Group**	**Company**
Up to 1 year	193.947	193.947	507.577	507.577
1-5 years	349.302	349.302	352.486	352.486
Total liabilities	**543.249**	**543.249**	**860.062**	**860.062**

Leasing liabilities / minimum lease payments

	Group	**Company**	**Group**	**Company**
Up to 1 year	219.981	219.981	538.522	538.522
1-5 years	367.331	367.331	359.015	359.015
	587.312	587.312	897.537	897.537
Future finance cost	(44.063)	(44.063)	(37.474)	(37.474)
Total liabilities	**543.249**	**543.249**	**860.062**	**860.062**

In the fiscal year 2012 there was agreed an extension of the repayment of leasing liabilities, thus increasing the future financial costs.

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5.20. Deferred Taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities arise from the same tax authority.

Total change in deferred tax is as follows:

	Group		Company	
	31-Dec-12	**31-Dec-11**	**31-Dec-12**	**31-Dec-11**
Balance at beginning of fiscal year	(1.876.529)	(1.727.680)	(1.876.529)	(1.727.680)
Charged / (credited) statement of results	31.933	(148.444)	31.933	(148.444)
Charged / (credited) directly to equity	-	(405)	-	(405)
Charged to other comprehensive income	-	-	-	-
Balance at end of fiscal year	**(1.844.596)**	**(1.876.529)**	**(1.844.596)**	**(1.876.529)**

The gross amounts of deferred tax assets and liabilities are as follows:

	Group		Company	
Deferred tax claims:	**31/12/2012**	**31/12/2011**	**31/12/2012**	**31/12/2011**
Recoverable after 12 months	869.137	732.344	869.137	732.344
recovered within 12 months	252.344	325.301	252.344	325.301
	1.121.480	**1.057.645**	**1.121.480**	**1.057.645**
Deferred tax liabilities:				
Payable after 12 months	(2.818.512)	(2.785.902)	(2.818.512)	(2.785.902)
Payable within 12 months	(147.564)	(148.272)	(147.564)	(148.272)
	(2.966.076)	**(2.934.174)**	**(2.966.076)**	**(2.934.174)**
	(1.844.596)	**(1.876.529)**	**(1.844.596)**	**(1.876.529)**

Changes in deferred tax assets and liabilities during the fiscal year, without taking into consideration the offsetting of balances are as follows:

Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

Group and Company
Deferred tax assets:

	Evaluation of reserves	Doubtful claims	State grants	Provision for remuneration of employees	Tax losses	Investments in real property	Expenses of depreciation over many years	leasing	total
Balance at 1 January 2011	**191.676**	**245.802**	**299.833**	83.568	**0**	-3.250	**86.042**	**268.735**	**1.172.455**
Charged / (credited) statement of results	-49.821	52.147	-16.826	20.134			-26.567	-96.723	-117.656
Charged to other comprehensive income							-405		-405
Balance at 31 DEC 2012	**141.855**	**297.949**	**283.056**	**103.702**	**0**	**-3.250**	**59.071**	**172.012**	**1.054.395**
Balance at 1 January 2012	**141.855**	**297.949**	**283.056**	**103.702**	**0**	**-3.250**	**59.071**	**172.012**	**1.054.395**
Charged / (credited) statement of results	-13.178	3.301	-16.826	5.163	177.709	6.150	-28.971	-63.363	69.985
Balance at 31 DEC 2012	**128.677**	**301.250**	**266.230**	**108.865**	**177.709**	**2.900**	**30.099**	**108.650**	**1.124.380**

Deferred tax liabilities:

	Tangible fixed assets
Balance at 1 January 2011	**2.900.135**
Charged / (credited) to income statement	30.788
Balance at December 31, 2011	**2.930.924**
Balance at 1 January 2012	**2.930.924**
Charged / (credited) to income statement	38.052
Balance at December 31, 2012	**2.968.976**

It is noted that the next year there was established by Law 4110/2013 (Government Gazette 17/A723.1.2013), a change in the tax rate from 20% to 26%, to be administered by the fiscal year 2013, on the taxable net profits of Societes Anonymes. This change is treated as a late, non-adjusting event and therefore its effects on deferred taxes of the company will be reflected in the financial statements at the next fiscal year.

The impact of this change in the tax rate is estimated at 550.000 euros, in an increase in deferred tax liabilities and equal charge of the income statement on tax expense.

Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

5.21. Provisions for employee benefits

The plan that is in force provides the contractual obligation of a lump sum in the event of retirement, depending on the length of service, based on current legislation (L.2112/20, as amended and in force until the law 4093/2012). The obligation of the Company and the Group to the persons employed by them, for future benefits, is calculated and displayed based on the expected vested right of every employee at the balance sheet date, discounted to present value, in relation to the expected date of payment.

The above obligation is calculated by qualified actuaries at the end of the fiscal year, as follows:

	Company and Group	
	31-Dec-12	**31-Dec-11**
Present value of liability	634.276	756 810
Unrecognised actuarial gains / (losses)	(89.952)	(238.300)
Net liability recognized in the balance sheet	**544.324**	**518.510**

Amounts recognized in the income statement	**31-Dec-12**	**31-Dec-11**
Current service cost	48.375	54.325
Interest on obligation	35.570	30.890
Recognized actuarial loss / (gain)	12.476	15.452
Regular expense in the income statement	**96.421**	**100.667**
Cost of reductions / settlements / Termination of service	5.809	-
Total expense in the income statement	**102.230**	**100.667**

Change in the present value of the liability	**31-Dec-12**	**31-Dec-11**
Present value of the liability at beginning of period	756.810	718.362
Current service cost	48.375	54.325
Interest cost	35.570	30.890
Cost of Impact Shedding / Settlement / Termination of Employment benefits	5.809	-
Less Benefits Paid	(76.416)	-
Actuarial loss / (gain)	(135.872)	(46.767)
Present value of obligation at end of period	**634.276**	**756.810**

The principal actuarial assumptions used are as follows:

1. Average annual long term inflation rate of inflation increase	1% according to the Convergence Program of the EU
2. Increase of annual salaries taken into account for compensation under Law 2112	2.5%
3. Discount rate	3,18% on 31/12/2012
4. Magnitude of compensation	Application of directives of Laws 2112/20 and 3198/55, to provide a lump sum according to 40% of current pay scale.
5. Valuation date	31.12.2012
6. Actuarial valuation method	The method used was the projected unit credit method.

Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

5.22. Provisions

	Group		Company	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
Long term Provisions	133.000	133.000	133.000	133.000
Current provisions	-	-	-	-
	133.000	**133.000**	**133.000**	**133.000**

They concern possible losses from lawsuits for tax and labor disputes.

5.23. Grants of assets

The government grants concern the parent Company and relate to investments made during the period from 1999 to 2006 and they were subsidized at a rate of 40% as well as an advance on a grant of amount of € 953.250, for the investment program of Law 3299/2004, that concerns investments made during the period from 2008 to 2012.

These grants are recognized as revenue in parallel to the depreciation of assets - mainly machinery – which were subsidized.

The activity in the FY 2011 and 2012, in the account of the grants, which will be recognized as revenue in future periods as follows:

	Group	Company
Balance at 1 January 2011	**1.557.179**	**1.557.179**
Revenue in the accepted use	(88.239)	(88.239)
Balance December 31, 2011	**1.468.940**	**1.468.940**
Balance at 1 January 2012	**1.468.940**	**1.468.940**
Receipt of Grant	953.250	953.250
Revenue to use the accepted	(366.141)	(366.141)
Balance December 31, 2012	**2.056.048**	**2.056.048**

5.24. Trade and other payables

Suppliers and other liabilities are as follows:

	Group		Company	
	31-Dec-12	**31-Dec-11**	**31-Dec-12**	**31-Dec-11**
Suppliers (outstanding balances)	1.925.387	2.446.931	1.916.934	2.429.878
Suppliers (Checks payable)	2.165.857	2.259.556	2.165.857	2.259.556
Sundry creditors	259.317	657.666	259.317	657.666
Taxes and fees	135.799	201.834	135.620	201.477
Social Security Agencies	146.394	111.877	146.394	111.877
Customer credit balances	113.081	133.044	57.613	72.576
Accruals of liabilities	197.988	226.324	189.691	226.324
Total	**4.943.824**	**6.037.232**	**4.871.427**	**5.959.354**

Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

5.25. Sales

The Consolidated turnover (sales) as well as of the Company is as follows:

	Group		*Company*	
	2012	**2011**	**2012**	**2011**
Sales of merchandise	237.172	264.068	237.172	264.068
Sales of products	15.819.685	13.955.749	15.819.685	13.955.749
Sales of other inventory	39.386	93.377	39.386	93.377
Providing of services	18.689	147.708	18.689	147.708
Total	**16.114.931**	**14.460.902**	**16.114.931**	**14.460.902**

5.26. Cost of sales

The cost of sales of the Group and of the Company is as follows:

	Group		*Company*	
	2012	**2011**	**2012**	**2011**
Cost				
of merchandise	136.330	138.987	136.330	138.987
Cost of products	12.428.616	11.264.868	12.428.616	11.264.868
Total	**12.564.945**	**11.403.855**	**12.564.945**	**11.403.855**

5.27. Other Operating Income

5.28.

The other income of the Group and of the Company for fiscal 2012 and 2011 are as follows:

	Group		*Company*	
	2012	**2011**	**2012**	**2011**
Collected rents	-	-	1.200	1.200
Collected Expenses	53.440	49.819	53.440	49.819
Grants Employment Agency	3.660	330	3.660	330
Col/ exchange differences and Income	14.194	9.570	14.194	9.570
Income from Prior fiscal years	60.358	17.007	60.358	13.386
Profit from sale of assets	217	10.257	217	10.257
Income from grant’s depreciation	366.141	88.239	366.141	88.239
Income from prior fiscal years Provisions	246.959	782.884	-	452.884
Other	52.454	13.159	52.454	13.159
	797.425	**971.266**	**551.666**	**638.845**

Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

5.28. Expenses by category

The expenses per category of the Group and the Company for the fiscal years 2012 and 2011 are as follows:

Group

2012					
	Cost of sales	Expenses Research & Development	Expenses Administrative	Expenses Selling distrib	Total
Cost of inventories	8.126.556	-	-	-	8.126.556
Wages & Expenses of personnel	1.968.953	26.447	898.677	481.478	3.375.556
Remuneration & Expenses of third parties	109.613	10.849	182.005	216.501	518.968
Services provided by third parties	881.422	184	58.995	120.691	1.061.293
Taxes – Fees	99.511	108	51.012	759	151.390
Various Expenses	173.728	1.685	177.554	1.246.660	1.599.628
Depreciation	1.205.161	2.747	101.388	31.556	1.340.853
Provisions	-	-	25.814	-	25.814
Totals	**12.564.945**	**42.021**	**1.495.446**	**2.097.645**	**16.200.057**

2011				
	Cost of sales	Expenses Administrative	Expenses Selling distrib	Total
Cost of inventories	7.122.125	-	-	7.122.125
Wages & Expenses of personnel	1.662.508	872.956	398.832	2.934.297
Remuneration & Expenses of third parties	75.603	328.576	414.167	818.346
Services provided by third parties	776.257	130.982	164.745	1.071.984
Taxes - Fees	100.008	47.612	2.105	149.725
Various Expenses	198.211	218.546	1.227.659	1.644.416
Depreciation	1.469.143	129.898	54.061	1.653.102
Provisions	-	100.667	-	100.667
Totals	**11.403.855**	**1.829.238**	**2.261.569**	**15.494.662**

Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

Company

2012					
	Cost of sales	Expenses Research & Development	Expenses Administrative	Expenses Selling distrib	Total
Cost of inventories	8.126.556	-	-	-	8.126.556
Wages & Expenses of personnel	1.968.953	26.447	898.061	481.478	3.374.939
Remuneration & Expenses of third parties	109.613	10.849	168.720	216.501	505.683
Services provided by third parties	881.422	184	58.995	120.691	1.061.293
Taxes - Fees	99.511	108	58.995	759	151.170
Various Expenses	173.728	1.685	174.883	1.246.660	1.596.957
Depreciation	1.205.161	2.747	101.388	31.556	1.340.853
Provisions	-	-	25.814	-	25.814
Totals	**12.564.945**	**42.021**	**1.478.653**	**2.097.645**	**16.183.254**

2011				
	Cost	Expenses	Expenses	
	of sales	Administrative	Selling distrib	Total
Cost of inventories	7.122.125	-	-	7.122.125
Wages & Expenses of personnel	1.662.508	872.339	398.832	2.933.680
Remuneration & Expenses of third parties	75.603	318.219	414.167	807.989
Services provided by third parties	776.257	130.982	164.745	1.071.984
Taxes - Fees	100.008	46.476	2.105	148.589
Various Expenses	198.211	215.277	1.227.659	1.641.147
Depreciation	1.469.143	129.898	54.061	1.653.102
Provisions	-	100.667	-	100.667
Totals	**11.403.855**	**1.813.860**	**2.261.569**	**15.479.283**

Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

5.29. Other Operating Expenses

The other operating expenses of the Group and the Company for the fiscal years 2012 and 2011 are as follows:

	Group		*Company*	
	2012	**2011**	**2012**	**2011**
Exchange differences expenses	30.980	2.945	30.980	2.945
Fines - taxes fees	18.682	16.696	12.236	16.696
Default interest	501	2.418	501	2.418
Loss on sale of asset	-	5.005	-	5.005
Expenses from prior years	-	8.086	-	8.086
Provision for unsuitable inventory	18.965	-	18.965	-
Provision for doubtful receivables	85.865	-	116.535	-
Impairment of investment property	27.500	-	27.500	-
Other extraordinary expenses	83	12.515	83	13.141
	182.575	**47.666**	**206.800**	**48.292**

5.30. Finance Cost – net

In the net finance costs for the years 2012 and 2011, the Group and the Company include:

	Group		**Company**	
	2012	**2011**	**2012**	**2011**
Interest Income	(176.555)	(160.194)	(176.555)	(160.194)
Interest- Expenses of bank loans	675.267	640.459	675.020	640.222
Interest of financing leases	68.321	55.186	68.321	55.186
Net financing Expenses	**567.034**	**535.451**	**566.787**	**535.214**

5.31. Income Taxes

	Group		*Company*	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Current tax	-	-	-	-
Deferred tax (Note 5.20)	(31.933)	148.444	(31.933)	148.444
	(31.933)	**148.444**	**(31.933)**	**148.444**

The tax, on pre-tax losses of the Group and the Company, differs from the theoretical amount that would arise using the weighted average tax rate on profit / (loss) of consolidated companies. The difference is as follows:

	Group		*Company*	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Profits (loss) before taxes	**(37.310)**	**(645.611)**	**(290.254)**	**(963.042)**
Tax of collections and expenses not subject to taxation	(209.642)	148.444	(209.642)	148.444
Tax on accumulated tax losses	177.709	-	177.709	-
Taxes	**(31.933)**	**148.444**	**(31.933)**	**148.444**

Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

5.32. Losses per share

The basic loss per share is calculated by dividing the loss attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the period, excluding ordinary shares purchased by the Company (treasury shares), which is not applicable.

	Group		**Company**	
	1.1-31.12.2012	**1.1-31.12.2011**	**1.1-31.12.2012**	**1.1-31.12.2011**
Loss	(5.377)	(792.437)	(258.321)	(1.109.868)
Weighted average number of shares	50.797.369	50.797.369	50.797.369	50.797.369
Basic Loss per share	(0,0001)	(0,0156)	(0,0051)	(0,0218)

5.33. Employee Benefits

The number of employees in the Group and the Company as at 31 December 2012 and 2011, and the total cost of their employment, during the years of 2012 and 2011 were:

	Group		***Company***	
	2012	**2011**	**2012**	**2011**
People	95	95	95	95
Cost	3.374.939	2.933.680	3.374.939	2.933.680

The cost increase is due to the expiration of the grant program for employer contributions applicable to prior year.

5.34. Depreciation

Depreciation of tangible and intangible assets during the years 2012 and 2011, analyzed in notes 5.7 and 5.9 as well as depreciation of grants analyzed in note 5.23, are summarized as follows:

	Group		**Company**	
	2012	**2011**	**2012**	**2011**
Depreciation of assets	1.340.853	1.653.102	1.340.853	1.653.102
Depreciation of grants	(366.141)	(88.239)	(366.141)	(88.239)

5.35. Contingent liabilities

For contingent liabilities from tax audits of unaudited periods we refer to Note 5.5.1.

Pending litigation

In July 2007 a lawsuit has been filed against the company "Papoutsanis INDUSTRIAL AND COMMERCIAL consumer goods S.A." company "CEREAL COMPANY NORTHERN GREECE SA" and David Charalambous (Chairman of Papoutsanis SA and Vice Chairman of "KATSELIS SONS SA") by Mr. Nicholas Katselis , which after postponement was discussed on 20/5/2009 before of the Court of First Instance of Athens and the decision is pending. The alleged demand of Nick Katselis amounts to EUR 8,9 million Euro according to the main legal basis and on an ancillary basis in the amount of 12 million Euros and allegedly, the above amounts are due primarily because supposedly he was not allowed to exercise pre-emptive rights in 2002 for the acquisition of shares of "KATSELIS SONS SA" which were acquired instead by the company "NORTHERN GREECE CEREALS SA . " and which subsequently through a public offer became majority shareholder of "KATSELIS SONS SA". Based on the decision No. 1479 / 04.04.2011, the First Instance Court of Athens dismissed the action in its entirety. Currently, though we know that the other party has appealed, we have not been served notice of appeal or notice of court discussion.

Three lawsuits have been filed against the company by a former employee, for the settlement of labor disputes. For the first lawsuit totaling 112.125 € it has been adjudicated at first instance the amount of 16.948,47 € in favor of the plaintiff. Both parties have appealed the primary decision and the legal advisor of the company considers that the lawsuit ultimately will not be accepted. For the second lawsuit, totaling 122.286 €, the court date was set for April 15, 2008 but the hearing was canceled and a new hearing date has not been set. The assessment of the legal advisor is that there is doubt about whether this particular case will proceed. Finally, the third lawsuit for € 6.508,80€ was dismissed by the court of the peace of Athens.

A tax charge of € 695.743,53 was imposed to the company based on the No. 56960/2009 decision of the Head of EOF(Greek FDA). The company appealed on 27/10/2009, before the Administrative Court of Halkida against that decision, with general submittal No. 41240/2009 and date of hearing of that appeal will be forthcoming. Against that decision on 27/10/2009 a Request of Stay was submitted for the suspension of the imposed tax and the temporary order No. 1935/2009 was issued for the postponement of the payment of the amount until the entering of the decision on the Request of Stay. Until the hearing of the appeal, the said amount has been certified in the No. 9133/2009 purser's certification of the Halkida Tax Service. Against that purser's certification, the company brought on 29/10/2009 and with general submittal number 1477/2009 a Motion of Arrest before the Administrative Court of Athens, for which the date of hearing is expected. Against that purser's certificate, the company also brought on 27/10/2009 a Request of Stay

for the suspension of purser's certification and there was issued on 4/11/2009 an interim suspension order for 95% of the established fine (i.e. the amount of € 695.734,53) until the decision on Request of Stay. On the above Request of Stay a decision No. 44/2011 was issued by the Administrative Court Halkida, under which the enforceability of the purser's certification against the company was suspended by 70% until the hearing of the Motion of Arrest . There is litigation or arbitration of the Company against third parties. Any gain arising will be recognized in the results of operations while they incur.

There are no other litigation or arbitration cases.

Besides the above there are no other contingent liabilities.

Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

5.36. Transactions with related parties

a) Intercompany transactions

There were no intercompany trades both in the current and in the previous year. In fiscal year 2012 a financial facility was given to the subsidiary company amounting to 30.671€.

b) Intercompany balances

There are no impaired intercompany balances in the balance sheet of the parent company and they do not impact the Consolidated Balance Sheet.

c) Transactions with key management personnel and board members.

	Group		Company	
in Euro	2012	2011	2012	2011
Remuneration of executive BoD members and executive managers (under special hired labor relationship)	394.149	294.858	388.149	288.858
Remuneration of executive BoD members (under mandate to provide independent services)	80.000	270.000	80.000	270.000
Remuneration of company controlled by executive director	234.500	-	234.500	-
Remuneration of non-executive Board members	35.000	98.050	35.000	98.050
	743.649	**662.908**	**737.649**	**656.908**

d) Receivables and liabilities with the executives and directors.

	Group		Company	
In Euros	2012	2011	2012	2011
Receivables from managers and Board members	-	-	-	-
Liabilities to executives and Board members	69.506	-	69.506	

e) Transactions with shareholders.

The shareholder Thrush Enterprises LTD granted in 2009 a loan to the parent company amounting to € 1.056.000 of which the largest part was repaid in 2010. Today the loan balance due to Thrush Enterprises LTD is € 82.502. The shareholder Tanaca Holdings Ltd, issued in FY 2010 a loan to the parent company amounting to € 1.228.000 of which the largest part was repaid in 2010. Today the loan balance due to Tanaca Holdings Ltd is € 528.000.
Related party transactions are made on terms equivalent to those that prevail in arm's length transactions basis.

5.37. Events after the balance sheet date

There are none, except for the change in the tax rate legislated by Law 4110/2013 (Government Gazette 17/A723.1.2013) from 20% to 26%, from the fiscal year 2013, to the taxable net profits of Joint Stock Companies. This change, which will impact deferred taxes of the company is treated as a Subsequent non-adjusting event. Particular reference is made in paragraph 5.20.

E. REPORT ON THE DISPOSITION OF FUNDS RAISED FROM THE SHARE CAPITAL INCREASES IN CASH

PAPOUTSANIS SA
Company's Registration No.13108/06/ /86/89
71st km Athens-Lamia, VATHY AVLIDOS, HALKIDA
DISPOSITION OF FUNDS RAISED FROM THE INCREASE OF SHARE CAPITAL IN CASH

Disclosed, in accordance with the decision of the Athens Stock Exchange 25/17.7.2008 that the increase of the share capital of the company with cash by decision of the Extraordinary General Shareholders Meeting dated 10.6.2010 and number 4/565/7.10.2010 decision of the meeting of the Board of the Capital Markets Committee by which the Prospectus was approved, raised the (total amount of 11.949.684,39 Euros less costs 181.005 Euros) net amount of 11.768.679,39 Euros which in relation to the Prospectus available were disposed until 31.12.2012 as follows:

Method of Disposition Of Funds Raised (in euro)	Predicted Use according to Prospectus	Predicted use after capital raise completion	Allocated funds up 31/12/2012	Uncommitted Funds 31/12/2012	Timing diagram of disposal (2)
Capital	6.619.000	6.450.679	5.794.375	656.304	31.12.2013
Short term bank loans	2.000.000	2.000.000	2.000.000	-	
Loans to shareholders	3.068.000	3.068.000	2.540.000	528.000	31.12.2013
Loans to third parties	250.000	250.000	250.000	-	
Total	**11.937.000**	**11.768.679**	**10.584.375**	**1.184.304**	

Notes:
(1) The intended use after completion of the Capital Raise differs from the intended use in accordance with the Prospectus in the amount not covered by the capital increase and the amount of costs of the capital raising diverged, originally estimated at 215.000 euros
(2) Availability of funds raised has been extended by 2 years.

Other information:
a. Vesting period of exercise of preference: 18/10/2010 - 1/11/2010
b. Shares issued: 38.547.369 common bearer, nominal value 0,31 new
c. Date of listing of new shares in ASE: November 18, 2010
d. Date of certification of payment of the increase: November 3, 2010

HALKIDA, February 26, 2013

CHAIRMAN OF THE BOARD.	VICE CH. & MANAGING DIRECTOR	ECONOMIC DIRECTOR OF GROUP
George Gatzaros **ID# Σ 563348**	**Menelaos Tasopoulos** **ID# AI 597755**	**Mary Iskalatian** **ID# AI 132693**

REPORT OF FACTUAL FINDINGS ON PERFORMANCE OF AGREED-UPON PROCEDURES IN CONNECTION WITH THE REPORT ON APPROPRIATION OF FUNDS RAISED

To The Board of Directors of "PAPOUTSANIS SA"

According to our engagement with the Board of Directors of "PAPOUTSANIS SA"
(the "Company"), we have performed the following agreed-upon procedures within the regulatory framework and practice of the Athens Stock Exchange and the relevant legal framework of capital market in connection with the Report on Appropriation of Funds Raised of the Company concerning the issuance of shares by public offering and private placement that was made in 2010. The Management is responsible for the preparation and fair presentation of the above-mentioned Report. Our engagement was undertaken in accordance with the International Standard on Related Services "ISRS 4400" applicable to "Agreed-Upon Procedures Engagements regarding Financial Information". Our responsibility is to perform the following agreed-upon procedures and report to you the factual findings resulting from our work.

Procedures:
1) We compared the amounts stated as cash disbursements in the accompanying "Report on Appropriation of Funds Raised from Issuance of Shares with Cash payments" to the respective amounts recognized in the books and records of the Company at the time period these refer to.

2) We ascertained the completeness of the Report and the consistency of its content with that referred to in the Prospectus, issued by the Company to this purpose, as well as with the relative decisions and announcements of the competent corporate bodies of the Company.

We report our findings below:

a) The per use/investment category amounts disclosed as cash disbursements in the accompanying "Report on Appropriation of Funds Raised from Issuance of Shares with Cash Payments", arise from the books and records of the Company, at the time period these refer to.

b) The content of the Report comprises the minimum information provided for this purpose by the regulatory framework of the Athens Stock Exchange and the relevant legal framework of the capital market and is consistent with those referred to in the respective Prospectus and the relevant decisions and announcements of the competent corporate bodies of the Company.

Because the above procedures do not constitute either an audit or a review effected in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any other assurance further to those referred to above. Had we performed additional procedures or had we performed an audit or review of the financial statements, other matters might have come to our attention further to those referred to in the preceding paragraph.

The present report is addressed solely to the Board of Directors of the Company, within the framework of observing its obligations towards the regulatory framework of the Athens Stock Exchange as well as the relevant legal framework of the capital market. Therefore, this Report is not to be used for any other purpose as it relates only to the data referred to above and does not extent to any financial statements prepared by the company for the fiscal year 2012 (1/1-31/12/2012) in respect of which we have issued a separate Review Report as of 27 February 2013.

Athens, February 27, 2013

EFSTATHIOS P. BANILAS
Certified Public Accountant Auditor
Institute of CPA (SOEL) Reg. No. 16451

Associated Certified Public Accountants s.a.
member of Crowe Horwath International
3, Fok. Negri Street – 112 57 Athens, Greece
Institute of CPA (SOEL) Reg. No. 125

Financial Statements in accordance with IFRS Fiscal Year 2012, (All amounts reported in euros)

F. INFORMATION PURSUANT TO ARTICLE 10 3401/2005

Company Announcements to the ASE

In the year 2012 the following announcements were published by the Company:

30 Mar2012	Company announcement by PAPOUTSANIS SA in accordance with paragraph 4.1.4.4. Regulation of the Athens Exchange
29 Mar 2012	Financial Calendar Announcement
28 Mar 2012	Announcement by PAPOUTSANIS SA under Law No. 13 of 3340/2005
27 Mar 2012	Company announcement by PAPOUTSANIS SA under Law No. 13 of 3340/2005

G. DATA AND INFORMATION OF THE FISCAL YEAR 2012

PAPOUTSANIS S.A.

Company's Registration No.13108/06/B/86/89
Registered Office: 71th Km ATHENS - LAMIA NATIONAL ROAD, HALKIDA EVIA
CONDENSED FINANCIAL STATEMENTS, NOTES AND INFORMATION FOR THE YEAR 2012 (FROM 1 JANUARY 2012 TO 31 DECEMBER 2012)
(Published according to c.L. 2190/1920, article 135 concerning enterprises that prepare Annual Financial Statements, consolidated and non, according to IFRS)
AMOUNTS REPORTED IN EURO

The following data and information aim to provide a general briefing for the financial position and the results of operations of Papoutsanis SA and of the Group companies PAPOUTSANIS. Therefore, recommend to the reader, before proceeding to any kind of investment decision or any other transaction with the Company, to visit the Company's web sites, at the following address www.papoutsanis.gr where Financial Statements are posted along with the Review Report of the Certified Public Accountant whenever is required. Our Financial Statements are composed according to the International Financial Reporting Standards.

Auditing Firm: SOL Certified Public Accountants, Member of Crowe Horwarth
Certified Public Accountant Auditor: EFSTATHIOS P. BANILAS, Institute of CPA (SOEL) Reg. No. 16451
Type of Review Report: Unqualified conclusion with emphasis of matters
Date of approval by the Board of Directors of the Financial Statements: February 26nd 2013

CONDENSED BALANCE SHEET

	GROUP		COMPANY	
ASSETS	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Property, Plan and equipment	26.285.006	26.837.677	26.285.006	26.837.677
Investments on Assets	247.500	275.000	247.500	275.000
Intangible assets	163.347	215.435	163.347	215.435
Other non-current assets	42.184	38.793	42.184	38.793
Inventories	2.354.044	2.692.294	2.354.044	2.692.294
Trade receivables	3.631.703	1.608.616	3.631.703	1.855.575
Checks receivables	2.211.307	3.349.742	2.211.307	3.349.742
Other receivables	2.962.498	5.398.264	2.954.959	5.391.228
Total Assets	**37.897.590**	**40.415.822**	**37.890.051**	**40.655.745**
EQUITY				
Share Capital	15.747.184	15.747.184	15.747.184	15.747.184
Other data of equity	3.733.549	3.738.926	3.798.406	4.056.728
Total Equity attributable to the holders of the company (a)	**19.480.733**	**19.486.110**	**19.545.591**	**19.803.912**
Minority interest (b)	-	-	-	-
Total equity (c) = (a) + (b)	**19.480.733**	**19.486.110**	**19.545.591**	**19.803.912**
LIABILITIES				
Long-term borrowings	5.440.371	3.919.357	5.440.371	3.919.357
Provisions/Other non-current liabilities	4.577.968	3.996.978	4.577.968	3.996.978
Short-term Bank borrowings	3.454.694	6.976.144	3.454.694	6.976.144
Other current liabilities	4.943.824	6.037.232	4.871.427	5.959.354
Total liabilities (d)	**18.416.857**	**20.929.711**	**18.344.460**	**20.851.833**
Total Liabilities and Equity (c) + (d)	**37.897.590**	**40.415.822**	**37.890.051**	**40.655.745**

CONDENSED STATEMENT OF COMREHENSIVE INCOME

	GROUP		COMPANY	
	01.01-31.12.2012	01.01-31.12.2011	01.01-31.12.2012	01.01-31.12.2011
Net sales revenue	16.114.931	14.460.902	16.114.931	14.460.902
Gross profit	**3.549.986**	**3.057.047**	**3.549.986**	**3.057.047**
Earnings/(loss) before taxes, financing and investing results (EBIT)	163.582	(198.399)	(89.609)	(516.068)
Profit/(Loss) before taxes	**(37.310)**	**(645.611)**	**(290.254)**	**(963.042)**
Profit after tax (a)	**(5.377)**	**(794.055)**	**(258.321)**	**(1.111.486)**
Attributable to:				
Equity holders of the Company	(5.377)	(794.055)	(258.321)	(1.111.486)
Minority interest	-	-	-	-
Other comprehensive income after taxes (b)	-	1.618	-	1.618
Total comprehensive income after taxes (a) + (b)	**(5.377)**	**(792.437)**	**(258.321)**	**(1.109.868)**
Attributable to:	-	-	-	-
Equity holders of the Company	(5.377)	(792.437)	(258.321)	(1.109.868)
Minority interest	-	-	-	-
Profit/(Loss) after taxes per share	(0,0001)	(0,0156)	(0,0051)	(0,0219)
Earnings/(loss) before taxes, financing and investing results	1.504.435	1.454.702	1.251.244	1.137.034

DATA FROM STATEMENT OF CHANGES IN EQUITY

	GROUP		COMPANY	
	01.01-31.12.2012	01.01-31.12.2011	01.01-31.12.2012	01.01-31.12.2011
Net equity of Opening Balance (01.01.2012 and 01.01.2011 respectively)	19.486.110	20.278.546	19.803.912	20.913.780
Profit/(loss) after taxes	(5.377)	(792.437)	(258.321)	(1.109.868)
Net equity of closing Balance (31.12.2012 and 31.12.2011 respectively)	**19.480.733**	**19.486.110**	**19.545.591**	**19.803.912**

CONDENSED CASH FLOW STATEMENT (INDIRECT METHOD)

	GROUP		COMPANY	
	01.01-31.12.2012	01.01-31.12.2011	01.01-31.12.2012	01.01-31.12.2011
Cash Flows from Operating Activities				
Profit before taxes from continuing operations	(37.310)	(645.611)	(290.254)	(963.042)
Plus / (less) adjustments for:				
Depreciation of assets	1.340.853	1.653.102	1.340.853	1.653.102
Provisions	(287.010)	(588.804)	(9.380)	(341.845)
Amortisation of government grants	(366.141)	(88.239)	(366.141)	(88.239)
Deletion of participation	-	-	-	18.000
Results (income, expenses, profit and losses) from investing activities	26.981	-	26.981	-
Interest expense and similar charges	566.787	535.451	566.787	535.214
	1.244.159	865.898	1.268.844	813.188
Plus/Less adjustments of working capital to net cash or related to operating activities:				
(Increase)/decrease in inventories	421.865	(287.425)	421.865	(287.425)
Decrease/(increase) of Receivables	(159.969)	(275.746)	(158.904)	(766.770)
(Decrease)/Increase of payable accounts (except Banks)	(1.062.738)	(430.318)	(1.087.926)	117.374
Less:	-	-	-	-
Interest expense and similar charges paid	(612.517)	(554.019)	(612.517)	(553.782)
Income tax paid	-	2.023	-	2.023
Net cash generated from Operating Activities(a)	**(169.200)**	**(679.587)**	**(168.638)**	**(675.391)**
Cash Flows from Investing Activities				
Purchase of financial assets	-	(15.364)	-	(15.364)
Purchases of property, plant and equipment (PPE) and intangible assets	(744.312)	(618.896)	(744.312)	(618.896)
Proceeds from sale of property, plant and equipment (PPE) and intangible assets	8.219	19.001	8.219	19.001
Net cash used in Investing Activities (b)	**(736.093)**	**(615.259)**	**(736.093)**	**(615.259)**
Cash Flows from Financing Activities				
Proceeds of share capital increase				
Proceeds of government grants	953.250	-	953.250	-
Proceeds from external borrowings	55.881	1.517.223	55.881	1.517.223
Repayments of external borrowings	(1.693.773)	(537.702)	(1.693.773)	(537.702)
Principal repayments of finance lease obligations	(316.814)	(483.613)	(316.814)	(483.613)
Net cash used in Financing Activities from continuing operations (c)	**(1.001.456)**	**495.908**	**(1.001.456)**	**495.908**
Net increase/(decrease) in cash and cash equivalents for the period from continuing operations (a) + (b) + (c)	**(1.906.749)**	**(798.938)**	**(1.906.187)**	**(794.742)**
Cash and cash equivalents at beginning of the year	4.468.309	5.267.247	4.464.168	5.258.910
Cash and cash equivalents at end of the year	**2.561.560**	**4.468.309**	**2.557.981**	**4.464.168**

ADDITIONAL DATA INFORMATION

1. Company's shares are trading the Main Market in the ATHEX.
2. The principal accounting policies adopted are similar to those of 31.12.2011.
3. The Tax authority has not examined the following companies for the years as follows:

Company Name	Un-audited Tax Years
PAPOUTSANIS SA	5
PLIAS EMPORIKI SA	2
P.D.P. PAPOUTSANIS Ltd	2

i) There are no disputes or under arbitration cases or decisions of national or administrative courts that may have a material effect on the financial position of the company or the operation of the companies of the Group.
Ii) Amount for various predictions, provisions, allowance, extrapolation for both Group and Company, 133.000 euro from disputes

4. The number of employed personnel on 31.12.2012 was 95 both for Group and Company.
5. Disclosures of transactions carried out with related parties as these are defined by IAS 24

SALES - PURCHASES – OTHER TRANSACTIONS in Euros	Group	Company
	1.1.-31.12.2012	
a) Sales of goods and services(income)	-	-
b) Purchases of goods and services (Receivables)	-	-
c) Directors and senior management remuneration	743.649	737.649

RECEIVABLES – PAYABLES in Euros	Group	Company
	31.12.2012	
d) Receivables	-	-
e) Payables	-	-
f) Receivables from directors and senior management	-	-
g) Payables to directors and senior management	69.506	69.506

6. No shares have been owned by the same parent company or its subsidiary, at the end of the period 2012.
7. In the Consolidated financial statements, the below companies have been consolidated by the acquisition method (full consolidation):

Company Name	Registered office	Participation Percentage (Direct)
PAPOUTSANIS SA	AVLIDA (CHALKIDA)	Parent Company
PLIAS EMPORIKI SA	AVLIDA (CHALKIDA)	100%

CHALKIDA, FEBRUARY 26nd 2013

Chairman of the Board of Directors	Managing Director - C.E.O.	Financial Director	Head of Accounting Department
Georgios Gatzaros ID. No. Σ 563348	**Menelaos Tasopoulos** ID. No. AI 597755	**Mary Iskalatian** ID. No. AI 132693	**Alexandros Georgiadis** ID. No. AE 987994 E.C.G. Licence No. 50454/A' Class

HALKIDA, FEBRUARY 26th, 2013

Chairman of the Board of Directors	Vice President of the Board of Directors & Chief Executive Officer	Financial Director	Head of Accounting Department
Georgios Gatzaros ID. No. S 563348	Menelaos Tasopoulos ID. No. AI 597755	Mary Iskalatian ID. No. AI 132693	Alexandros Georgiadis ID. No. AE 987994 E.C.G. Licence No. 50454/A' Class