

## **Annual Financial Report 31.12.2016**

**S.A. REG. NO. 7365/06/B/86/32 – GEMI NO. 121572960000**

**“ELASTRON S.A. – STEEL SERVICE CENTERS” GROUP**

**According to article 4 of L. 3556/2007 and the executive Decisions  
issued by the Board of Directors of the Hellenic Capital Market  
Commission**

**April 2017**

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**STATEMENT BY REPRESENTATIVES OF THE BOARD OF DIRECTORS**  
**(Pursuant to article 4 Law 3556/2007)**

We hereby certify and declare that, to the best of our knowledge, the annual financial statements of the S.A. company 'ELASTRON S.A. – STEEL SERVICE CENTERS' for the period 01.01.2016 – 31.12.2016, which were prepared in accordance with the applicable International Financial Reporting Standards, truly reflect the assets and liabilities, the equity and the Company's results, as well as those of companies included in the consolidation, which are considered aggregately as a whole, according to the provisions of paragraphs 3 to 5 of article 4, Law 3556/2007 and the authorized decisions issued by the Hellenic Capital Market Commission's Board of Directors.

In addition, it is hereby certified and declared that, to the best of our knowledge, the Annual Management Report of the Board of Directors truly reflects the information required according to paragraph 6, article 4 of Law 3556/2007 and the authorized decisions issued by the Hellenic Capital Market Commission's Board of Directors.

Aspropyrgos, 24 April 2017

The signatories

Simos Panagiotis

Kalpinis Athanasios

Koutsothanassis Stilianos

Chairman of the Board

Chief Executive Officer

Deputy Chief Executive Officer

## ANNUAL MANAGEMENT REPORT OF THE BOARD OF DIRECTORS of ELASTRON S.A. for the period from January 1<sup>st</sup> to December 31<sup>st</sup> 2016

The companies which are included in the consolidation, besides the parent company, are as follows:

COMPANY	DOMICILE	BUSINESS ACTIVITY	PARTICIPATION STAKE	PARTICIPATION COST	CONSOLIDATION METHOD
TATA ELASTRON S.A.	Thessaloniki	Commerce and processing of steel products	50.00% (Joint venture)	5,000,000.00	Equity
BALKAN IRON GROUP S.R.L.	Bucharest, Romania	Commerce and processing of steel products	33.33% (Joint venture)	800,000.00	Equity
KALPINIS SIMOS BULGARIA FOOD	Sofia, Bulgaria	Commerce and processing of steel products	100.00%	10,000.00	Full
PHOTODEVELOPMENT SA	Aspropyrgos	Production of electric energy from Photovoltaic stations	98.6%	325,500	Full
PHOTODIODOS SA	Aspropyrgos	Production of electric energy from Photovoltaic stations	98.3%	265,533.70	Full
PHOTOENERGY SA	Aspropyrgos	Production of electric energy from Photovoltaic stations	97.5%	175,500	Full
ILIOSKOPIO SA	Aspropyrgos	Production of electric energy from Photovoltaic stations	97.5%	175,500	Full
PHOTOKYPSELI SA	Aspropyrgos	Production of electric energy from Photovoltaic stations	97.5%	175,500	Full
PHOTOISXYS LTD	Aspropyrgos	Production of electric energy from Photovoltaic stations	100.00%	80,000	Full
ELASTRON AGRICULTURAL SA	Xanthi	Production of agricultural products from glasshouse cultivations	100.00%	2,700,000	Full

\* The participation cost does not include any impairment.

### 1. FINANCIAL DEVELOPMENTS & PERFORMANCE

The Group's turnover improved significantly settling at € 75.2 million from € 63.5 million last year. Gross profit stood at € 11.6 million or 15.4% of total sales versus € 6.9 million or 10.9% of total sales in the previous year, whereas results before interest and taxes (EBIT) increased notably to € 5.0 million versus € 0.9 million in previous year. Results before interest, taxes, depreciation and amortization (EBITDA) posted an impressive growth amounting to earnings of € 7.4 million versus earnings of € 2.9 million last year, whereas results after taxes fully reversed their course and amounted to earnings of € 2.3 million versus losses of € 1.9 million in the previous year.

On the parent company level, turnover increased by 15% and settled at € 70.1 million versus € 61.0 million in the previous year, whereas gross profit improved notably and accounted for € 10.2 million or 14.5% of sales, versus € 5.6 million or 9.2% of sales in 2015. Results before interest, taxes, depreciation and amortization (EBITDA) increased significantly and accounted for € 3.8 million versus € 1.9 million last year, whereas the results before taxes amounted to earnings of € 0.7 million compared to losses of € 1.1 million last year.

The improvement in results reflects largely the significant increase of the business activities of Group's steel division, the higher percentage of exports and the contraction of operating cost, resulting from the performance of the new investments made in machinery equipment and infrastructure. At the same time, the effective utilization of the available own and external capital with regard to supplies of raw materials as well as the effective inventory management, in combination with the favorable price fluctuations of steel internationally, resulted into the improvement of profit margins in the steel business segment and the higher operating results. It is noted that the results of the Group were positively affected by a non-recurring gain of € 852 thousand from the acquisition of the business interest of the company TATA STEEL NEDERLAND in the associate company CORUS KALPINIS SIMOS. Since the second half of 2016 the activity of the particular company is included in the turnover of the parent company ELASTRON thus enriching the latter's product range, whereas at the same time it further strengthens its export orientation since more than 50% of the products of the absorbed company is channeled into the international markets. From the above merger, the results of the parent company ELASTRON were negatively affected by a non-recurring loss of € 969 thousand.

With regard to the agricultural activity of the Group, the expansion of the production facilities is under progress according to the approved investment plan by the Ministry of Macedonia and Thrace, with the total area of hydroponic greenhouse facilities reaching 50,000 square meters. The described expansion of facilities, part of which was completed at the beginning of the year, resulted into the doubling of the unit's production capacity and consequently of the broader business activity of the company. At the same time the allocation of the entire production as well as the reduction of operating cost via the achieved economies of scale, led to a significant increase of results certifying the efficiency of the investment and the growth dynamics of the sector.

Finally in the energy division of the Group, the achievement of strong operating results (EBITDA) continued, therefore contributing into the improvement of the consolidated financial figures. However the issue of problematic liquidity in the broader energy sector remains until today unresolved.

Following and in order to provide further information, we present the Group's and the Company's financial ratios for 2016:

	GROUP	COMPANY
<b>(a) FINANCIAL STRUCTURE</b>		
<b>1. Current assets / Total assets</b>		
This ratio shows the percentage of total Assets that consists of inventories, trade receivables and other direct liquidity accounts, such as shares-securities or cheques and cash equivalents.	46%	45%
<b>2. Equity / Total liabilities</b>		
This ratio reflects the degree of the entity's financial adequacy.	188%	222%
<b>3. Current assets / Short-term liabilities</b>		
This ratio depicts the overall liquidity of the entity, as it provides a clear picture of the percentage of assets that may be liquidated compared to the liabilities for the year.	239%	271%
<b>(b) EFFICIENCY AND PERFORMANCE</b>		
<b>4. Net earnings before tax / Sales</b>		
This ratio reflects the final net results before taxes as a percentage of total sales.	3%	1%

<b>5. Net earnings before taxes / Equity</b>		
This ratio reflects the net results before taxes as a percentage of equity.	4%	1%
<b>6. Sales / Equity</b>		
This ratio reflects the turnover of the previous year's equity during the present year.	115%	101%
<b>(c) LEVERAGE</b>		
<b>7. Debt / Equity</b>		
This ratio reflects debt as a percentage of equity.	61%	50%
<b>8. Bank debt / Equity</b>		
This ratio reflects the bank debt as a percentage of equity.	43%	37%

## 2. ALTERNATIVE PERFORMANCE MEASURES

The European Securities and Markets Authority (ESMA) issued guidance with regard to the application of the Alternative Performance Measures. The aim of the guidance is to promote the usefulness and transparency of the financial ratios included in the published financial statements as well as in other reports referring to the figures of the financial statements. Alternative Performance Measures (henceforth APM) are financial ratios and indicators which are used for the measurement of the performance and financial position of the company, ratios which however are not analyzed in the provisions of the International Financial Reporting Standards.

The Management of the Company and the Group use APM in the context of monitoring their financial performance, decision making and compliance with the terms of the financing agreements. Some of the APM used by the Management are the following:

**Results before interest, taxes, depreciation and amortization (EBITDA).** It depicts the operating results of the company and the group that derive from their business activity as well as the ability to repay their debt and tax obligations. It is calculated as follows: Turnover plus operating income minus operating expenses with the exception of the depreciation of fixed assets, the amortization of grants and the impairments. EBITDA margin (%) derives from the division of EBITDA by the turnover.

**Net Debt.** It depicts the total bank debt obligation of the company and the group. It is calculated as follows: Total (short-term and long-term) debt minus total cash and cash equivalents. When the calculation extracts a negative result, it means that the company and the Group are able to fulfill in excess their debt obligations.

## 3. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR 2016

### Developments in the Group's Sectors

In the beginning of the second quarter, the parent company ELASTRON SA proceeded with the acquisition of the business interest of TATA STEEL NEDERLAND BV in the associate company CORUS KALPINIS SIMOS SA for an amount of € 700 thousand. The company CORUS KALPINIS SIMOS was a 50/50 joint venture between ELASTRON and TATA STEEL dealing with the production of polyurethane used for building constructions and freezer/chill rooms. The outcome of the above acquisition settled at a profit of € 852 thousand and is included in the item "Other income" of the consolidated financial statements of the Group on 31/12/2016. At the same time, the Board of Directors of the two companies approved their merger through the absorption of the company CORUS KALPINIS SIMOS from the company ELASTRON as they assessed that it will contribute decisively to the improvement of the company's operating profitability through the attainment of significant economies of scale. The balance sheet of 30/06/2016 was used as the basis for the above corporate transformation. The Ministry of Finance and Development approved the above merger with its decision on 30/11/2016.

In the agricultural division of the group, the Board of Directors of ELASTRON AGRICULTURAL SA, based on the decision of 28/12/2016, approved the merger of the company with the company Thrace Greenhouses SA. Specifically, it was decided the absorption of the company from the company Thrace Greenhouses SA according to the provisions of articles 68-78 of P.L. 2190/1920 as it is in effect, in combination with the beneficial provisions of Law 2166/1993 (articles 1-5). At the same time, the Board authorized a representative of the company in order to prepare along with the representative of the absorbed company the required by the article 69, paragraph 2 of P.L. 2190/1920 Merger Agreement Plan.

The decision for the merger of the companies was taken on the basis that both companies already operate as one entity as they possess adjacent production units whereas at the same time they have common management, corporate strategy and goals. As result, the particular merger is expected to generate significant economies of scale, reduce operating costs and achieve greater and more effective management and organization results. It is also expected that it will lead to the further expansion of the new company's activities and generate greater shareholder value.

The share capital of the new company deriving after the merger will settle at 5,500,000.00 Euro and will be divided into 550,000 shares with nominal value of 10.00 Euro per share. The exchange ratio of the absorbed company in relation to the shares which will be received by its shareholders from the absorbing company was determined as percentage of the share capital of the absorbing company after the merger, as follows:

Company	Share Capital	Number of Shares	Percentage %
THRACE GREENHOUSES S.A.	2,800,000.00	280,000	50.91%
ELASTRON AGRICULTURAL S.A.	2,700,000.00	270,000	49.09%
<b>TOTAL SHARE CAPITAL INCREASE</b>	<b>5,500,000.00</b>	<b>550,000</b>	<b>100.00%</b>

The absorbed company ELASTRON AGRICULTURAL SA will participate in the total equity of the absorbing company THRACE GREENHOUSES SA after the merger with 270,000 shares and its shareholders will receive one (1) new share for each one (1) old share issued by the absorbing company due to the share capital increase following the merger. With the completion of the merger, the absorbing company will issue new shares which will be exchanged with the shares held by the shareholders of the absorbing company based on the above exchange ratio. The Board of Directors of the merged companies determined the above exchange ratio taking into account the share capital of the merged companies on 31.12.2016.

#### Implementation of Investment Plans

The long-term investment plan of the parent company amounting to 13.1 mil, which is subject to L. 3299/2004, and is subsidized by 35%, was recently completed, while the final approvals are expected by the Ministry of Development and Competitiveness.

The investment plan included the following:

1. Construction of building and special facilities amounting to € 2.5 mil.
2. Mechanical equipment for processing steel products amounting to € 7.2 mil.
3. Technical equipment amounting to € 2.0 mil.
4. Other investments amounting to € 1.4 mil.

The aforementioned investments are implemented at the company's facilities in Aspropyrgos and Skaramagkas in Attica.

The company has received the full payment of the grant which amounts to € 4.6 mil.

With the objective of constantly improving the quality of products and services as well as strengthening the product range, the Company submitted in June 2013 to the Ministry of Development and Competitiveness a new subsidized investment program of L. 3908/2011 for the modernization of the



mechanical and building machinery, amounting to € 3.4 million. The rate of subsidy in this program is set at 15%.

In May 2015, the parent company's new investment plan was approved and included in the category of General Entrepreneurship of the General Business Plans of article 6 of Law 3908/2011. Until today, an amount of € 0.5 million of the grant has not been collected.

The subsidiary company ELASTRON AGRICULTURAL S.A. completed recently an investment plan amounting to Euro 2.1 million in the county of Xanthi (Northern Greece) which concerns the development of hydroponic cultivation of glasshouse agricultural products via the utilization of geothermal energy. The particular investment was classified under the provisions of the investment Law 3908/2011 which provides for a 40% grant of the total investment amount. The grant accounts for Euro 0.8 million and has been already collected by the company.

At the same time, ELASTRON AGRICULTURAL S.A. has prepared a new investment plan for the expansion of the existing hydroponic cultivation unit for a total amount of Euro 6 million. The particular plan has been also classified under the provisions of Law 3908/2011 and will similarly receive a 40% grant. Until today, the company has collected the amount of Euro 589 thousand which corresponds to 25% of the total amount of the grant.

### **Annual Ordinary General Meeting**

On 09.06.2016, the Ordinary General Shareholders' Meeting took place at the Company's registered offices. 21 shareholders attended the General Meeting (either in person or through a legal representative), who own 11,644,301 shares or 63.21% of the paid up share capital. The General Meeting proceeded with the following resolutions:

1. Approval of the reports of the Board of Directors and Certified Auditor on the Parent and Consolidated Financial Statements for financial year 2015.
2. Approval of the Parent and Consolidated Financial Statements for financial year 2015, and the decision was made to not distribute dividend.
3. Approval of the release of members of the Board of Directors and the Certified Auditor from all liabilities for compensation regarding the management and audit of financial year 2015.
4. Approval of the election of Mr. St. Pappas as Ordinary Certified Auditor and Mr. Est. Karalis as Deputy Certified Auditor from the audit firm SOL S.A. for the financial year 2016 and approval of their fees.
5. Approval of the fees-remuneration of members of the Board of Directors for financial year 2015 and pre-approval of their remuneration for fiscal year 2016.
6. A new ten-member Board of Directors was elected with a three-year term. Six members will be executive ones and four will be non-executive ones of which three independent.
7. A new Audit Committee was elected according to the article 37 of Law 3693/2008.
8. Granting of permission, based on article 23, paragraph 1 of P.L. 2190/1920, to the members of the Board of Directors and the Company's directors to participate in the Management of the Group's companies and of affiliated entities.
9. There was a decision for the cancellation of 13,484 treasury shares with nominal value of € 1.0 per share resulting into the decrease of the company's share capital by the amount of € 13,484 and the amendment of the article 5 of the Articles of Association. The decision will be implemented with the completion of the approval process by the pertinent authorities.
10. The company's stock repurchase plan was approved according to the article 16 of C.L. 2190/1920, as it is in effect, and the relevant authorizations were granted to the BOD for the implementation of the plan.
11. No other announcement was made.

All the issues on the daily agenda were approved unanimously, namely with a percentage of 100% of those present.

### **4. RISKS AND UNCERTAINTIES**

According to the Act of Legislative Content (Gov. Gaz. 65 A/28-06-2015) the Greek banking system entered into a bank holiday whereas capital controls were imposed in the country concerning the free transfer of capital domestically as well as abroad. Specifically, special authorization processes concerning the payments toward suppliers abroad were imposed which in turn generated significant delays in the processing of transactions, whereas the financial results of the companies were affected by additional operating and administrative costs.

In the above context, ELASTRON Group, thanks to its long-term relations with major suppliers abroad and also due to the significant dispersion of its liquidity in Greece and abroad, managed to maintain a steady flow of raw material supplies and continued on uninterrupted manner its operations although under especially unfavorable market conditions. It should be noted however, that with the passage of time, the regulatory framework of capital controls has significantly improved and as result the measure does not materially affect the ordinary activities of the Company and the Group.

In the context of its ordinary business activities, the Group is exposed to the following financial risks within the scope of its basic activity:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The risk management policy is focused on the volatility of financial markets with the objective of minimizing the factors that may negatively affect its financial performance.

The risk management policies are applied in order to recognize and analyze risks which the Group faces, to set limits on risks assumed and to apply controls to such limits. The systems and policies applied are periodically reviewed to incorporate changes observed in market conditions and the Group's activities.

The risk management is performed by the Company's Finance Department, in cooperation with the Group's other departments and according to the guidelines and approvals of the Company's Board of Directors.

Adherence to risk management policies and procedures is controlled by the Internal Audit Department, which performs ordinary and extraordinary audits on the application of procedures, the findings of which are disclosed to the Board of Directors.

### **1) Credit risk**

Due to the great dispersion of its clientele (no client exceeds 10% of total sales), the Group does not have a significant concentration of credit risk. Based on the credit policy approved by the Group companies' Board of Directors, all new clients are examined on an individual basis in terms of their creditworthiness prior to the proposal of the standard payment terms. Credit limits are set for each client; these are reviewed depending on ongoing conditions and, if necessary, the sales and collection terms are adjusted. As a rule, customer credit limits are determined on the basis of the insurance limits set for them by the insurance companies. While monitoring credit risk of customers, such are grouped according to their credit profile, the maturity of their receivables and any prior collection problems that may have emerged. Customer receivables mainly include the Group's wholesale clients.

Clients characterized as "high risk" are placed in a special client list and future sales are to be pre-collected and approved by the Board of Directors. At the same time, the Group makes impairment provisions which reflect its estimation on losses related to clients and other receivables. This provision mainly consists of impairment loss of specific receivables which are estimated on the basis of given conditions that such will be collected, but have not yet been finalized.

The amount of the impairment loss is estimated as the difference between the book value of receivables and the present value of estimated future cash flows, discounted by the initial effective interest rate. The impairment loss amount is accounted for as an expense in the results. Receivables which are assessed as bad debts are written off.

The credit risk is limited to 20% of the total trade receivables, on the basis of the Group's insurance policies. The margin of this risk is limited even further as tangible or other guarantees (such as letters of guarantee) are requested wherever deemed necessary.

## 2) Liquidity risk

Liquidity risk is the risk that the Group might be unable to meet its financial liabilities when these become due. The approach adopted by the Group to manage liquidity is to secure the necessary cash and sufficient credit limits from the banks with which it cooperates, so that there is the appropriate liquidity for the fulfillment of the financial liabilities, under standard as well as unfavorable conditions without incurring unacceptable loss or risking its reputation. In order to minimize the liquidity risks, the finance division of the Group makes an annual provision for cash flows for the fiscal year when preparing its annual budget and a monthly rolling three-month provision so as to secure that it has sufficient cash to meet its operating needs, including its financial liabilities. This policy does not take into account the impact of extreme conditions, which cannot be foreseen. For this reason, the Management of the Group, by assessing the market conditions each time, maintains a certain amount of cash reserves for defensive purposes, in order to face any extreme or extraordinary situations. It is noted that for the entire debt obligations of the Group no tangible asset has been placed as collateral in favor of the banks, an element which indicates the especially high creditworthiness of the Group.

The following table presents an analysis of the Company's and Group's liabilities, based on their expiration and remaining duration as at 31.12.2016.

### Company:

Amounts in euro	Up to 1 year	From 1 to 5 years	Total
Loans	13,407,874.13	12,170,250.00	25,578,124.13
Suppliers & other liabilities	3,968,095.10	1,676,747.86	5,644,842.96
Grants (deferred income)	210,575.30	3,486,905.46	3,697,480.76
<b>Total liabilities</b>	<b>17,586,544.53</b>	<b>17,333,903.32</b>	<b>34,920,447.85</b>

### Group:

Amounts in euro	Up to 1 year	From 1 to 5 years	Total
Loans	15,890,595.82	12,390,250.00	28,280,845.82
Suppliers & other liabilities	4,301,334.45	2,116,370.41	6,417,704.86
Grants (deferred income)	274,504.04	4,786,122.77	5,060,626.81
<b>Total liabilities</b>	<b>20,466,434.31</b>	<b>19,292,743.18</b>	<b>39,759,177.49</b>

On 31.12.2016, the Company and the Group possessed cash and cash equivalents of € 4.2 and 4.7 million respectively.

## 3) Market risk

Market risk is the risk of change in prices of raw materials procured by the Group, the risk of change in the foreign exchange rates that the Group conducts transactions in and the risk of change in interest rates that the Group borrows at and which can affect the Group's results. The purpose of risk management against market conditions is to determine and control the Group's exposure to those risks, within the context of acceptable parameters while at the same time optimizing its performance.

### ➤ Metal (iron, steel, etc.) Raw Material Price Volatility Risk

The Group conducts its purchases mainly in the global steel market under normal market terms. Each change in the market price of raw materials is discounted for in the sales price, resulting in changes in the Group's profit margin during periods of big price fluctuations for raw materials in the world market. More specifically, in periods during which prices follow an upward trend, the Group's profit margins improve, as the upward trend is transferred to the sales prices. Accordingly, when raw material prices follow a declining trend, the Group's profit margins decrease.

The Group does not apply hedging to cover its basic operating reserve, which means that any increase/decrease of metal prices may affect its results accordingly through depreciation or appreciation of inventories.

➤ **Foreign exchange risk**

The Group is exposed to foreign exchange risk from the purchase of inventories it makes in \$ (US Dollar), from the deposits denominated in \$ (US Dollar) as well as from the joint venture BALKAN IRON GROUP SRL, based in Romania, whose operating currency unit is the RON.

The Group's borrowings are euro denominated in their entirety while there are no receivables denominated in foreign currency.

Foreign currency is purchased in advance in order for the Company to limit its foreign exchange risk emerging from inventory purchase. The total liabilities of the Group as of 31.12.2016 are covered by equivalent purchases in advance of foreign currency and as a result there is no foreign exchange risk associated with the fluctuations of the US Dollar.

An increase by 10% of the Euro versus the US\$ and of the Euro versus the RON on 31 December would affect the equity and the results by negligible amounts for the Company.

➤ **Interest rate risk**

Interest rate risk arises mainly from long-term and short-term bank loans in € at the floating rate of Euribor.

The Group finances its investments, as well as its need for working capital, through equity, short-term bank loans, long-term and bond loans and as a result is burdened by interest expenses. Increasing trends in interest rates shall negatively affect results, as the Group incurs the additional borrowing cost.

The impact on the Results and Equity of the Group and Company would be as follows, if the interest rates of loans (Euribor) would be 1% higher/lower on average during the financial year 2016:

(Amounts in millions)	<b>Loans 31.12.2016</b>	<b>Effect on results before tax ( + / - )</b>
Group	28.3	0.3
Company	25.6	0.3

This would occur due to the higher/lower financial cost of bank borrowing with a floating rate in euro.

A smaller effect results from interest related income, from term deposits in euro.

The impact on the Results and Equity of the Group and Company would be as follows, if the interest rate on term deposits would be 1% higher/lower on average during financial year 2016:

(Amounts in millions)	<b>Sight and term deposits 31.12.2016</b>	<b>Effect on results before tax ( + / - )</b>
Group	4.7	0.1
Company	4.2	0.1

This would occur due to the higher/lower financial income from term deposits.

## 5. FUTURE OUTLOOK

The course of the Group over the following year is expected to be significantly dependent on the restoration of stability within the Greek economy, the improvement of corporate regulatory framework, as well as the ability of the country to attract investments in the areas of infrastructure, energy, logistics, shipping industry, tourism and agricultural production. At the same time, the evolution of the raw material prices internationally during the current year is expected to affect the results of the Group, therefore making any forecast precarious.

With regard to the goals of the Management for the year 2017, these refer to the further increase of exports with regard to steel products, the acquisition of a larger share in the Greek market without jeopardizing the collectability of trade receivables, the reduction of production cost, and the offering of innovative products with high added value through the completion of investments in new production equipment. At the same time, the efforts toward further reduction of operating cost and the restructuring of activities of the absorbed company CORUS KALPINIS SIMOS continue, with the results becoming already visible since the first quarter of the current year. In the agricultural division, the Board of Directors of the company Elastron Agricultural approved the latter's merger through absorption by the company Thrace Greenhouses SA. The criterion which determined and finally led to the above corporate action resulted from the operation of adjacent production facilities in the area of Xanthi, as well as from the common strategy adopted calling for the development of a modern greenhouse production facility based on new technologies. The new corporate entity which will be jointly managed, will take advantage of the knowhow of both groups on production and administrative levels whereas it will generate synergies therefore improving its financial results and leading to the creation of one of the most dynamic agricultural production units in Greece.

## E. TRANSACTIONS WITH RELATED PARTIES

The amounts of the Group's and Company's sales and purchases, from and towards related parties, as well as the balances of receivables and liabilities, are analyzed as follows:

(a) Intra-company sales / purchases on 31.12.2016 and 31.12.2015 respectively:

PURCHASES	SALES				
	ELASTRON S.A.	ELASTRON AGRICULTURAL S.A.	TATA ELASTRON S.A.	CORUS KALPINIS SIMOS S.A.	TOTAL
ELASTRON S.A.	0.00	0.00	101,354.94	316,520.66	<b>415,875.60</b>
ELASTRON AGRICULTURAL S.A.	2,495.61	0.00	0.00	5,778.65	<b>8,274.26</b>
PHOTOENERGY S.A.	52,074.49	0.00	0.00	0.00	<b>52,074.49</b>
PHOTODEVELOPMENT S.A.	116,564.51	0.00	0.00	0.00	<b>116,564.51</b>
PHOTODIODOS S.A.	102,234.49	0.00	0.00	0.00	<b>102,234.49</b>
PHOTOKYPSELI S.A.	35,174.51	0.00	0.00	0.00	<b>35,174.51</b>
ILIOSKOPIO S.A.	48,454.50	0.00	0.00	0.00	<b>48,454.50</b>
PHOTOISHIS LTD	13,725.00	0.00	0.00	0.00	<b>13,725.00</b>
TATA ELASTRON S.A.	1,120,185.29	0.00	0.00	8,236.05	<b>1,128,421.34</b>
CORUS KALPINIS SIMOS S.A.	576,016.54	0.00	3,611.99	0.00	<b>579,628.53</b>
<b>TOTAL</b>	<b>2,066,924.95</b>	<b>0.00</b>	<b>104,966.92</b>	<b>330,535.36</b>	<b>2,502,427.23</b>

PURCHASES	SALES				TOTAL
	ELASTRON S.A.	ELASTRON AGRICULTURAL S.A.	TATA ELASTRON S.A.	CORUS KALPINIS SIMOS S.A.	
ELASTRON S.A.	0.00	0.00	357,210.24	1,443,975.65	<b>1,801,185.89</b>
ELASTRON AGRICULTURAL S.A.	0.00	0.00	0.00	0.00	<b>0.00</b>
PHOTOENERGY S.A.	52,041.66	0.00	0.00	0.00	<b>52,041.66</b>
PHOTODEVELOPMENT S.A.	116,485.09	0.00	0.00	0.00	<b>116,485.09</b>
PHOTODIODOS S.A.	102,163.10	0.00	0.00	0.00	<b>102,163.10</b>
PHOTOKYPSELI S.A.	35,157.70	0.00	0.00	0.00	<b>35,157.70</b>
ILIOSKOPIO S.A.	48,424.88	0.00	0.00	0.00	<b>48,424.88</b>
PHOTOISHIS LTD	13,688.87	0.00	0.00	0.00	<b>13,688.87</b>
TATA ELASTRON S.A.	1,990,645.55	0.00	0.00	15,986.85	<b>2,006,632.40</b>
CORUS KALPINIS SIMOS S.A.	978,666.31	0.00	13,458.30	0.00	<b>992,124.61</b>
<b>TOTAL</b>	<b>3,337,273.16</b>	<b>0.00</b>	<b>370,668.54</b>	<b>1,459,962.50</b>	<b>5,167,904.20</b>

(b) Intra-company receivables / liabilities on 31.12.2016 and 31.12.2015 respectively:

LIABILITIES	RECEIVABLES			TOTAL
	ELASTRON S.A.	TATA ELASTRON S.A.	CORUS KALPINIS SIMOS S.A.	
ELASTRON S.A.	0.00	0.00	0.00	<b>0.00</b>
ELASTRON AGRICULTURAL S.A.	2,875.09	0.00	0.00	<b>2,875.09</b>
PHOTOENERGY S.A.	228,299.48	0.00	0.00	<b>228,299.48</b>
PHOTODEVELOPMENT S.A.	584,898.86	0.00	0.00	<b>584,898.86</b>
PHOTODIODOS S.A.	520,089.56	0.00	0.00	<b>520,089.56</b>
PHOTOKYPSELI S.A.	110,864.10	0.00	0.00	<b>110,864.10</b>
ILIOSKOPIO S.A.	204,563.81	0.00	0.00	<b>204,563.81</b>
PHOTOISHIS LTD	853,374.04	0.00	0.00	<b>853,374.04</b>
TATA ELASTRON S.A.	1,118,443.46	0.00	0.00	<b>1,118,443.46</b>
CORUS KALPINIS SIMOS S.A.	0.00	0.00	0.00	<b>0.00</b>
BALKAN IRON GROUP SRL	150,700.00	0.00	0.00	<b>150,700.00</b>
KALPINIS SIMOS BULGARIA EOOD	770,000.00	0.00	0.00	<b>770,000.00</b>
<b>TOTAL</b>	<b>4,544,108.40</b>	<b>0.00</b>	<b>0.00</b>	<b>4,544,108.40</b>



LIABILITIES	RECEIVABLES			
	ELASTRON S.A.	TATA ELASTRON S.A.	CORUS KALPINIS SIMOS S.A.	TOTAL
ELASTRON S.A.	0.00	0.00	102,571.07	<b>102,571.07</b>
ELASTRON AGRICULTURAL S.A.	0.00	0.00	0.00	<b>0.00</b>
PHOTOENERGY S.A.	237,753.06	0.00	0.00	<b>237,753.06</b>
PHOTODEVELOPMENT S.A.	570,062.33	0.00	0.00	<b>570,062.33</b>
PHOTODIODOS S.A.	511,104.29	0.00	0.00	<b>511,104.29</b>
PHOTOKYPSELI S.A.	125,928.48	0.00	0.00	<b>125,928.48</b>
ILIOSKOPIO S.A.	215,263.88	0.00	0.00	<b>215,263.88</b>
PHOTOISHIS LTD	919,319.64	0.00	0.00	<b>919,319.64</b>
TATA ELASTRON S.A.	1,452,589.93	0.00	0.00	<b>1,452,589.93</b>
CORUS KALPINIS SIMOS S.A.	0.00	2,959.93	0.00	<b>2,959.93</b>
BALKAN IRON GROUP SRL	145,700.00	0.00	0.00	<b>145,700.00</b>
KALPINIS SIMOS BULGARIA EOOD	755,000.00	0.00	0.00	<b>755,000.00</b>
<b>TOTAL</b>	<b>4,932,721.61</b>	<b>2,959.93</b>	<b>102,571.07</b>	<b>5,038,252.61</b>

	GROUP		COMPANY	
	1.1-31.12		1.1-31.12	
	2016	2015	2016	2015
<b>c) Transactions and remuneration of Board Members &amp; senior executives</b>				
Transactions and remuneration of Board Members	304,000.00	304,000.00	304,000.00	304,000.00
Transactions and remuneration of senior executives	240,280.66	238,079.83	84,000.00	84,000.00
Transactions and remuneration of other related entities	19,110.00	19,110.00	19,110.00	19,110.00
Receivables from senior executives and Board members	0.00	0.00	0.00	0.00
Liabilities to senior executives and Board members	0.00	0.00	0.00	0.00

Senior executives according to IAS 24 are those individuals that have the authority and responsibility for the planning, management and control of the entity's activities, directly or indirectly, and include all members of the Board of Directors (executive and non-executive) of the entity, as well as all other senior executives according to the above definition.

## F. EXPLANATORY REPORT (Article 4, par. 7 L.3556/2007)

### a) Structure of the Company's share capital

On 31.12.2016 the Company's share capital amounted to 18,421,516 Euro and was divided into 18,421,516 common registered shares with a nominal value of 1.00 euro each.

The total shares are listed and traded freely on the Athens Exchange.

Based on the 10<sup>th</sup> subject of the General Meeting on 09.06.2016, it was approved the repurchase of up to 1,830,016 own shares which represent 9.93% of the Company's outstanding and paid in cash share capital. The range of the purchase price per share will be from twenty (20) cents to one euro

and fifty cents (1.50) and will be implemented in a time period of twenty four (24) months beginning on the day following the approval by the General Meeting. Until the publication date of the annual financial report 2016, the Company proceeded with the purchase of 10,677 treasury shares with an average acquisition price of € 0.6582 per share.

Each Company share incorporates all the rights and obligations stipulated by Law and the Company's Memorandum of Association, which however does not include provisions that limit those provided by the Law. Ownership of a share implies ipso jure acceptance by the owner of such of the Company's Memorandum of Association and the legal decisions made by the General Meeting of shareholders.

The responsibility of shareholders is limited to the nominal value of shares owned. Shareholders participate in the Company management and earnings according to the Law and provisions of the Memorandum of Association. The rights and obligations that emanate from each share follow such to any universal or special beneficiary of the shareholders.

Shareholders exercise their rights in relation to the Company's Management only through the General Meetings. Shareholders have a pre-emptive right to each future increase of the Company's Share Capital, according to their participation in the existing share capital, as stipulated by the provisions of law 2190/1920.

Lenders of shareholders and their beneficiaries cannot in any case cause confiscation or sealing of any asset or the books of the Company, nor can they request the sale or liquidation of the Company, or be involved in any way in the Company's management or administration.

All shareholders, regardless of where such reside, are considered to have the Company's domicile as their legal residence and are subject to Greek Law, as regards to their relationship with the Company. Any difference between the Company on the one hand and shareholders or any third party on the other, is subject to the exclusive jurisdiction of ordinary courts, while the Company can be prosecuted only before courts of its domicile.

Each share provides one voting right. Co-owners of a share, in order to exercise their voting right, must submit to the Company in written one joint representative for the share, which will represent them in the General Meeting, while the exercise of their right is postponed until such a representative is assigned.

Each shareholder is entitled to participate in the General Meeting of the Company's shareholders, either in person or through a representative. All shareholders have the right to participate and vote in the General Meeting. The exercise of such rights does not require the blockage of the beneficiary's shares nor any other corresponding procedure, which limits the ability to sell and transfer shares during the period from the record date of beneficiaries and the date of the General Meeting. On the other hand, those entitled to participate in the General Meeting are those that appear as shareholders on the records of the authority where the company's securities are kept. The shareholder capacity is evidenced by submitting the relevant written certification by the aforementioned authority, or alternatively with the online connection of the company with the latter's records. The shareholder capacity must be in effect during the beginning of the fifth (5<sup>th</sup>) day prior to the General Meeting date (record date) and the relevant written certification or electronic certification of the shareholder capacity must be submitted to the company at least the third (3<sup>rd</sup>) day prior to the General Meeting date. Only those who carry the shareholder capacity during the record date are considered from the Company to have the right to participate and vote in the General Meeting. In case of non-compliance with the above, a shareholder can participate in the General Meeting only with the permission of such.

From the date the invitation to convene the General Meeting is released and until the General Meeting date, at least the following information is posted on the company's website:

- The invitation to convene the General Meeting.
- The total number of shares outstanding and voting rights during the date of the invitation, including subtotals per category of shares, if the company's share capital is allocated into more than one share category.
- The documents to be submitted to the General Meeting.



- The draft resolution on each issue on the daily agenda that is proposed or, if no decision is proposed for approval, then a commentary by the Board of Directors on each issue of the agenda and possible draft resolution proposed by shareholders, immediately following the receipt of such by the company.
- The documents that must be used to exercise voting rights by mail, unless such documents are sent directly to each shareholder.

The method, location as well as payment date of dividends are announced by the Company through the Press, as defined by Law 3556/2007 and the relevant decisions issued by the Hellenic Capital Market Commission. The right to receive dividend is cancelled in favor of the Greek State after five (5) years from the end of the year during which the General Meeting approved its distribution.

#### **b) Limits on transfer of Company shares**

There are no limitations on the transfer of Company shares.

#### **c) Significant direct or indirect holdings according to the definition of L. 3556/2007**

The following table presents the Company's shareholders with significant holdings of its share capital, according to data from the last General Meeting of 09.06.2016 and the most recently published data:

SHAREHOLDER	TOTAL NUMBER OF SHARES 18,435,000	PERCENTAGE OF SHARE CAPITAL
KALPINIS ATHANASIOS	3,104,250	16.85%
KALPINI ELVIRA	2,070,500	11.24%
SIMOS N. PANAGIOTIS	1,583,687	8.60%
SIMOS P. NIKOLAOS	900,000	4.89%
SIMOU DOMINIKI	900,000	4.89%
SAKELLARIOU NIKOLAOS	900,000	4.89%
SAKELLARIOU CHRISTOS	900,000	4.89%
SARMAS PANAGIOTIS	919,395	4.99%

#### **d) Shares providing special control rights**

There are not such shares.

#### **e) Limitations on voting rights**

There are no limitations on voting rights.

#### **f) Agreements among Company shareholders**

The Company is not aware of any agreements among shareholders entailing limitations on the transfer of shares or limitations on voting rights.

#### **g) Rules for the appointment and replacement of members of the Board of Directors and the amendment of the Memorandum of Association**

There are no relevant rules that other than those stated by Codified Law 2190/20.

#### **h) Responsibility of the Board of Directors or its members a) for the issue of new shares or b) the acquisition of treasury shares**

a) According to article of C.L. 2190/1920, with the limitations of paragraph 4, the Board of Directors has the right, following a relevant decision by the General Shareholder's Meeting that is subject to the disclosure requirements of C.L. 2190/1920, to increase the Company's share capital with the issue of new shares, through a decision by the Board of Directors that is made with a majority of at least 2/3 of its total members. In this case, the Company's share capital may be increased by no more than the share capital amount paid up on the date when the Board of Directors was granted such power by the General Meeting. This power of the Board of Directors has a 5-year effect and may be renewed.

There is currently no such decision in effect.

According to article 13, par. 13, by means of a decision by the General Meeting, a stock option plan can be issued to members of the Board of Directors and to staff, with the form of stock options according to the specific terms of such a decision. The General Meeting decision defines the maximum number of shares that may be issued, which according to law cannot exceed 1/10 of existing shares. Also, the price and sale terms towards beneficiaries are set as well as the maximum number of shares that can be acquired if beneficiaries exercise their rights. The Board of Directors, by means of a relevant decision, defines any other relevant detail not provided for by the General Meeting. There is currently no such decision in effect.

b) According to article 16 of C.L. 2190/1920, the Board of Directors may convene a General Meeting of shareholders, with the objective to decide on the purchase of treasury shares. In case of any relevant decision approved, the General Meeting will proceed to the respective authorizations in accordance with the clauses of the legislation currently in effect.

The General Meeting on 09.06.2016 approved the repurchase of up to 1,830,016 own shares which represent 9.93% of the Company's outstanding and paid in cash share capital. The range of the purchase price per share will be from twenty (20) cents to one euro and fifty cents (1.50) and will be implemented in a time period of twenty four (24) months beginning on the day following the approval by the General Meeting. Until the publication date of the annual financial report 2016, the Company proceeded with the purchase of 10,677 treasury shares with an average acquisition price of € 0.6582 per share.

**i) Important agreements which are put into effect, amended or terminated in case of a change in the Company's control following a public offer**

There are no such agreements.

**j) Agreements with members of the Board of Directors or employees of the Company**

There are no agreements made between the Company and members of its Board of Directors or its employees, which define the payment of indemnity in the case of resignation or dismissal without reasonable cause or termination of their period of office or employment due to a public offer.

## **CORPORATE GOVERNANCE STATEMENT**

### **Introduction**

Corporate governance includes the manner in which companies are managed and controlled. Specifically it is a system of relations between the Company's Management, the Board of Directors, shareholders and other interested parties. Essentially it constitutes the structure through which the Company's objectives are approached and set out, the basic risks the Company faces during its operation are identified, the means to achieve the company objectives are defined, the risk management system is organized and the monitoring of Management's performance while implementing the above is rendered possible.

In Greece, the corporate governance framework is defined through applying and adhering to mandatory regulations, such as:

- Law 3016/2002, which imposes the participation of non-executive and independent non-executive members in the Board of Directors of Greek listed companies, the establishment and operation of an internal control service, as well as the adoption of internal operation regulations.
- Law 3693/2008, which imposes the establishment of an audit committee and disclosures regarding the ownership status and governance of a company.

- Law 3884/2010, which refers to shareholders' rights and additional corporate disclosure obligations towards shareholders in the context of preparing the General Meeting.
- Finally, Law 3873/2010, which incorporate the EU Directive 2206/46/EC in Greek law and operates as a reminder for the need to establish the Code and constitutes its "founding base".

ELASTRON S.A. **fully complies** with the provisions and stipulations of the above laws, which constitute the minimum content of any Corporate Governance Code. However, apart from the provisions of the above laws, the Company has compiled its own Corporate Governance Code taking into consideration the principles defined by the Corporate Governance Code prepared by the Hellenic Federation of Enterprises (SEV), as it was amended from the Hellenic Corporate Governance Council on 28 June 2013. The Company's code is available on the website: <http://www.elastron.gr>.

**Information of article 10, par. 1, items c), d), f), h), i) of EU directive 2004/25/EC**

**c)** The significant direct or indirect holdings of the company are the following:

- CORUS – KALPINIS – SIMOS S.A. COATING MATERIALS (joint venture). The Company participates by 50%.
- TATA ELASTRON S.A. (joint venture). The company participates by 50% up until 06.04.2016. On 07.04.2016 the company acquired the remainder 50% from the company TATA STEEL NEDERLAND B.V, whereas on 30.06.2016 the subsidiary was absorbed by the parent company ELASTRON SA – STEEL SERVICE CENTERS.
- BALKAN IRON GROUP SRL (joint venture). The company participates by 33.3%.
- KALPINIS – SIMOS BULGARIA EOOD (100% subsidiary).
- PHOTODEVELOPMENT SA (subsidiary). The company participates by 98.6%
- PHOTODIODOS SA (subsidiary). The company participates by 98.3%
- PHOTOENERGY SA (subsidiary). The company participates by 97.5%
- ILIOSKOPIO SA (subsidiary). The company participates by 97.5%
- PHOTOKYPSELI SA (subsidiary). The company participates by 97.5%
- PHOTOISXIS MEPE (subsidiary). The company participates by 100.00%
- ELASTRON AGRICULTURAL SA (subsidiary). The company participates by 100.00%

Moreover, according to article 4 par. 7 of L. 3556/2007 the direct or indirect participations in the company's share capital (number of shares at 18,421,516 according to the decision of 09.06.2016 by the Ordinary General Meeting of shareholders) are the following:

- Athanasios Kalpinis of Andreas with 3,104,250 shares (16.85% - direct participation)
- Elvira Kalpini of Andreas with 2,070,500 shares (11.24% - direct participation)
- Panagiotis Simos of Nikolaos with 1,583,687 shares (8.60% - direct participation)
- Nikolaos Simos of Panagiotis with 900,000 shares (4.89% - direct participation)
- Dominiki Simou of Panagiotis with 900,000 shares (4.89% - direct participation)
- Sakellariou Nikolaos with 900,000 shares (4.89% - direct participation)
- Sakellariou Christos with 900,000 shares (4.89% - direct participation)
- Sarmas Panagiotis with 916,700 shares (4.99% - direct participation)

There are no significant indirect participations.

**d)** There are no securities and therefore owners that provide special control rights.

**f)** There are no limitations on voting rights or systems through which with the cooperation of the company, financial rights emanating from securities are distinguished from the ownership of the securities. The time-frames for exercise of voting rights are mentioned in detail in the section "Shareholders' rights and their exercise".

**h)** The rules for appointment and replacement of Board members are those mentioned in C.L. 2190/1920 and are described in detail in the following section.

**i)** There are no authorities of Board members regarding the ability to issue of buy back shares.

## **General Meeting of Shareholders**

The General Meeting of shareholders is the highest-level body of the Company and is entitled to decide on any corporate affair. Its legal decision also binds shareholders that are not present or who disagree. The General Meeting is the only one responsible to also decide on issues of article 34 of C.L. 2190/1920.

The General Meeting of shareholders is convened by the Board of Directors and meets regularly at least once each financial year and always within the first six (6) months from the end of each financial year and as an Extraordinary meeting whenever deemed necessary by company needs. The Meeting takes place at the company's domicile or at any other location within the Attica prefecture.

The General Meeting may convene through teleconference as well as with a long-distance participation of shareholders, under the conditions defined each time by the relevant legislation.

The Chairman of the Board temporarily acts a Chairman of the General Meeting, or if he is unavailable his deputy or an individual appointed by such. Whoever is appointed by the temporary Chairman serves as secretary temporarily.

After the list of shareholders' that have a voting right in the meeting is approved, then the General Meeting proceeds with electing the formal Chairman and formal secretary of the meeting.

Shareholders with the right to participate in the General Meeting may be represented in such by a proxy.

The General Meeting, with the exception of the repeated General Meetings and equivalent to the latter meetings, is convened at least twenty days prior to the general meeting date, without counting the release date of the invitation and the day of the meeting. The invitation includes at least the location with the exact address, date and time of the meeting, the daily agenda issues clearly, the shareholders that have the right to participate, as well as exact information on the manner in which shareholders will be able to participate in the meeting and information on the manner in which shareholders will be able to participate in the meeting and exercise their rights. However, the option to publish a summary of the invitation is provided, and such a summary includes at least the location with the exact address, the date and time of the meeting, the shareholders who have the right to participate, as well as explicit reference to the website where the full invitation is available.

The General Meeting is at quorum and meets validly on the daily agenda issues when shareholders that represent at least 1/5 of the paid up share capital are present or represented at the meeting.

If this quorum is not achieved during the first meeting, then a repeated meeting is convened in twenty (20) days from the day of the cancelled meeting, with a release of the invitation at least (10) days prior to the new meeting, unless the initial invitation states the location and time of the repeated meetings according to law, for the case quorum is not achieved. The repeated meeting is at quorum and meets validly on the issues of the initial daily agenda regardless of the portion of paid up share capital represented in such.

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

Exceptionally, the General Meeting is at quorum and meets validly on the issues of the daily agenda if shareholders representing (2/3) of the paid up share capital are present or represented, when referring to decisions defined in article 29 par. 3 of C.L. 2190/1920.

If the quorum of the previous paragraph is not achieved during the first meeting, then the first repeated meeting is convened in twenty (20) days from the day of the cancelled meeting, with a release of the invitation at least (10) days prior to the new meeting, while the repeated meeting is at quorum and meets validly on the issues of the initial daily agenda when at least (1/2) of the paid up share capital is represented in such.

If the above quorum is also not achieved, then the a second repeated meeting convenes again within twenty (20) days, with the release of the relevant invitation at least ten (10) days earlier, whereas the second repeated meeting is at quorum and meets validly on the issues of the initial daily agenda when at least (1/5) of the paid up share capital is represented in such.

A new invitation is not required if the initial invitation states the location and time of the repeated meetings according to law, for the case quorum is not achieved.

## **Shareholders' rights and their exercise**

Any shareholder has the right to participate and vote at the company's General Meeting. The exercise of such rights does not require the blockage of the beneficiary's shares or any other process, which limits the ability to sell and transfer shares during the period between the record date of beneficiaries

and the date of the General Meeting. On the other hand, beneficiaries that participate in the General Meeting are those who appear as shareholders in the records of the relevant authority where the company's securities are held. The shareholder capacity is evidenced by submitting the relevant written certification of the above authority, or alternatively with the online connection of the company with the latter's records. The shareholder's capacity must be active during the fifth (5<sup>th</sup>) day prior to the date of the General Meeting (record date) and the relevant written or electronic certification of the shareholder's capacity must be received by the company at least the third (3<sup>rd</sup>) day prior to the date of the General Meeting.

Only those that have the shareholder capacity during the respective record date are considered by the Company to have the right of participation and voting at the General Meeting. In the cases of non-compliance with the above, the said shareholder participates in the General Meeting only after the latter's permission.

The shareholder participates in the General Meeting and votes either in person or through a proxy. Proxies that act on behalf of more than one shareholders may vote separately for each shareholder. Shareholders may appoint a proxy either for one or for as many meetings that may take place within a defined time period. Legal entities participate in the General Meeting by appointing up to three (3) persons as representatives. The shareholder proxy is obliged to disclose to the Company, prior to the beginning of the General Meeting, any specific event that may be useful to shareholders in assessing the risk of the proxy serving other interests than those of the represented shareholder. According to the definition of the present paragraph, there might be conflict of interests specifically when the proxy:

- a) is a shareholder that exercises control on the Company or is another legal entity controlled by the shareholder,
- b) is a member of the Board of Directors or generally the management of the Company or of a shareholder that exercises control on the Company, or another legal entity that is controlled by a shareholder who exercises control on the Company,
- c) is an employee or certified public accountant of the Company or shareholder that exercises control on the Company, or another legal entity controlled by the shareholder who exercises control on the Company,
- d) is a spouse or first degree relative with one of the persons mentioned above in cases (a) through (c).

The appointment and revocation of a proxy is applied in written or through electronic means and disclosed to the Company at least three (3) days prior to the date of the General Meeting.

Ten (10) days prior to the Ordinary General Meeting, any shareholder can obtain copies of the annual financial statements and reports by the Board of Directors and auditor from the Company.

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

With the request of shareholders that represent one twentieth (1/20) of the paid up share capital, the Board of Directors of the Company is obliged to list additional issues on the daily agenda of the General Meeting that has already been set, if the relevant request is received by the Board at least fifteen (15) days prior to the General Meeting. This request must be accompanied by a justification or by a draft resolution to be approved by the General Meeting and the revised daily agenda is published thirteen (13) days prior to the date of the General Meeting and at the same time provided to shareholders electronically on the company's website, together with the justification or draft resolution submitted by the shareholders, according to those stated in article 27 par. 3 of C.L. 2190/1920.

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

The Board of Directors is not obliged to enlist the issues on the daily agenda or publish or disclose such together with the justification and draft resolutions submitted by shareholders according to the above paragraphs, if the content of such is against the law and moral ethics.



With the request of a shareholder or shareholders that represent one twentieth (1/20) of the paid up share capital, the Chairman of the General Meeting is obliged to postpone the decision making process only once, for all or specific issues, by General Meeting, defining the day when the meeting will re-convene for decision making that is stated on the shareholders' request, which however cannot be more than thirty (30) days from the day of the postponement. The General Meeting that follows the postponement is considered a continuance of the previous and thus the disclosure requirements of the shareholders' invitation are not repeated and new shareholders cannot take part in the Meeting, according to the provisions of articles 27 par.2 and 28a of C.L. 2190/1920.

Following a request of any shareholder that is submitted to the Company at least five (5) full days prior to the General Meeting, the Board of Directors is obliged to provide to the General Meeting the specifically required information on the Company's affairs, to the extent that such are useful for the real assessment of the daily agenda issues. The Board of Directors may respond collectively to shareholders' requests that include the same content.

There is no obligation to provide information when the relevant information is available on the company's website, especially in the form of questions and answers. Also, with the request of shareholders that represent one twentieth (1/20) of the paid up share capital, the Board of Directors is obliged to announce to the Ordinary General Meeting the amounts paid during the past two-years for any cause by the Company to Board Members or Managers or other employees, as well as any other benefits paid towards such individuals for any cause or for any contract of between the company and such. In all the above cases, The Board of Directors may decline the provision of such information for reasonable cause, stating the relevant justification in the minutes. Such a reasonable cause may consist according to the circumstances the representation of requesting shareholders in the Board of Directors, according to par. 3 or 6 of article 18 of C.L. 2190/1920.

Following a request by shareholders that represent one fifth (1/5) of the paid up share capital, which is submitted to the Company within the time limit of the previous paragraph, the Board of Directors is obliged to provide to the General Meeting information on the development of corporate affairs and the financial position of the Company. The Board of Directors may decline the provision of such information for reasonable cause, which is stated in the minutes. Such a reasonable cause may consist according to the circumstances the representation of requesting shareholders in the Board of Directors, according to par. 3 or 6 of article 18 of C.L. 2190/1920, given that the respective Board members have received the relevant information in an adequate manner.

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

Company Shareholders, that represent one twentieth (1/20) of the paid up share capital, have the right to request an audit of the Company by the Unilateral Court of First Instance of the district of the Company's domicile, which holds the relevant jurisdiction. The audit is ordered if actions that violate the provisions of law or the Articles of Association or decisions by the General Meeting, are assumed. In any case, the audit request must be submitted within three (3) years from the approval of the financial statements of the year when the alleged actions took place.

Company Shareholders, that represent one fifth (1/5) of the paid up share capital, have the right to request audit of the Company by the relevant court, according to the previous paragraph, given that the overall developments of corporate affairs indicate that Management of corporate affairs is not conducted as according to proper and prudent management. The Articles of Association may define the reduction, but not more than half, of the percentage of the paid up share capital required to exercise the right of the present paragraph.

### **Composition and operation of the Board of Directors**

The Board of Directors consists of 3 to 15 members. The exact number of members is defined by the General Meeting.

The term of Board members is three-years (without excluding their re-election) and is extended automatically until the end of the term, during which the immediately next Ordinary General Meeting must convene, which however cannot exceed four years.

Following its election, the Board of Directors convenes and is formed into a body by electing the Chairman, one or two Vice- Chairmen and one or two Chief Executive Officers of the company. The Chairman is substituted, when absent or unable, for all his responsibilities by the A' Vice-Chairman and the latter is substituted, when absent or unable, by a member that is appointed as such by a Board decision.

In case of resignation, death or in any other way loss of the capacity of Board member or members, the remaining Board members may continue the management and representation of the company without replacing the members absent, with the condition that the number of the remaining members is at least three (3) and is over half of total members, as such were numbered before the realization of the above events.

The remaining Board members, given that such are at least three (3), may elect members in replacement of those resigned, deceased or who lost their member capacity in any other way. The above election is effective for the remaining period of the term of the member that is replaced, while the decision of the election is submitted to the legal disclosure requirements and is announced by the Board of Directors at the immediately forthcoming General Meeting, which can replace the elected members, even if the issue has not been listed on the daily agenda.

In any case, the remaining Board members, regardless of their number, may convene a General Meeting with the exclusive objective of electing a new Board of Directors.

The Board of Directors meets at the company's domicile whenever deemed necessary by the company's needs, following an invitation from the Board's Chairman. During 2016, the company's Board of Directors convened 20 times. The executive Board members participated in the majority of meetings, while the non-executive members in about 1/3 of the meetings.

The Board of Directors is at quorum and convenes validly, when half plus one member are present or represented at the meeting, however the total number of members present cannot be less than three (3). To establish quorum possible fractions are omitted.

A member that is absent may be represented by another member. Each member can represent only one member absent.

The decisions by the Board of Directors are made validly with absolute majority of the present and represented members, excluding the case of article 5 par. 2 of the company's Articles of Association, but also the cases when stated otherwise by law.

The members of the company's Board of Directors that participate in any way in the management of the company, as well as its managers, are not permitted to act without the permission of the General Meeting on their own behalf or on behalf of third parties, on actions that are subject to one of the objectives aimed by the company and to participate as general partners in companies that aim at such objectives. Exceptionally, the company's Board members that participate in any way in the management of the company, as well as its managers are permitted to participate in the board of directors and management of companies that are related to the company, according to the definition of article 42 e par. 5 of C.L. 2190/20. In case of violation of the above limitation, the provisions of par. 2 and 3 of article 23 of C.L. 2190/20, as currently in effect, apply.

### **Information about the Members of the Board of Directors**

According to the decision of the Ordinary General Meeting of shareholders on 09.06.2016, a new ten-member Board of Directors was elected consisting of the following members:

- 1) Panagiotis Simos, Chairman of the Board
- 2) Athanasios Kalpinis, Chief Executive Officer
- 3) Elvira Kalpini, Vice-Chairman of the Board
- 4) Andreas Kalpinis, Executive Board Member
- 5) Stilianos Koutsothanassis, Deputy Chief Executive Officer
- 6) Anastasios Mpiniotis, Executive Board Member
- 7) Christos Sakellariou, non-Executive Board Member
- 8) Konstantinos Gianniris, Independent non-Executive Board Member
- 9) Georgios Kouvaris, Independent non-Executive Board Member
- 10) Dimitrios Paparisteidis, Independent non-Executive Board Member

The term of the BOD commenced on 09.06.2016, is a three-year one, whereas it is automatically extended until the end of the deadline, during which the next Ordinary General Meeting must convene. The above deadline cannot however exceed the period of four years.

### **Condensed CVs of Board members**

Andreas Kalpinis

Andreas Kalpinis is one of the two founders of the company. He has extensive experience and knowledge of the international and domestic steel products market.

Athanasios Kalpinis

A graduate of the Economic Department of University of Piraeus. He has served as plant manager and head of the supervision and coordination of the production process, while from 2000 he holds the position of Chief Executive Officer.

Panagiotis Simos

He has served as commercial director of the Group, responsible for the planning and implementation of the commercial policy. From 2000 he is Chairman of the Board of Directors.

Elvira Kalpini

She is head of the company's Public Relations and Administrative Services, why she also serves as Vice-Chairman of the Board of Directors.

Stilianos Koutsothanassis

A graduate of the Business Administration department of the University of Piraeus, graduate of the Management Institute of the Economic University of Athens and graduate of the Athens University Law School. Mr. Koutsothanassis has been with the company since 1966 and currently holds the position of Deputy Chief Executive Officer.

Anastasios Mpiniotis

An executive with many years experience and knowledge of the steel product market. He is a graduate of the University of Piraeus with a masters in Business Administration. He has served as head of Sales and Marketing Divisions and as an advisor on Commercial and Administration organization issues for various companies.

Konstantinos Gianniris

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

Georgios Kouvaris

Chemical engineer with over 30 years of experience in managerial positions of corporations belonging to the energy sector in Greece and abroad.

Dimitrios Paparisteidis

A graduate of the Athens Economic University with a Masters Degree from Glasgow University. He has served as manager in a large number of companies in the financial industry.

Christos Sakellariou

He is a senior of the Political & Economics department of Athens University

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



NAME	PARTICIPATION IN NON-GROUP COMPANIES	POSITION IN THE COMPANY
PANAGIOTIS SIMOS	KALPINIS SIMOS BULGARIA EOOD	MANAGER
ATHANASIOS KALPINIS	KALPINIS SIMOS BULGARIA EOOD	MANAGER
STYLIANOS KOUTSOTHANASIS	ELASTRON AGRICULTURAL SA	BOD CHAIRMAN
	PHOTOISXYS MEPE	MANAGER
	KALPINIS SIMOS BULGARIA EOOD	MANAGER
ANASTASIOS MPINIORIS	BALKAN IRON GROUP SRL	MANAGER
	TATA ELASTRON S.A.	VICE-CHAIRMAN & CEO
KONSTANTINOS GIANNIRIS	THRACE PLASTICS S.A.	INDEPENDENT NON-EXECUTIVE BOARD MEMBER

### Audit Committee

In the context of applying article 37 of L. 3693/2008, the Audit Committee consists of the following non-executive Board members:

- 1) Mr. Konstantinos Gianniris, independent non-executive Board member, with extensive experience on accounting and auditing issues, as chairman of the committee.
- 2) Mr. Dimitrios Paparisteidis, independent non-executive Board member, as member of the committee.
- 3) Mr. Christos Sakellariou, non-executive Board member, as member of the committee.

The Audit Committee convenes following an invitation by its Chairman as many times as deemed necessary, however at least twice a year. The basic responsibilities of the audit committee are the following:

- Monitoring the financial reporting process and the correctness and reliability of the company's financial statements.
- Auditing the proper operation and effectiveness of the internal control system.
- Ensuring the objectivity and independence of the Internal Audit Service, as well as the free access of the internal auditor to any service, department, employee as well as the company's Board of Directors.
- Manning and controlling the professional, theoretical and practical adequacy of executives of the Internal Audit Service, as well as their continuous education and professional advancement.
- Evaluating the performance of the Internal Audit Service and its executives, as well as decision making on issues relating to appointment or replacement of the Service's executives.
- Studying the reports issued by the Internal Audit Service and compliance with the reports and proposals of the Service, which have been accepted by the Board of Directors.
- Approval of the Operation Regulation of the Internal Audit Service and its amendments.
- Provision information as regards to the scheduled audit program, its revision and the submission of proposals for additional audits when deemed necessary.
- Meeting and receiving information from the external auditor as regards to shortages and weaknesses of the Internal Audit Service and mainly those that concern the audit of financial information and preparation of the interim and annual, separate and consolidated financial statements.
- Meeting and receiving information from the external auditor on any issue that relates to the developments and results of the annual and six-month audit.
- Ensuring access of the external auditor to the company's Board of Directors.
- Auditing the adequacy, completeness and implementation of the company's Internal Operation Regulation.
- Ensuring the avoidance of friction, conflicts and disagreements between the auditors (internal and external) and Management during the conduct of audits.

During 2016, the Audit Committee convened 4 times, during which all members were present.

**Remuneration Committee of executive Board members and senior executives and for Election of Nominee Board Members**

The above committee convenes following an invitation by its chairman, and consists of the following members:

- 1) Mr. Konstantinos Gianniris, independent non-executive Board member, with substantial experience in accounting and auditing issues, as chairman of the committee
- 2) Mr. Stilianos Koutsothanassis, executive Board member, as member of the committee
- 3) Mr. Anastasios Mpinioris, executive Board member, as member of the committee.

The responsibilities and tasks of the committee are described in detail in the Company's Internal Operation Regulation, and in summary include the following:

- The definition of criteria and the planning of policy for the election of nominee Board members and Senior Executives.
- Defining the remuneration and any kind of benefits towards Board members and Senior Executives.
- The frequent review of remuneration, both of Board members and of Senior Executives, in combination with their professional qualifications, the conditions of the market and the company and their employment time.

During 2016, the Committee convened twice, during which all members were present.

**Other management or supervisory bodies or committees of the company**

There are no other management and supervisory bodies.

**Internal control and risk management systems**

Particularly large emphasis is given by the Board of Directors to the internal control system. Through the latter, the Board ensures the protection of the company's assets, reliability of financial statements and reports, handling of significant risks, as well as the adherence to laws and policies applied by the company.

The company's internal control system is based on processes and policies that are described in detail in the Internal Operation Regulation. Such processes and policies refer to monitoring deviations from the corporate policy, the correctness and completeness of financial statements, as well as maintaining financial and in general corporate data as confidential.

In this context, the Board of Directors implements regular audits and reviews on the internal control systems with the objective:

- to audit and evaluate the strategy, both on the company level as well as on the level of individual departments, in the context of the approval of the company's annual budget.
- to identify, assess, measure and manage risks to which the company is exposed.
- to monitor the company's financial performance and analyze, interpret and clarify deviations from the annual budget.
- to evaluate and improve the Internal Operation Regulation, which also constitutes the basis for applying internal control systems.

At the same time, with the objective of ensuring the correctness and accuracy of financial data, based on which the financial statements are prepared, the company develops the appropriate systems and safety nets. Such include:

- The use of specialized, accounting and financial software and applications, which ensure the prompt and accurate provision of information relating to the company's financial data. A limited and authorized number of users have access to such systems.
- The regular review of accounting policies and procedures and ensuring that such are applied fully.
- The existence of closing processes for the financial statements and informing the relevant individuals as regards to the obligations of the company that emanate from tax, labor, commercial and stock exchange legislation.

- The existence and adherence to policies on any significant corporate process, such as supplies, sales, payments, receipts, inventory etc.
- Applying reconciliation and audits on a regular basis as regards to customer, supplier, bank, cash balances, taxes etc.
- Monitoring and ensuring that the group's subsidiaries apply the same accounting policies and procedures as the parent company.
- Ensuring the correctness and accuracy of the financial statements of subsidiaries, as well as their prompt submission for purposes of preparing and publishing consolidated financial reports and statements.
- The monthly evaluation of deviations between real, comparative and estimated results, with the objective of providing management with information relating to possible extraordinary and unusual expenses and the development of results.

To achieve and apply the above, the company uses, ensures and maintains computer and IT systems that are customized to its needs and to the modern organization, administration and IT requirements> to protect both the systems and the data kept in such, the company applies strict audit processes, which are described in detail in the Internal Operation Regulation. Specifically:

- On a daily basis, the IT service creates back-ups of all computer files and software in the central computer system and peripheral computers, thus ensuring that business data is kept classified as well as the smooth operation of the company.
- Back-up files are kept in a specially formed space, covering thus the case of theft and natural disaster.
- Access to the area where the central computer system is located is provided only to authorized individuals from the IT service.
- The IT service audits and prints interventions – changes on the central computer and informs the head of the service as well as the internal auditor.
- Both the central and the peripheral computers are secured from external threats by using several modern methods, such as antivirus software, e-mail security and firewall.

The present Corporate Governance Statement forms an integral part of the Annual Management Report by the Board of Directors.

Aspropyrgos, 24 April 2017

THE CHAIRMAN OF THE BOARD OF DIRECTORS

PANAGIOTIS SIMOS

**Report by Independent Certified Auditor/Accountant  
Towards the Shareholders of the Company  
“ELASTRON S.A. – STEEL SERVICE CENTERS”  
Audit Report on the Separate and Consolidated Financial Statements**

We have audited the accompanying separate and consolidated financial statements of the Company “**ELASTRON S.A. – STEEL SERVICE CENTERS**”, which consist of the separate and consolidated statement of financial position of **31 December 2016**, the separate and consolidated statements of comprehensive income, statements of changes in equity and cash flow statements for the year ended on the aforementioned date, as well as the summary of significant accounting principles and methods and other explanatory notes.

**Management’s Responsibility for the Separate and Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these separate and consolidated Financial Statements in accordance with the International Financial Reporting Standards, as such have been adopted by the European Union, as well as 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 which have been incorporated into the Greek Legislation (Gov. Gaz. B’/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on 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 reviews the internal control relevant to the preparation and fair presentation of the company’s separate and consolidated financial statements, in order to design audit procedures that are appropriate for 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 principles and methods used and whether the estimates made by management are reasonable, 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 “**ELASTRON S.A. – STEEL SERVICE CENTER**” and its subsidiaries as at **31 December 2016** and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, as such have been adopted by the European Union.

**Matter of Emphasis**

We place to your attention the note 2.3 of the financial statements, which describes the acquisition, since 7/4/2016, of the remainder 50% of the company “**CORUS KALPINIS SIMOS**” and the merger through absorption, since 1/7/2016, of the above company by the parent company “**ELASTRON SA – STEEL SERVICE CENTERS**”.

In the agricultural division of the group, the Board of Directors of ELASTRON AGRICULTURAL SA, based on the decision of 28/12/2016, approved the merger of the company by the company Thrace Greenhouses SA according to the provisions of articles 68-78 of P.L. 2190/1920 as it is in effect, in combination with the beneficial provisions of Law 2166/1993 (articles 1-5).

**Report on other Legal and Regulative Requirements**

Taking into consideration that the Management is responsible for the preparation of the Management Report of the Board of Directors [as well as of the Corporate Governance Statement included in this report (provided that it concerns a company of public interest)], in application with the clauses of paragraph 5 of article 2 (part B) of Law 4336/2015, we note the following:

- a) The Board of Directors' Management Report includes the corporate governance statement, which provides the information stipulated by the article 43bb of C.L. 2190/1920.
- b) In our opinion the Management Report of the Board of Directors has been compiled according to the effective legal requirements of articles 43a and 107A and of the paragraph 1 (cases c' and d') of article 43bb of Codified Law 2190/1920, whereas its contents correspond to the attached [separate and consolidated] financial statements for the year ended on **31/12/2016**.
- c) Based on the knowledge we acquired during our audit for the Company “**ELASTRON SA – STEEL SERVICE CENTERS**” and its environment, we have not detected any material inconsistencies in the Management Report of its Board of Directors.



Athens 27 April 2017  
STERGIOS VAS. PAPPAS  
Certified Auditor Reg. No. 16701

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

## 1. Statement of Financial Position

(Amounts in €)

	Note	GROUP		COMPANY	
		31.12.2016	31.12.2015	31.12.2016	31.12.2015
<b>ASSETS</b>					
<b>Non Current Assets</b>					
Self-used tangible assets	6	51,172,562.24	48,901,813.03	41,045,478.72	38,888,976.47
Investment property	6,7	3,288,753.33	3,416,088.85	3,288,753.33	3,416,088.85
Intangible assets	6	117,686.74	45,367.19	112,828.94	36,293.79
Investment in associates, subsidiaries and joint ventures	2,3	1,149,360.76	3,618,196.28	9,147,533.70	11,648,113.70
Long term receivables	8	1,162,238.68	1,167,839.87	3,538,370.71	3,530,787.84
<b>Total Non Current Assets</b>		<b>56,890,601.75</b>	<b>57,149,305.22</b>	<b>57,132,965.40</b>	<b>57,520,260.65</b>
<b>Current Assets</b>					
Inventories	9	22,558,804.92	17,641,691.99	22,521,128.84	17,596,603.52
Customers	8	19,404,264.70	13,716,310.14	19,029,931.93	13,699,571.17
Other receivables	8,18	1,379,623.97	1,933,088.60	1,179,470.81	1,453,789.89
Securities	10	113,400.00	135,030.00	113,400.00	135,030.00
Cash and cash equivalents	12	4,717,349.16	5,884,633.53	4,224,181.36	5,589,230.97
Derivatives	11	43,430.61	0.00	43,430.61	0.00
<b>Total Current Assets</b>		<b>48,216,873.36</b>	<b>39,310,754.26</b>	<b>47,111,543.55</b>	<b>38,474,225.55</b>
<b>Total Assets</b>		<b>105,107,475.11</b>	<b>96,460,059.48</b>	<b>104,244,508.95</b>	<b>95,994,486.20</b>
<b>EQUITY</b>					
<b>Shareholders' equity</b>					
Share capital	13	18,421,516.00	18,435,000.00	18,421,516.00	18,435,000.00
Share premium	13	11,171,177.70	11,171,177.70	11,171,177.70	11,171,177.70
Other reserves	13	21,338,768.72	21,339,480.23	21,338,768.72	20,894,493.73
Treasury shares	13	(7,062.48)	(6,806.85)	(7,062.48)	(6,806.85)
Retained earnings	13	14,399,504.59	12,719,227.39	18,399,661.16	18,568,026.37
<b>Total shareholders' equity</b>		<b>65,323,904.53</b>	<b>63,658,078.47</b>	<b>69,324,061.10</b>	<b>69,061,890.95</b>
Minority interest	13	24,393.09	22,666.90	0.00	0.00
<b>Total Equity</b>		<b>65,348,297.62</b>	<b>63,680,745.37</b>	<b>69,324,061.10</b>	<b>69,061,890.95</b>
<b>LIABILITIES</b>					
<b>Long-Term liabilities</b>					
Loans	15	12,390,250.00	14,769,850.00	12,170,250.00	14,239,850.00
Provisions for employee benefits	17	507,791.12	468,845.77	502,679.62	463,845.77
Grants (deferred income)	26	4,786,122.77	4,799,946.01	3,486,905.46	3,494,640.26
Deferred income tax	16	1,608,579.32	1,256,475.76	1,174,068.24	1,061,828.55
<b>Total Long-term Liabilities</b>		<b>19,292,743.21</b>	<b>21,295,117.54</b>	<b>17,333,903.32</b>	<b>19,260,164.58</b>
<b>Short-Term Liabilities</b>					
Suppliers		2,970,087.62	1,905,710.62	2,817,405.85	1,390,360.95
Other liabilities	14	1,331,246.80	660,774.55	1,150,689.25	498,654.54
Grants (deferred income)	26	274,504.04	240,916.81	210,575.30	203,641.95
Derivatives	11	0.00	10,173.22	0.00	10,173.22
Short-Term Loans	15	15,890,595.82	8,666,621.37	13,407,874.13	5,569,600.01
<b>Total Short-Term Liabilities</b>		<b>20,466,434.28</b>	<b>11,484,196.57</b>	<b>17,586,544.53</b>	<b>7,672,430.67</b>
<b>Total Liabilities</b>		<b>39,759,177.49</b>	<b>32,779,314.11</b>	<b>34,920,447.85</b>	<b>26,932,595.25</b>
<b>Total Equity and Liabilities</b>		<b>105,107,475.11</b>	<b>96,460,059.48</b>	<b>104,244,508.95</b>	<b>95,994,486.20</b>

## 2. Statement of Comprehensive Income

(Amounts in €)	Note	GROUP		COMPANY	
		1.1 – 31.12.16	1.1 – 31.12.15	1.1 – 31.12.16	1.1 – 31.12.15
Sales	19	75,228,990.50	63,452,233.93	70,088,069.71	60,965,055.97
Cost of sales	20	-63,660,467.65	-56,565,187.96	-59,935,506.29	-55,350,114.53
<b>Gross profit / (loss)</b>		<b>11,568,522.86</b>	<b>6,887,045.97</b>	<b>10,152,563.42</b>	<b>5,614,941.44</b>
Other income	20	2,234,659.01	1,316,321.42	1,630,223.75	1,543,599.63
Distribution expenses	20	-6,122,398.96	-4,732,960.31	-5,697,437.90	-4,594,116.31
Administration expenses	20	-2,282,868.37	-2,049,281.18	-2,135,142.14	-1,888,341.42
Other expenses	20	-365,454.11	-476,704.12	-1,901,645.49	-384,734.24
<b>Earnings / (losses) before interest and taxes (EBIT)</b>		<b>5,032,460.43</b>	<b>944,421.78</b>	<b>2,048,561.64</b>	<b>291,349.10</b>
Financial income	20	409,786.84	475,216.13	508,798.25	568,349.05
Financial cost	20	-2,204,350.83	-2,231,500.23	-1,859,827.28	-1,985,153.33
Income/(expenses) of companies consolidated with the equity method	20	-917,666.50	-1,063,441.33	0.00	0.00
<b>Earnings / (losses) before taxes (EBT)</b>		<b>2,320,229.94</b>	<b>-1,875,303.65</b>	<b>697,532.61</b>	<b>-1,125,455.18</b>
Income Tax	20	-720,095.31	-517,937.11	-502,297.44	-330,688.40
<b>Earnings / (losses) after taxes (EAT) (a)</b>		<b>1,600,134.63</b>	<b>-2,393,240.76</b>	<b>195,235.17</b>	<b>-1,456,143.58</b>
<b>Attributed to:</b>					
Shareholders of the parent		1,598,408.16	-2,394,257.56	195,235.17	-1,456,143.58
Minority interest		1,726.47	1,016.80		
Other comprehensive income / (expenses) after taxes (b)	20	81,157.25	-122.64	80,674.61	0.00
<b>Total comprehensive income/ expenses after taxes (a) + (b)</b>		<b>1,681,291.88</b>	<b>-2,393,363.40</b>	<b>275,909.78</b>	<b>-1,456,143.58</b>
<b>Attributed to:</b>					
Shareholders of the parent		1,679,565.41	-2,394,380.20	275,909.78	-1,456,143.58
Minority interest		1,726.47	1,016.80	0.00	0.00
Earnings / (losses) after taxes per share – basic (in €)	21	0.0868	-0.1300	0.0106	-0.0790
<b>Earnings / (losses) before interest, tax, depreciation and amortization (EBITDA)</b>		<b>7,415,983.25</b>	<b>2,947,555.59</b>	<b>3,843,561.38</b>	<b>1,863,877.07</b>



### 3. Statement of Changes in Equity

#### (A) STATEMENT OF CHANGES IN GROUP'S EQUITY

	Corresponding to shareholders of the parent			Minority interest	Total Equity
	Share Capital & Share Premium	Reserves	Retained earnings		
<b>Balance on 1.1.2015</b>	<b>29,606,177.70</b>	<b>21,448,070.95</b>	<b>15,001,392.77</b>	<b>21,650.10</b>	<b>66,077,291.52</b>
Profit / (Loss) for the period	0.00	0.00	-2,394,380.20	1,016.80	-2,393,363.40
Share capital decrease via the cancellation of treasury shares	0.00	0.00	0.00	0.00	0.00
Purchase of treasury shares	0.00	-3,182.75	0.00	0.00	-3,182.75
Decrease of minority rights via share capital increase of subsidiaries	0.00	0.00	0.00	0.00	0.00
<b>Balance on 31.12.2015</b>	<b>29,606,177.70</b>	<b>21,444,888.20</b>	<b>12,607,012.57</b>	<b>22,666.90</b>	<b>63,680,745.37</b>
Profit / (Loss) for the period	0.00	0.00	1,679,565.41	1,726.47	1,681,291.88
Purchase of treasury shares	0.00	-7,569.25	0.00	0.00	-7,569.25
Cancellation of treasury shares	-13,484.00	7,313.62	0.00	0.00	-6,170.38
<b>Balance on 31.12.2016</b>	<b>29,592,693.70</b>	<b>21,444,632.57</b>	<b>14,286,577.98</b>	<b>24,393.37</b>	<b>65,348,297.62</b>

#### (B) STATEMENT OF CHANGES IN COMPANY'S EQUITY

	Corresponding to shareholders of the parent			Total Equity
	Share Capital & Share Premium	Reserves	Retained earnings	
<b>Balance on 1.1.2015</b>	<b>29,606,177.70</b>	<b>20,890,869.63</b>	<b>20,024,169.95</b>	<b>70,521,217.28</b>
Profit / (Loss) for the period	0.00	0.00	-1,456,143.58	-1,456,143.58
Share capital decrease	0.00	0.00	0.00	0.00
Purchase of treasury shares	0.00	-3,182.75	0.00	-3,182.75
<b>Balance on 31.12.2015</b>	<b>29,606,177.70</b>	<b>20,887,686.88</b>	<b>18,568,026.37</b>	<b>69,061,890.95</b>
Profit / (Loss) for the period	0.00	0.00	275,909.78	275,909.78
Purchase of treasury shares	0.00	-7,569.25	0.00	-7,569.25
Cancellation of treasury shares	-13,484.00	7,313.62	0.00	-6,170.38
<b>Balance on 31.12.2016</b>	<b>29,592,693.70</b>	<b>20,887,431.25</b>	<b>18,843,936.15</b>	<b>69,324,061.10</b>



## 4. Statement of Cash Flows

(Amounts in €)

	GROUP		COMPANY	
	1.1-31.12.2016	1.1-31.12.2015	1.1-31.12.2016	1.1-31.12.2015
<b>Operating Activities</b>				
Earnings before Tax (EBT)	2,320,229.94	-1,875,303.65	697,532.61	-1,125,455.18
Plus / minus adjustments for:				
Depreciation & amortization	2,652,785.25	2,244,050.62	1,995,848.35	1,776,169.92
Depreciation of grants	-269,262.43	-240,916.81	-200,848.61	-203,641.95
Provisions	2,901.74	23,969.63	9,896.83	18,969.63
Impairment of assets	206,630.00	367,805.76	1,751,456.85	367,805.76
Results (income, expenses, profit and loss) from investment activity	24,740.66	1,128,845.94	-39,850.83	72,932.02
Debit interest and related expenses	<u>2,204,350.83</u>	<u>2,231,500.23</u>	<u>1,859,827.28</u>	<u>1,985,153.33</u>
	7,142,375.99	3,879,951.72	6,073,862.48	2,891,933.53
Plus/minus adjustments for changes in working capital accounts or those related to operating activities				
Decrease / (increase) of inventories	-1,760,388.47	3,975,622.05	-2,076,604.38	3,979,414.08
Decrease / (increase) of receivables	-3,290,121.75	5,114,320.78	-3,337,767.46	4,895,807.24
(Decrease) / increase of liabilities (apart from banks)	1,958,291.45	-13,875,196.72	1,151,668.53	-14,116,828.21
Minus:				
Debit interest and related expenses paid	-2,238,303.41	-2,283,074.34	-1,846,441.89	-2,036,706.94
Taxes paid	48,834.48	-15,326.64	27,482.65	-13,550.85
<b>Total inflows/(outflows) from operating activities (a)</b>	<b>1,860,688.29</b>	<b>-3,203,703.15</b>	<b>-7,800.07</b>	<b>-4,399,931.15</b>
<b>Investment Activities</b>				
Acquisition of subsidiaries, associates, joint ventures and other investments	-700,000.00	0.00	-1,841,170.00	670,000.00
Purchase – Sale of Securities	-7,569.25	-108,182.75	-7,569.25	-108,182.75
Purchase of tangible and intangible fixed assets	-1,784,223.30	-3,402,669.70	-678,079.88	-1,553,250.00
Proceeds from sales of tangible and intangible assets	15,000.00	17,560.00	0.00	17,560.00
Interest received	26,937.49	252,213.25	26,314.15	244,685.84
Dividends received	0.00	0.00	0.00	0.00
<b>Total cash inflows/(outflows) from investment activities (b)</b>	<b>-2,449,855.06</b>	<b>-3,241,079.20</b>	<b>-2,500,504.98</b>	<b>-729,186.91</b>
<b>Financial Activities</b>				
Proceeds from share capital increase	0.00	0.00	0.00	0.00
Amounts collected from issued / received Loans	73,557,485.04	63,060,000.00	73,357,485.04	62,730,000.00
Loan repayments	-75,207,658.55	-63,123,946.01	-74,084,820.55	-62,730,000.01
Dividends Paid	0.00	-2,183.90	0.00	-2,183.90
<b>Total cash inflows/(outflows) from financial activities (c)</b>	<b>-1,650,173.51</b>	<b>-66,129.91</b>	<b>-727,335.51</b>	<b>-2,183.91</b>
FX differences on cash flows	0.00	0.00	0.00	0.00
<b>Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)</b>	<b>-2,239,340.28</b>	<b>-6,510,912.26</b>	<b>-3,235,640.56</b>	<b>-5,131,301.97</b>
Cash and cash equivalents at the beginning of the period	6,956,689.44	12,395,545.79	7,459,821.92	10,720,532.94
<b>Cash and cash equivalents at the end of the period</b>	<b>4,717,349.16</b>	<b>5,884,633.53</b>	<b>4,224,181.36</b>	<b>5,589,230.97</b>

## *Notes on the Financial Statements*

### *1. General information*

The Company "ELASTRON S.A.- STEEL SERVICE CENTERS" was founded in 1958 as a Limited Liability Company and in 1965 was converted to an S.A. Company. It has its headquarters in Aspropyrgos Municipality (Ag. Ioannou venue, Stefani) and it is registered with the Ministry of Development, General Secretariat of Commerce, Corporations and Credit Directorate, under S.A. Company Registration Number 7365/06/B/86/32.

The Company's main activity is the import, processing, and trade of steel, steel plates, iron and metal goods, and similar goods.

The Company's shares are listed and traded on the Athens Exchange since 1990.

The Company has no disputes in litigation or in arbitration, nor are there any decisions by judicial or arbitration bodies that may have a significant impact on its financial position situation or operation.

The Company's website is <http://www.elastron.gr>.

The Annual Financial Statements of 31.12.2016 was approved by the Company's Board of Directors on 24.04.2017.

### *2. Significant accounting principles used by the Group*

#### **2.1 New standards, interpretations and amendments to existing standard**

The following new standards, amendments of standards and interpretations have been issued and have mandatory application for annual accounting periods beginning on 1 January 2016 or after. The effect from the adoption of these new standards, amendments and interpretations is presented below.

#### **Standards and Interpretations mandatory for the current financial year 2016**

##### ***Annual Improvements in IFRS, Cycle 2012-2014***

The amendments of the Cycle 2012 – 2014 were issued by the Board on 25 September 2014, are applicable for accounting periods beginning on or after 1 January 2016 and were adopted by the European Union on 15 December 2015 with the regulation **(EU) no. 2343/2015**. The following amendments which concern the International Financial Reporting Standards 5 and 7 and the International Accounting Standards 19 and 34 are not expected to have any material effect on the financial statements of the Company and the Group unless it is otherwise stated.

##### **IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"**

The amendment clarifies that the change from a disposal method to another (i.e. sale or distribution to owners) should not be considered as a new sale plan but a continuation of the initial plan. Therefore, there is no cease in the application of IFRS 5 requirements. The amendment also clarifies that change in the disposal method does not alter the classification date.

##### **IFRS 7 "Financial Instruments: Disclosures"**

Servicing contracts after the transfer of financial assets.

If an entity transfers a financial asset under terms that allow to the transferor to derecognize the financial asset, the IFRS 7 requires disclosures to include all types of continuing involvement that the entity may have in the transferred financial assets. IFRS 7 provides guidance about the meaning of the term "continuing involvement". The amendment added specific guidance so as to enable

managements to determine whether the terms of a servicing contract of transferred financial assets constitutes a continuing involvement. The amendment permits non-mandatory retroactive application. Interim financial statements.

The amendment clarifies that the additional disclosures required by the IFRS 7 "Disclosure-Offsetting of financial assets and financial liabilities" are not particularly required for all the interim periods, unless required by the IAS 34. The amendment has retroactive effect.

#### **IAS 19 "Employee Benefits-contributions from employees"**

The amendment is applicable for annual periods beginning on or after 1 February 2015. The amendment clarifies that the evaluation of an active market's existence for high quality corporate bonds is evaluated based on the currency that the obligation is expressed and not based on the country that the obligation exists. When there is no active market for high quality corporate bonds in this currency, there are utilized the interest rates of the government bonds.

#### **IAS 34 "Interim Financial Reporting"**

The amendment clarifies that the disclosure requirements for interim financial statements should be located either in the financial statements or to be incorporated through cross-references among the interim financial statements and the point where there are included in the interim financial report (i.e. in the Management Report). It is also clarified that the other information in the interim financial report should be to the disposal of users under the same conditions and at the same time as the interim financial statements. If the users do not have access to the other information by this way, then the interim financial report is incomplete.

#### **IFRS 10, IFRS 12 and IAS 28 (Amendments) "Investment Companies: Applying the Consolidation Exemption"**

On 18 December 2014 the IASB issued amendments to IFRS 10, IFRS 12 and IAS 28 regarding the requirements in applying the consolidation exemptions for the Investment Companies. The amendments are applicable for annual periods beginning on or after 1 January 2016, while earlier application is permitted and have not yet been approved by the European Union.

#### **IAS 1 (Amendment) " Presentation of Financial Statements " - Disclosure Initiative**

The amendments to IAS 1 adopted by the Council on December 18, 2014, clarify that the significance applied to the whole of the financial statements and the inclusion in such trivial information may encumber the usefulness of the disclosures. In addition, the amendments clarify that the companies should use their professional judgment, determining where and in which order the information in disclosures is presented on the financial statements. There are also clarified issues regarding the subtotals and the presentation of the data of the other comprehensive income arising from the investments that are accounted by using the equity method. The amendment is effective for annual periods beginning on or after January 1, 2016 and was adopted by the European Union on 18 December 2015.

#### **IAS 16 and IAS 38 (Amendments) - «Clarification of acceptable methods of depreciation and amortization»**

The amendments clarify that revenue-based method is not considered to be appropriate for the calculation of the depreciation of a fixed asset and that revenues are not considered to be the appropriate basis for the measurement of the consumption of economic benefits attached to an intangible asset. The above are not the case when the intangible asset is expressed as a means for the calculation of revenues or when it can be proved that the revenues and the consumption of the economic benefits emanating from the intangible asset are closely related.

The amendments are applicable to annual periods beginning on or after 1 January 2016 and were adopted by the European Union on 2 December 2015.

#### **IAS 16 and IAS 41 (Amendments)- «Agriculture: Bearer Plants»**

The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. The amendments

are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted, and were adopted by the European Union on 23 November 2015.

**IAS 27 (Amendment) "Separate Financial Statements" Equity Method in Separate Financial Statements**

The amendment in IAS 27 that issued the IASB on August 12, 2014, permits to an entity to use the equity method in order to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. This is an accounting policy option for each investment category. The amendment is effective for annual periods beginning on or after January 1, 2016 and was adopted by the European Union on 18 December 2015.

**IFRS 11 (Amendments) "Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations"**

The amendments clarify that an investor applies the acquisition method when the investor acquires an interest in a joint business. The amendments are effective for annual periods beginning on or after 1 January 2016 and were adopted by the European Union on 24 November 2015.

**IAS 19 (Amendment) "Employee benefits" - "Employee contributions"**

The amendment is applicable for annual periods beginning on or after 1 February 2015. The amendment clarifies how contributions by employees or third parties associated with the service shall be paid in periods of service. Indeed, it permits a practical solution for accounting the contributions that are independent from the number of the years of service, e.g. the employee contributions that are calculated according to a flat rate on the salary.

**Standards and Interpretations mandatory for future periods which have not been adopted on a prior basis by the Company and the Group**

The following new standards, amendments of standards and interpretations have been issued but they are mandatory for future periods. The Company and the Group have not adopted the following standards on a prior basis and the Company assesses their effect on the financial statements.

**IFRS 9 "Financial Instruments"**

On 24 July 2014 the Board issued the final version of IFRS 9, which includes the classification and measurement, the impairment and the hedge accounting. The standard will replace IAS 39 and all previous versions of IFRS 9. The financial assets are valued at the non-depreciated cost, at the fair value through the results, or at the fair value through the other comprehensive income, based on the business model of the company with regard to the management of the financial assets and the conventional cash flows of the financial assets. Apart from the risk of the entity, the classification and measurement of the financial liabilities has not changed in comparison to existing requirements. The Group and the Company are in the process of assessing the effect from IFRS 9 on the financial statements. IFRS 9 is mandatorily applied for annual accounting periods beginning on or after 1<sup>st</sup> January 2018 whereas it was adopted by the European Union on 22 November 2016.

**IFRS 15 "Revenue from Contracts with Customers"**

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

The new standard establishes a single, five-step model that shall be used for revenue arising from a contract with a customer (with limited exemptions), regardless of the nature of the revenue transaction or the sector. The requirements of the standard will be applied also for the recognition and measurement of gains and losses from the sale of certain non-financial assets that do not constitute production from the entity's usual activities (e.g. sales of property, plant and equipment or intangible assets). Further disclosures shall be required, including an analysis of the total revenue, information in relation to return obligations, changes in the balance of the contract's assets and liabilities between the periods and critical judgments and estimates. The IFRS 15 was approved by the European Union on 22 September 2016.

#### **IFRS 14 — Regulatory Deferral Accounts**

On 30 January 2014, IASB published the above standard. The scope of IFRS 14 is to define the requirements concerning the financial information about the outstanding balances of the “regulatory deferral accounts” arising when an entity provides good or services to customers at a price or rate that is subject to rate regulation.

IFRS 14 permits an economic entity adopting for the first time the IFRS to continue accounting, with minor changes, for the “regulatory deferral account” balances according to the previous accounting standards, both in the case of the first time adoption of IFRS and in the case of subsequent financial periods. The balances and movements of these accounts are recorded separately in the statements of financial position, results and other comprehensive income, while certain disclosures are required. The new standard is applied for annual financial periods beginning on or after 1 January 2016 and has not been adopted by the European Union.

#### **IFRS 16 “Leases”**

On 13 January 2016 the International Accounting Standards Board (IASB) issued the IFRS 16 which supersedes the IAS 17. Purpose of the standard is to ensure that lessors and lessees provide useful information that presents fairly the substance of the transactions concerning leases. The IFRS 16 introduces a single lessee accounting model on lessee’s side, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. For the accounting, on the lessor’s side, the IFRS 16 substantially incorporates the requirements of the IAS 17. Consequently, lessors continue to classify leases as operating or finance, and follow different lessor accounting for each type of contract. The new standard is applicable for annual periods beginning on or after 1 January 2019 and has not yet been approved by the European Union.

#### **IFRS 10 (Amendment) "Consolidated Financial Statements" and IAS 28 (Amendment) "Investments in Associates and Joint Ventures" - Sale or Contribution of assets among the Investor and the Associate or Joint Venture**

The main consequence of the amendment issued by the IASB on September 11, 2014, is that the full gain or loss is recognized when a transaction involves a company (whether is based on a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a corporation, even if these assets are located in a subsidiary. The amendment is effective for annual periods beginning on or after January 1, 2016 and has not been adopted by the European Union.

#### **IAS 12 (Amendment) “Recognition of Deferred Tax Assets for Unrealized Losses”**

The amendment clarifies the accounting concerning the recognition of deferred tax assets for unrealized losses incurring from debt instruments measured at fair value. The amendment is applicable for annual periods beginning on or after 1 January 2017 and has not yet been approved by the European Union.

#### **IAS 7 Statement of Cash Flows (Amendment) “Disclosures”**

The amendment introduces mandatory disclosures that enable users of financial statements to evaluate the changes in liabilities arising from financing activities. The amendments shall require entities to provide disclosures that permit investors to evaluate changes in liabilities arising from financial activities, including changes arising from cash flows and non-cash changes. The amendment is applicable for annual periods beginning on or after 1 January 2017 and has not yet been approved by the European Union.

#### **IFRS 2 Share-based Payment (Amendment) “Classification and Measurement of Share-based Payment”**

The amendment to IFRS 2 “Share-based Payment” clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority. The amendment is applicable for annual periods beginning on or after 1 January 2018 and has not yet been approved by the European Union.

#### **IFRS 4 (Amendment) “Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts”**



The Board issued on 12 September amendments to IFRS 4 to address concerns about applying the new standard IFRS 9 Financial Instruments before the application of the new Board amended IFRS 4. The amendments introduce two approaches: overlay approach and temporary exemption. The amended standard shall:

- Allow all companies that issue insurance contracts to recognize in OCI, rather than profit or loss, the volatility that may arise when IFRS 9 is applied before the new insurance contracts.
- Provide to companies with activities predominantly connected with insurance an optional temporary exemption to defer the application of IFRS 9 until 2021.

The amendment is applicable for annual periods beginning on or after 1 January 2018 and has not yet been approved by the European Union.

#### **Clarifications to IFRS 15 “Revenue from Contracts with Customers”**

On April 2016, the IASB issued clarifications to IFRS 15. The amendments to IFRS 15 do not change the basic principles of the Standard but provide clarification on how to apply these policies. The amendments clarify how to identify performance obligations recognized as a contract, how to determine whether an entity is a principal or an agent and how is determined whether the revenue from granting a license should be recognized as transferred at a point in time or over time. The Company (The Group) will assess the impact of all the above on its financial statements, however is not expected any. The amendment is applicable for annual periods beginning on or after 1 January 2018 and has not yet been approved by the European Union.

#### **Annual Improvements to IFRSs 2014-2016 Cycle**

The amendments of the 2014 - 2016 Cycle were issued by the IASB on 8 December 2016, are applicable for annual periods beginning on or after 1 January 2018 and have not yet been approved by the European Union. The amendments below are not expected to have a material impact on the financial statements of the Company (The Group) unless it is stated otherwise.

#### **IFRS 1 first time adoption of international financial reporting standards**

The amendment eliminates the “Short-term exceptions from IFRS” which were required from the Section E of the IFRS 1 under the reasoning that they have already served their purpose and they are not any longer necessary.

#### **IAS 28 (Amendment) “Measuring an Associate or Joint Venture at fair value”**

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

#### **IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of the Standard**

The amendment clarified the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10-B16, apply for an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

#### **IAS 40 “Investment Property” Transfer of Investment Property**

The amendments to IAS 40 issued by the IASB on 8 December 2016 clarify that an entity can transfer a property to, or from investment properties, when and only when, there is evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. A change in management's intentions for the use of a property, in isolation, is not evidence of a change in use to support a transfer.

The amendment is applicable for annual periods beginning on or after 1 January 2018 and has not yet been approved by the European Union.

#### **IFRIC 22 Interpretation “Foreign currency transactions and Advance consideration”**

The Interpretation 22 clarifies the accounting for foreign currency transactions including the receipt or the payment of consideration in advance. Specifically, it applies for the foreign currency transactions where an entity recognizes a non-monetary asset or liability arising from the payment or the receipt of consideration in advance before the entity recognizes the related item as expense or revenue. The interpretation states that the date of the transaction, for the purpose of determining the exchange rate

to use on initial recognition of the related item, should be the date on which an entity initially recognizes the non-monetary asset or liability arising from the advance consideration. If there are multiple payments or receipts in advance, the date of transition is determined for each payment or receipt.

The interpretation is applicable for annual periods beginning on or after 1 January 2018 and has not yet been approved by the European Union.

## 2.2 Basis for preparation of the financial statements

ELASTRON S.A Company and Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations, as such have been adopted by the European Union. The transition date of the Group to IFRS was set as January 1<sup>st</sup> 2004, during which the Opening Balance Sheet was prepared.

The above statements are based on the financial statements prepared by the Company and Group in accordance with Greek Trade Law and the tax legislation as it is in effect, with the appropriate off-balance sheet adjustments made in order to comply with the IFRS, and they have been prepared according to the historic cost principle (tangible assets, land-plots, buildings – building facilities were valued at fair value during the transition date) except for financial derivatives that are valued at fair value.

The preparation of the financial statements in accordance with generally accepted accounting principles requires the use of evaluations and assumptions that affect the balances of asset and liabilities accounts, the disclosure of contingent receivables and payables on the preparation date of the financial statements, as well as the reported income during the financial periods in question. Even though these specific evaluations are based on the Management's best knowledge, the actual results may eventually differ from such estimates.

## 2.3 Consolidation

The consolidated financial statements consist of the financial statements of the parent Company ELASTRON S.A. and the other Group companies, which are the following:

COMPANY	DOMICILE	BUSINESS ACTIVITY	PARTICIPATION STAKE	PARTICIPATION COST	CONSOLIDATION METHOD
TATA ELASTRON S.A.	Thessaloniki	Commerce and processing of steel products	50.00% (Joint venture)	5,000,000.00	Equity
BALKAN IRON GROUP S.R.L.	Bucharest, Romania	Commerce and processing of steel products	33.33% (Joint venture)	800,000.00	Equity
KALPINIS SIMOS BULGARIA EOOD	Sofia, Bulgaria	Commerce and processing of steel products	100.00%	10,000.00	Full
PHOTODEVELOPMENT SA	Aspropyrgos	Production of electric energy from Photovoltaic stations	98.6%	325,500	Full
PHOTODIODOS SA	Aspropyrgos	Production of electric energy from Photovoltaic stations	98.3%	265,533.70	Full
PHOTOENERGY SA	Aspropyrgos	Production of electric energy from Photovoltaic stations	97.5%	175,500	Full
ILIOSKOPIO SA	Aspropyrgos	Production of electric energy from Photovoltaic stations	97.5%	175,500	Full
PHOTOKYPSELI SA	Aspropyrgos	Production of electric energy from Photovoltaic	97.5%	175,500	Full

		stations			
PHOTOISXYS LTD	Aspropyrgos	Production of electric energy from Photovoltaic stations	100.00%	80,000	Full
ELASTRON AGRICULTURAL SA	Xanthi	Production of agricultural products from glasshouse cultivations	100.00%	2,700,000	Full

\* The participation cost does not include any impairment.

In the beginning of the second quarter, the parent company ELASTRON SA proceeded with the acquisition of the business interest of TATA STEEL NEDERLAND BV in the associate company CORUS KALPINIS SIMOS SA for an amount of € 700 thousand. The company CORUS KALPINIS SIMOS was a 50/50 joint venture between ELASTRON and TATA STEEL dealing with the production of polyurethane used for building constructions and freezer/chill rooms. The outcome of the above acquisition settled at a profit of € 852 thousand and is included in the item "Other income" of the consolidated financial statements of the Group on 31/12/2016. At the same time, the Board of Directors of the two companies approved their merger through the absorption of the company CORUS KALPINIS SIMOS from the company ELASTRON as they assessed that it will contribute decisively to the improvement of the company's operating profitability through the attainment of significant economies of scale. The balance sheet of 30/06/2016 was used as the basis for the above corporate transformation. The Ministry of Finance and Development approved the above merger with its decision on 30/11/2016.

The effect on the assets and liabilities of the Group at the date of the acquisition is depicted in the following table:

	Recognized Value
Tangible assets	3,460,066.42
Intangible assets	91,713.32
Trade and other receivables	5,605,996.48
Cash and cash equivalents	1,072,055.91
Loans	-6,528,500.54
Suppliers and other liabilities	-598,028.26
Current tax liabilities	-0.00
<b>Total</b>	<b>3,103,303.33</b>
Value of participation	1,551,651.67
Cost of investment	700,000.00
<b>Positive difference of acquisition in the results</b>	<b>851,651.67</b>

In the agricultural division of the group, the Board of Directors of ELASTRON AGRICULTURAL SA, based on the decision of 28/12/2016, approved the merger of the company with the company Thrace Greenhouses SA. Specifically, it was decided the absorption of the company from the company Thrace Greenhouses SA according to the provisions of articles 68-78 of P.L. 2190/1920 as it is in effect, in combination with the beneficial provisions of Law 2166/1993 (articles 1-5). At the same time, the Board authorized a representative of the company in order to prepare along with the representative of the absorbed company the required by the article 69, paragraph 2 of P.L. 2190/1920 Merger Agreement Plan.

The decision for the merger of the companies was taken on the basis that both companies already operate as one entity as they possess adjacent production units whereas at the same time they have common management, corporate strategy and goals. As result, the particular merger is expected to



generate significant economies of scale, reduce operating costs and achieve greater and more effective management and organization results. It is also expected that it will lead to the further expansion of the new company's activities and generate greater shareholder value.

The share capital of the new company deriving after the merger will settle at 5,500,000.00 Euro and will be divided into 550,000 shares with nominal value of 10.00 Euro per share. The exchange ratio of the absorbed company in relation to the shares which will be received by its shareholders from the absorbing company was determined as percentage of the share capital of the absorbing company after the merger, as follows:

Company	Share Capital	Number of Shares	Percentage %
THRACE GREENHOUSES S.A.	2,800,000.00	280,000	50.91%
ELASTRON AGRICULTURAL S.A.	2,700,000.00	270,000	49.09%
<b>TOTAL SHARE CAPITAL INCREASE</b>	<b>5,500,000.00</b>	<b>550,000</b>	<b>100.00%</b>

The absorbed company ELASTRON AGRICULTURAL SA will participate in the total equity of the absorbing company THRACE GREENHOUSES SA after the merger with 270,000 shares and its shareholders will receive one (1) new share for each one (1) old share issued by the absorbing company due to the share capital increase following the merger. With the completion of the merger, the absorbing company will issue new shares which will be exchanged with the shares held by the shareholders of the absorbing company based on the above exchange ratio. The Board of Directors of the merged companies determined the above exchange ratio taking into account the share capital of the merged companies on 31.12.2016.

The companies TATA ELASTRON SA, CORUS KALPINIS SIMOS SA and BALKAN IRON GROUP SRL are consolidated in the financial statements of the Group on 31.12.2016 through the equity method based on the requirements of IFRS 11. The participations in these companies are analyzed as follows:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
TATA ELASTRON SA	657,171.78	1,400,186.61	4,440,000.00	5,000,000.00
CORUS KALPINIS SIMOS SA	0.00	1,400,186.81	0.00	3,081,750.00
BALKAN IRON GROUP SRL	492,188.98	509,769.27	800,000.00	800,000.00
<b>Total</b>	<b>1,149,360.76</b>	<b>3,618,196.28</b>	<b>5,240,000.00</b>	<b>8,881,750.00</b>

Cross-company transactions, balances and unrealized profit from transactions between the companies of the Group are written-off. The unrealized losses are also written-off, unless the transaction provides indications of impairment of the transferred asset. During the acquisition of a company, the assets, liabilities as well as contingent obligations acquired are estimated at fair value on the acquisition date.

The acquisition cost, by the amount that exceeds the fair value of the acquired net assets (assets – liabilities – contingent obligations), is recorded as goodwill in the financial year when the acquisition took place.

In the event that the acquisition cost is less than the above fair value, the difference is recorded in the results of the financial year when the acquisition took place. Minority interest is recorded according to its proportion on fair value. In subsequent financial years, any losses are proportionally distributed to the minority, in addition to minority interest.

The results of the acquired or sold subsidiaries within the financial year are included in the consolidated statement of results from or until the date of acquisition or sale, respectively. The accounting principles of the Group's companies have been amended so as to conform to those adopted by the Group. The participation of the above companies in the ELASTRON S.A. Company financial statements is measured at acquisition cost, minus any provision for impairment of their value.

## 2.4 Foreign Exchange translations

The reference currency of the Group is the Euro and therefore the financial statements are presented in Euro (€). Transactions in foreign currency are translated to Euro using the applicable exchange rates on the date of the transactions. Receivables and liabilities in foreign currency on the date the financial statements were prepared are adjusted so as to reflect the exchange rates prevailing during the preparation date. The profits and losses that arise from such transactions are recorded in the results.

The operating currency of foreign subsidiaries is the official currency of the country where each respective company operates. As regards to foreign subsidiaries which operate in a country with a currency other than the Euro, all balance sheet figures of such during the preparation of the Financial Statements, are translated to Euro using the spot exchange rate as at the financial statements date, while the revenues and expenses are translated using the average exchange rate during the reporting period. The cumulative difference that results from the aforementioned conversion is registered directly in equity until the sale, write-off or de-recognition of a subsidiary, in which case such are transferred to the results.

## **2.5 Consolidated Financial Statements**

### **(a) Subsidiaries**

Subsidiaries are companies over which the parent Company exercises control. The subsidiaries are fully consolidated using the full consolidation method from the date whereupon control over them is acquired and they stop being consolidated from the date upon which such control ceases to exist. The inter-company balances between the Group's companies, transactions between the Group's companies, as well as the unrealized profits are fully written-off in the consolidated financial statements. The consolidated financial statements are prepared using the same accounting principles, while necessary adjustments are made whenever deemed necessary. Investments in subsidiaries are registered at acquisition cost minus any impairment.

### **(b) Related – Associate Companies**

Associated companies are those over which the parent Company exercises substantial influence and which are not considered subsidiaries or joint ventures. In general, ownership of 20% to 50% of voting rights indicates the existence of substantial influence. Investments in related companies are accounted for using the net equity method and are initially registered at acquisition cost.

### **(c) Joint Ventures (Entities under joint control)**

The entity under joint control is a joint venture that consists of the incorporation of a Company in which each participant receives a share. It operates like any other entity except that there is a contractual arrangement between the participants that determines the joint control of the entity's financial activities. From 01.01.2013, the Company consolidates its stake in joint ventures using the equity consolidation method.

## **2.6 Tangible Fixed Assets**

Tangible assets are recorded in the financial statements at their acquisition cost (historical cost) minus accumulated depreciation and any impairment in value. The acquisition cost of land plots and buildings/ building installations was determined on the transition date to market value. The Group assigned the appraisal of its properties to an independent appraiser in order to record such at fair value on the transition date. The acquisition cost includes all the expenses directly attributable to the acquisition of the assets. Subsequent additions and improvements are recorded as an increase in the cost of related assets, given that such increase the useful life or production capacity of the asset or decrease its operating cost. Repairs and maintenance are recorded as expenses in the period during which such were carried out.

Depreciation of tangible assets (apart from land plots, which are not depreciated) is calculated based on the straight-line method over their estimated useful life. The estimated useful life per class of fixed

assets is as follows:

Buildings/ Building Installations etc.	10 – 30 years
Mechanical Equipment etc.	10 – 30 years
Vehicles	10 – 20 years
Other Equipment	3.3 – 15 years

When the book value of tangible assets exceeds their recoverable value, the difference (impairment) is recorded as an expense in the results. The related cost and accumulated depreciations of assets that are sold or withdrawn are written off from the corresponding accounts at the time of withdrawal or sale, and corresponding profits or losses are recorded in the period's results.

## **2.7 Intangible Assets**

Intangible assets include software, which is valued at acquisition cost minus amortization. The amortization is estimated using the straight line method throughout the useful life of such assets, which is approximately 3.3 years. Expenses generated from the development and maintenance of software are acknowledged as expenses when they are incurred.

## **2.8 Investment property**

Investments property corresponds to property (land plots or buildings or part of a building or both) that are owned (by the owner or by the lessee with financial leasing) in order to yield rents or an increase in their value or both, and not for:

- Use in production (plants) or procurement of goods (warehouses) or for administrative purposes (office buildings);
- Sale in the regular course of the Company's business.

Investments property is valued according to the acquisition cost method (in the exact manner as operational property) and are recorded in the balance sheet at acquisition cost minus accumulated amortization and accumulated impairment losses.

## **2.9 Non-current assets held for sale and discontinued operations**

The aim of the present IFRS 5 is to determine the accounting treatment of the assets being held for sale and the presentation and disclosure of discontinued operations. Specifically, the present IFRS requires:

- a) assets that fulfill the classification criteria of being held for sale should be valued at the lowest value between the book value and the fair market value minus the sales cost, while the amortization of these assets should cease, and
- b) the assets that fulfill the classification criteria of being held for sale should be separately presented in the statement of financial position and the results of the discontinued operations should be separately presented in the results.

## **2.10 Impairment review of tangible and intangible assets**

Assets that are depreciated are subject to an impairment review when there are indications that their book value is not recoverable. Recoverable value is the larger value between the net sale value (selling price less selling expenses) and value in use. Loss due to impairment of assets is recognized when the book value of these items or the cash-flow generating units is greater than their recoverable amount.

## **2.11 Segment reporting**

IFRS 8 which replaces IAS 14, adopts the approach of presenting segment information, based on the manner in which such is presented internally to those that make decisions for the allocation of resources and the audit of the effectiveness of the company's operations. The segments constitute

parts of an entity that are reviewed regularly by the entity's CEO / Board of Directors and are presented in the financial statements according to this internal categorization.

A business segment is defined as a group of assets and operations which include products and services that are subject to different risks and returns than those of other business segments. A geographic segment is defined as a geographic area where products and services are provided and which is subject to different risks and returns than other areas.

## **2.12 Borrowing Cost**

The underwriting, legal, and other direct costs incurred related to the issue of a loan, readjust the borrowing amount recorded in the Results based on the effective interest rate method for the duration of the loan agreement. The borrowing costs are recorded in the results on the date they are incurred. The amount of the borrowing cost that corresponds to the construction period of tangible fixed assets is recognized as an increase to the latter's value.

## **2.13 Financial Assets**

(a) Financial Assets measured at fair value with changes recorded in the results

Such concern financial assets that meet any of the following criteria:

- Financial assets held for commercial purposes (including derivatives, excluding those that are specified and effective as hedging instruments), are those acquired or created with the intent of sale or re-purchase, and finally those that are part of a portfolio of recognized financial instruments that are managed with the objective to create profit.
- Upon initial recognition, the company specifies the asset as measured at fair value by recording the changes in the results.
- On the Group's Balance Sheet, the transactions and fair value measurements of derivatives are recorded in separate accounts of the Assets and Liabilities under the title "Financial Derivatives." Fair value changes of derivatives are recorded in the results.

(b) Financial Derivatives and Hedging Instruments

The Group uses financial derivatives such as forward foreign exchange contracts. Derivatives are valued at fair value during the reference date. For purposes of hedge accounting, the hedges are classified as cash flow hedges when used to hedge the volatility of cash flows in relation to a recognized asset or liability, or in relation to a very possible commitment.

The overall hedged portion of the profit – loss in a measurement of derivatives, is recognized and recorded directly in equity if such is a cash flow hedge, while the non-effective portion is recorded in the results.

Amounts recorded as an equity reserve are transferred to the results in the period when the hedged item affects the profit or losses.

In cases of hedged of estimated future transactions, which lead to the recognition of a non-monetary item (inventory etc) or liability, then the profit or losses that had been recorded in equity are transferred to the acquisition cost of the resulting non-financial assets.

(c) Investment held until maturity

This category includes non-derivative financial assets with fixed or pre-defined payments and a specific maturity, which the Group has the intent and ability to hold until maturity.

(d) Financial assets available for sale

Such include non-derivative financial assets that cannot be included in any of the above categories. They are included in the non-current assets, provided that management does not intend to liquidate them within a 12-month period from the Balance Sheet date.

The purchase and sales of investments are recorded on the date of the transaction, which is the date that the Group commits itself to purchase or sell the asset. The investments are initially accounted for at fair value increased by the direct expenses ascribed to the transaction, with the exception as

regards to the direct expenses ascribed to the transaction, for those assets that are measured at fair value with changes recorded in the results. Investments are written-off when the right to the cash flows from investments ceases to exist and the Group has transferred all the risks and rewards that the emanate from ownership. The financial assets available for sale are valued at fair value, while the profit or losses that may arise are recorded in the equity reserves until such assets are sold or designated as impaired. During the sale or when designated as impaired, the profit or losses are transferred to the results.

The fair values of financial assets that are traded on active markets are determined by their market prices. For the non-traded assets, the fair values are determined using valuation techniques, such as discounted future cash flows and option valuation models.

On each balance sheet date, the Group must proceed with estimations on whether its financial assets have been subject to impairment. For equity instruments, which have been classified as financial assets available for sale, such an indication constitutes a significant reduction to their fair value compared to their acquisition cost. If there is impairment, the cumulative loss in equity is transferred to the results. Impairment losses from equity instruments that have been registered in the results are not reversed through results.

(e) Recognition, write-off, definition of fair values

The purchase and sales of investments are recognized on the date of the transaction, which is the date that the Group commits itself to purchase or sell the asset. Investments are initially recognized at fair value plus the expenses directly attributed to the transaction, with the exception as regards to those expenses directly attributed to the transaction, for items that are valued at fair value with changes in the results.

The investments are written-off when the right to the cash flows from investments expires or is transferred and the Group has essentially transferred all the risks and income emanating from ownership.

The realized and unrealized profit or losses arising from changes in fair values of the financial assets measured at fair value with changes in the results are recorded in the results during the period in which such arise.

The fair values of the financial assets that are traded on active markets are determined by the current bid prices. For non-traded assets, fair values are determined using evaluation techniques such as the analysis of recent transactions, comparative assets traded, and discounted cash flows. The equity instruments, non-traded in an active market, that have been classified under the category Financial Assets Available For Sale and the fair value of which cannot be determined in a reliable way, are valued at acquisition cost.

(f) Impairment of financial assets

On every balance sheet date, the Group estimates whether there is objective evidence leading to the conclusion that the financial assets have been subject to impairment. For shares of companies classified as financial assets available for sale, such an indication consists of the significant or extended drop of their fair value in relation to their acquisition cost. If impairment is substantiated, the accumulated loss to equity, namely the difference between acquisition cost and fair value, is transferred to the results.

## **2.14 Inventories**

Inventories are measured at the lower value between acquisition or production cost and their net liquidation value.

The cost is determined by the weighted average cost method and includes expenses for acquiring the inventories or expenses for their production and the expenses for transporting them to their storage location. Borrowing cost is not included in the acquisition cost of inventories.

The net liquidation value is estimated based on the current selling price of inventories in the context of normal activity, minus the given distribution cost, where applicable.

### **2.15 Cash and cash equivalents**

Cash and cash equivalents include cash in hand as well as sight and term deposits.

### **2.16 Share capital and reserves**

Share capital includes common registered shares of the company and reserves from the issue of shares above par (share premium). Expenses that were made for the issue of shares are recorded following the deduction of the relevant income tax, minus the issue product, in the share premium. The costs realized on the issue of shares, appear after deducting the related income tax in reduction of the issue proceeds, in the share premium.

### **2.17 Loans**

Loans are initially recorded at fair value minus by any direct costs for the implementation of the transaction. They are subsequently measured at the net book cost, using the effective interest rate method. Loans for which the Company is entitled to defer repayment for more than 12 months are considered long term.

### **2.18 Income Tax – Deferred Income Tax**

The burden of the financial year with income tax includes current taxes and deferred taxes, namely taxes or tax deductions related to the economic benefits arising in the current period but which have already been accounted for or will be accounted for by the tax authorities in different periods.

Deferred tax is calculated upon all the temporary differences of the balance sheet (the difference between the book value of each asset and its corresponding recognized tax value).

Concerning readjustment for non-depreciated fixed assets (sports fields, etc.) at their fair value, the deferred tax is calculated upon their liquidation (selling) value.

The cost of deferred taxes burdens the results of the financial year in which such are accounted. However, in the event that the temporary differences have been recorded in equity, the corresponding deferred tax is directly recorded in equity.

Deferred tax is not recorded for a tax liability that may be created solely pursuant to a decision made by the Company.

Deferred tax assets and liabilities are valued based on the expected tax rates to be applied during the fiscal period when the asset or liability will be settled, after considering the tax rates (and tax laws) in effect up to the Balance Sheet date. In case where the reversal time of the temporary differences cannot be determined, the tax rate to be applied is the tax rate in effect as of the date following the Balance Sheet date.

The recording of an asset for deferred income tax occurs only when there is certainty that the Company will achieve profits in the future, in order to offset the present asset with the future tax liability.

The loss during a financial year (or period) that is carried forward to the next financial year (or period) in order to offset the taxable profits of a following financial year (or period) contains a tax asset equal to the income tax that will be to the benefit of the Company in the next financial year (or period) in which the offsetting will occur. This asset is recorded when it is deemed certain that the Company will achieve profits in the future in order for it to be possible to offset the liability.

When there is a change in tax legislation, the tax liabilities and assets recorded in the books are adjusted accordingly. The adjustment differences are accounted for in the financial year results.



## 2.19 Employee benefits

### (a) Short-Term Benefits:

Short-term employee benefits in cash and in goods are recorded as expenses when such become accrued.

### (b) Post-employment benefits

Post-employment benefits include both defined contribution plans as well as defined benefit plans. The accrued cost of the defined contribution plans is recorded as expense in the period it refers to. The liabilities emerging from the defined benefit plans to employees are calculated in the discounted value of the future benefits granted to the personnel and have been defined as accrued at the balance sheet date. The commitment for the defined benefit is calculated annually from independent actuarial professional with the use of the projected unit credit method.

The actuarial gains and losses emerging from empirical adjustments and from changes in the actuarial assumptions, are recognized in the other comprehensive income of the period they refer to. The prior service cost is directly recognized in the results.

### (c) Benefits of service termination

The benefits of service termination are payable when the Group either terminates the employment of employees prior to retirement, or following a decision made by employees to accept the benefits offered from the Group in exchange for their employment termination. The Group recognizes the benefits for employment termination as liability and expense during the earliest of the following dates: a) when the economic entity is not able any longer to withdraw the offer of these benefits and b) when the economic entity recognizes the restructuring cost which relates to the field of IAS 37 and results into the payment of benefits for service termination. Benefits for service termination which are due for 12 months after the balance sheet date are discounted.

## 2.20 Provisions

Conditions for recording provisions:

- Legal Commitment

Contract, Legislation, or other application of the Law.

- or Constructive Obligation

This is an obligation that arises from past Company practice, published practices or a specific public statement.

- Reliable estimate of the amount
- Arises from past events (present obligation)
- Possible outflow of economic resources is possible from the settlement of the obligation.

The conditions for registration of provisions must apply cumulatively. A provision shall only be registered where the obligation exists, regardless of future Company actions. Where the Company can avoid the expense, no obligation exists and no provision is registered. A Board decision does not suffice for the registration of a provision, since the Board may revoke its decision. A provision may also represent future expenses necessary for the acquisition of future economic benefits. In these cases, the amount of the provision is capitalized as an asset.

Provisions are reviewed at the end of each period and are adjusted in order to reflect the best possible estimates and, where necessary, are discounted at a pre-tax discount rate.

### **2.21 Recognition of income**

Income includes the fair value of sales of goods and the provision of services, net of VAT, discounts and refunds and are accounted for only when the economic benefits associated with the transaction shall be received by the Company.

Inter-Company income within the Group is written-off entirely.

Income recognition is carried out as follows:

(a) Income from sale of goods

Sales of goods are recognized when the Group has transferred the material risks and benefits arising from ownership of the goods to the buyer and the receivable amount can be reliably valued and its collection is reasonably assured.

(b) Income from provision of services

Income from the provision of services is calculated based on the service's completion stage with regard to its estimated total cost.

(c) Interest income

Interest income is recorded based on the time proportion (accrual principle) and by employing the effective interest rate.

(d) Income from dividends

Dividends are recognized as income when the shareholders' right to collect them has been established (that is, after their approval by the General Meeting).

### **2.22 Leases**

Leases where risks and benefits of ownership are transferred from the lessor to the lessee are classified as financial leases, regardless of whether the ownership is eventually transferred or not. In this case, the fixed asset and liability are recorded at the lowest of the present value of minimum benefits guaranteed by the lessor or the fair value of the asset. Financial lease payments include the amount of principal and the financial expense. The financial expense should be allocated in the results so as to provide a fixed rate on the balance of the liability.

A lease is classified as financial or operating based on the essence of the transaction and not the type of contract.

If it arises from the lease agreement that all the benefits and risks derived from the ownership of the asset substantially remain with the lessor, then it is classified as an operating lease. The lease payments of an operating lease are registered as an expense in the results on a regular basis during the lease period.

### **2.23 Dividend distribution**

Distribution of dividends to the parent Company's shareholders is recorded as a liability in the financial statements when distribution is approved by the shareholders' General Meeting.

### **2.24 Government Grants**

Government grants are initially recognized in the Balance Sheet as deferred income, when the collection of the grant is fairly certain and the Group is expected to comply with all required conditions. Grants that concern the Group's expenses are recognized as other operating income on a regular base in periods when the respective expenses are recognized. Grants that concern the acquisition

cost of the Group's assets are recognized as other operating income on a regular base according to the useful life of the corresponding assets.

### **2.25 Earnings per share**

Basic earnings per share are calculated by dividing the net earnings after taxes with the weighted average number of shares during each financial year.

### **2.26 Long-term Receivables / Liabilities**

Long term receivables and liabilities, which are without interest or bear an interest lower than the given market rates, appear at their net present value. The discount differences are presented as financial income / expenses in the Results of the given year in which they occur.

### **2.27 Related parties**

Transactions and balances with related parties appear separately in the financial statements. Such related parties basically concern the major shareholders and the management of a business and/or its subsidiary companies, companies with a joint ownership status and/or management with the business and the consolidated subsidiaries or subsidiaries of these companies.

### **2.28 Capital management**

It is the Group's policy to maintain a strong capital base in order to retain investors' and creditors' confidence and so that its future development will be supported. Management monitors equity, which it considers aggregately, with the exception of minority interest, so that the debt equity ratio (except for Company deposits) will amount to less than between 2 and 2.5 to 1.

In accordance with Codified Law 2190/1920, regarding société anonymes (SAs), limitations are imposed in relation to equity, as follows:

The acquisition of treasury shares, with the exception of acquisition with the intent of distribution to employees, cannot exceed 10% of the paid share capital and cannot result in the decrease of equity to an amount less than the amount of the share capital augmented by the reserves for which distribution is prohibited by Law.

In the event where the company's total equity amounts to less than 1/2 of share capital, the Board of Directors is obligated to convene a General Meeting, within a period of six months from the end of the financial year, which will decide on the dissolution of the Company or the adoption of another measure.

When the Company's total equity reaches below 1/10 of the share capital and the General Meeting does not take the appropriate measures, the Company may be dissolved by a court decision following a claim by anyone with a lawful interest.

At least 1/20 of net earnings are deducted annually in order to form a statutory reserve, which is used exclusively to counterbalance, before any dividend distribution, any debit balance of the retained earnings account. The formation of this reserve is rendered optional when its amount reaches 1/3 of share capital. The payment of annual dividends to shareholders in cash, to an amount at least 35% of net earnings, after the deduction of the statutory reserve and the net result from the measurement of assets and liabilities at fair value, is mandatory. This is not applicable if decided by a General Shareholders' Meeting by a majority of at least 65% of the fully paid share capital.

In this case, the non-distributed dividend of up to at least 35% of the above net earnings is recorded in a special reserve for capitalization account, within four years with the issue of new shares that are offered at no charge to the entitled shareholders.

Finally, with a majority of at least 70% of the fully paid share capital, the General Meeting of shareholders may decide on the non-distribution of dividend.

The company complies fully with the relevant provisions imposed by law in relation to equity.

### *3. Financial risk management*

#### **C. RISKS AND UNCERTAINTIES**

According to the Act of Legislative Content (Gov. Gaz. 65 A'/28-06-2015) the Greek banking system entered into a bank holiday whereas capital controls were imposed in the country concerning the free transfer of capital domestically as well as abroad. Specifically, special authorization processes concerning the payments toward suppliers abroad were imposed which in turn generated significant delays in the processing of transactions, whereas the financial results of the companies were affected by additional operating and administrative costs.

In the above context, ELASTRON Group, thanks to its long-term relations with major suppliers abroad and also due to the significant dispersion of its liquidity in Greece and abroad, managed to maintain a steady flow of raw material supplies and continued on uninterrupted manner its operations although under especially unfavorable market conditions. It should be noted however, that with the passage of time, the regulatory framework of capital controls has significantly improved and as result the measure does not materially affect the ordinary activities of the Company and the Group.

In the context of its ordinary business activities, the Group is exposed to the following financial risks within the scope of its basic activity:

- 4) Credit risk
- 5) Liquidity risk
- 6) Market risk

The risk management policy is focused on the volatility of financial markets with the objective of minimizing the factors that may negatively affect its financial performance.

The risk management policies are applied in order to recognize and analyze risks which the Group faces, to set limits on risks assumed and to apply controls to such limits. The systems and policies applied are periodically reviewed to incorporate changes observed in market conditions and the Group's activities.

The risk management is performed by the Company's Finance Department, in cooperation with the Group's other departments and according to the guidelines and approvals of the Company's Board of Directors.

Adherence to risk management policies and procedures is controlled by the Internal Audit Department, which performs ordinary and extraordinary audits on the application of procedures, the findings of which are disclosed to the Board of Directors.

#### **1) Credit risk**

Due to the great dispersion of its clientele (no client exceeds 10% of total sales), the Group does not have a significant concentration of credit risk. Based on the credit policy approved by the Group companies' Board of Directors, all new clients are examined on an individual basis in terms of their creditworthiness prior to the proposal of the standard payment terms. Credit limits are set for each client; these are reviewed depending on ongoing conditions and, if necessary, the sales and collection terms are adjusted. As a rule, customer credit limits are determined on the basis of the insurance limits set for them by the insurance companies. While monitoring credit risk of customers, such are grouped according to their credit profile, the maturity of their receivables and any prior collection problems that may have emerged. Customer receivables mainly include the Group's wholesale clients.

Clients characterized as "high risk" are placed in a special client list and future sales are to be pre-collected and approved by the Board of Directors. At the same time, the Group makes impairment provisions which reflect its estimation on losses related to clients and other receivables. This provision mainly consists of impairment loss of specific receivables which are estimated on the basis of given conditions that such will be collected, but have not yet been finalized.

The amount of the impairment loss is estimated as the difference between the book value of receivables and the present value of estimated future cash flows, discounted by the initial effective

interest rate. The impairment loss amount is accounted for as an expense in the results. Receivables which are assessed as bad debts are written off.

The credit risk is limited to 20% of the total trade receivables, on the basis of the Group's insurance policies. The margin of this risk is limited even further as tangible or other guarantees (such as letters of guarantee) are requested wherever deemed necessary.

## 2) Liquidity risk

Liquidity risk is the risk that the Group might be unable to meet its financial liabilities when these become due. The approach adopted by the Group to manage liquidity is to secure the necessary cash and sufficient credit limits from the banks with which it cooperates, so that there is the appropriate liquidity for the fulfillment of the financial liabilities, under standard as well as unfavorable conditions without incurring unacceptable loss or risking its reputation. In order to minimize the liquidity risks, the finance division of the Group makes an annual provision for cash flows for the fiscal year when preparing its annual budget and a monthly rolling three-month provision so as to secure that it has sufficient cash to meet its operating needs, including its financial liabilities. This policy does not take into account the impact of extreme conditions, which cannot be foreseen. For this reason, the Management of the Group, by assessing the market conditions each time, maintains a certain amount of cash reserves for defensive purposes, in order to face any extreme or extraordinary situations. It is noted that for the entire debt obligations of the Group no tangible asset has been placed as collateral in favor of the banks, an element which indicates the especially high creditworthiness of the Group.

The following table presents an analysis of the Company's and Group's liabilities, based on their expiration and remaining duration as at 31.12.2016.

### Company:

Amounts in euro	Up to 1 year	From 1 to 5 years	Total
Loans	13,407,874.13	12,170,250.00	25,578,124.13
Suppliers & other liabilities	3,968,095.10	1,676,747.86	5,644,842.96
Grants (deferred income)	210,575.30	3,486,905.46	3,697,480.76
<b>Total liabilities</b>	<b>17,586,544.53</b>	<b>17,333,903.32</b>	<b>34,920,447.85</b>

### Group:

Amounts in euro	Up to 1 year	From 1 to 5 years	Total
Loans	15,890,595.82	12,390,250.00	28,280,845.82
Suppliers & other liabilities	4,301,334.45	2,116,370.41	6,417,704.86
Grants (deferred income)	274,504.04	4,786,122.77	5,060,626.81
<b>Total liabilities</b>	<b>20,466,434.31</b>	<b>19,292,743.18</b>	<b>39,759,177.49</b>

On 31.12.2016, the Company and the Group possessed cash and cash equivalents of € 4.2 and 4.7 million respectively.

## 3) Market risk

Market risk is the risk of change in prices of raw materials procured by the Group, the risk of change in the foreign exchange rates that the Group conducts transactions in and the risk of change in interest rates that the Group borrows at and which can affect the Group's results. The purpose of risk management against market conditions is to determine and control the Group's exposure to those risks, within the context of acceptable parameters while at the same time optimizing its performance.

### ➤ Metal (iron, steel, etc.) Raw Material Price Volatility Risk

The Group conducts its purchases mainly in the global steel market under normal market terms. Each change in the market price of raw materials is discounted for in the sales price, resulting in changes in the Group's profit margin during periods of big price fluctuations for raw materials in the world market. More specifically, in periods during which prices follow an upward trend, the Group's profit margins

improve, as the upward trend is transferred to the sales prices. Accordingly, when raw material prices follow a declining trend, the Group's profit margins decrease.

The Group does not apply hedging to cover its basic operating reserve, which means that any increase/decrease of metal prices may affect its results accordingly through depreciation or appreciation of inventories.

➤ **Foreign exchange risk**

The Group is exposed to foreign exchange risk from the purchase of inventories it makes in \$ (US Dollar), from the deposits denominated in \$ (US Dollar) as well as from the joint venture BALKAN IRON GROUP SRL, based in Romania, whose operating currency unit is the RON.

The Group's borrowings are euro denominated in their entirety while there are no receivables denominated in foreign currency.

Foreign currency is purchased in advance in order for the Company to limit its foreign exchange risk emerging from inventory purchase. The total liabilities of the Group as of 31.12.2016 are covered by equivalent purchases in advance of foreign currency and as a result there is no foreign exchange risk associated with the fluctuations of the US Dollar.

An increase by 10% of the Euro versus the US\$ and of the Euro versus the RON on 31 December would affect the equity and the results by negligible amounts for the Company.

➤ **Interest rate risk**

Interest rate risk arises mainly from long-term and short-term bank loans in € at the floating rate of Euribor.

The Group finances its investments, as well as its need for working capital, through equity, short-term bank loans, long-term loans and bond loans and as a result is burdened by interest expenses. Increasing trends in interest rates shall negatively affect results, as the Group incurs the additional borrowing cost.

The impact on the Results and Equity of the Group and Company would be as follows, if the interest rates of loans (Euribor) would be 1% higher/lower on average during the financial year 2016:

(Amounts in millions)	<b>Loans 31.12.2016</b>	<b>Effect on results before tax (+ / -)</b>
Group	28.3	0.3
Company	25.6	0.3

This would occur due to the higher/lower financial cost of bank borrowing with a floating rate in euro.

A smaller effect results from interest related income, from term deposits in euro.

The impact on the Results and Equity of the Group and Company would be as follows, if the interest rate on term deposits would be 1% higher/lower on average during financial year 2016:

(Amounts in millions)	<b>Sight and term deposits 31.12.2016</b>	<b>Effect on results before tax (+ / -)</b>
Group	4.7	0.1
Company	4.2	0.1



This would occur due to the higher/lower financial income from term deposits.

#### *4. Fair value of financial assets*

There is no difference between the fair values and the respective book values of the financial items of assets and liabilities, namely the trade and other receivables, the cash equivalents, the suppliers and other liabilities, the derivatives financial products and the loans.

Fair value of a financial item is the amount which is received from the sale of a financial item or paid for the settlement of an obligation in a transaction under normal conditions between two trading parties at the date of its valuation. The fair value of the financial items on 31.12.2016 was based on the best possible estimate on behalf of the Company's Management.

The ranking levels of fair value are the following:

- a) official stock exchange prices (without adjustment) in markets with significant trading volumes for similar assets or liabilities (Level 1)
- b) inflows, other than stock exchange prices which are included in Level 1, which can be observed for the financial asset or the liability, either directly (for example prices) or indirectly (as derivative of prices) (Level 2), and
- c) inflows for the financial asset or the liability which are not based on observable market data (non observable inflows) (Level 3).

The levels in the ranking scale of fair value, within which the measurement of fair value is fully classified, is defined by the inflow of the lowest level which is deemed as significant for the measurement of the entire fair value.

The methods and assumptions which were utilized for the estimation of the fair value are the following:

Cash and cash equivalents, trade and other receivables, suppliers and other liabilities: The accounting value is especially close to the fair value as the maturity of these financial items is in short-term and because there is no foreign exchange risk affecting the fair value.

Loans: The book value is the same with the fair value as these loans are in local currency and with the Euribor as floating interest rate.

#### *5. Significant accounting estimations and judgments by management*

The Group's management proceeds with estimates and assumptions regarding the progress of future events. Estimates and assumptions that entail significant risk of causing material adjustments to the book values of assets and liabilities within the coming 12 months are as follows:

##### **Tax unaudited years**

The parent company and the absorbed company "CORUS – KALPINIS SIMOS SA COATING MATERIALS" have not been tax audited for the financial year 2010. The company "TATA ELASTRON STEEL SERVICE CENTER" has not been tax audited until the financial years 2009 and 2010. However, the level of tax losses is deemed to exceed the accounting differences that may arise due to a tax audit in future. For the other companies of the Group, it is estimated that there is no need for provision with regard to the tax unaudited financial years. Therefore, on 31.12.2016, for the Company and the Group, there is no outstanding balance for provision for tax unaudited financial years.

## 6. Analysis of tangible fixed assets

The Group's fixed assets are analyzed as follows:

MOVEMENT OF FIXED ASSETS	Land-plots & buildings	Vehicles & Mechanical Equipment	Furniture & other equipment	Assets under construction	Intangible assets	Investment property & fixed assets for sale	Total
Book value	30,256,300.43	32,929,799.97	916,602.30	1,385,990.52	369,226.12	4,842,687.67	70,700,607.01
Accumulated depreciation/amortization and impairment	-6,212,910.49	-9,656,291.43	-717,678.27	0.00	-323,858.93	-1,426,598.82	-18,337,337.94
<b>Net book value 31.12.15</b>	<b>24,043,389.94</b>	<b>23,273,508.54</b>	<b>198,924.03</b>	<b>1,385,990.52</b>	<b>45,367.19</b>	<b>3,416,088.85</b>	<b>52,363,269.07</b>
Book value	31,483,127.25	43,321,156.55	1,230,051.59	687,411.02	498,801.56	4,842,627.67	82,063,175.64
Accumulated depreciation/amortization and impairment	-7,011,591.58	-17,608,803.28	-928,789.33	0.00	-381,114.82	-1,553,874.34	-27,484,173.35
<b>Net book value 31.12.16</b>	<b>24,471,535.67</b>	<b>25,712,353.27</b>	<b>301,262.26</b>	<b>687,411.02</b>	<b>117,686.74</b>	<b>3,288,753.33</b>	<b>54,579,002.29</b>

MOVEMENT OF FIXED ASSETS	Land-plots & buildings	Vehicles & Mechanical Equipment	Furniture & other equipment	Assets under construction	Intangible assets	Investment property & fixed assets for sale	Total
<b>Book value 1.1.2015</b>	<b>26,872,136.21</b>	<b>23,942,732.47</b>	<b>228,256.92</b>	<b>460,122.16</b>	<b>9,963.80</b>	<b>13,263.20</b>	<b>51,526,474.76</b>
Additions	-2,204,741.24	733,514.94	24,072.32	925,868.36	40,900.00	3,577,000.06	3,096,614.44
Depreciation/Amortization	-624,005.03	-1,386,969.41	-53,405.20	0.00	-5,496.61	-174,174.41	-2,244,050.66
Depreciation of assets sold/written-off	0.00	-119,032.50	-202,305.40	0.00	0.00	0.00	-321,337.90
Transfer to fixed assets	0.00	103,263.04	202,305.39	0.00	0.00	0.00	305,568.43
<b>Net book value 31.12.15</b>	<b>24,043,389.94</b>	<b>23,273,508.54</b>	<b>198,924.03</b>	<b>1,385,990.52</b>	<b>45,367.19</b>	<b>3,416,088.85</b>	<b>52,363,269.07</b>
Absorption of associate 30.06.16	233,027.25	3,049,989.22	54,859.65	0.00	88,938.79	-60.00	<b>3,426,754.91</b>
Additions	872,422.34	1,165,377.46	117,253.35	-698,579.50	2,774.53	0.00	1,459,248.18
Depreciation/Amortization	-677,303.86	-1,762,321.95	-66,490.86	0.00	-19,393.09	-127,275.52	-2,652,785.28
Sales - write-offs	0.00	-15,000.00	-87,104.52	0.00	-93,170.07	0.00	-195,274.59
Depreciation of assets sold/written-off	0.00	800.00	83,820.61	0.00	93,169.39	0.00	177,790.00
Transfer to fixed assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net book value 31.12.16</b>	<b>24,471,535.67</b>	<b>25,712,353.27</b>	<b>301,262.26</b>	<b>687,411.02</b>	<b>117,686.74</b>	<b>3,288,753.33</b>	<b>54,579,002.29</b>

The Company's fixed assets are analyzed as follows:

MOVEMENT OF FIXED ASSETS	Land-plots & buildings	Vehicles & Mechanical Equipment	Furniture & other equipment	Assets under construction	Intangible assets	Investment property & fixed assets for sale	Total
Book value	28,252,838.92	24,811,344.85	872,656.06	0.00	355,174.12	4,842,687.67	59,134,701.62
Accumulated depreciation/a mortization and impairment	-6,090,071.97	-8,255,898.90	-701,892.49	0.00	-318,880.33	-1,426,598.82	-16,793,342.51
<b>Net book value 31.12.15</b>	<b>22,162,766.95</b>	<b>16,555,445.95</b>	<b>170,763.57</b>	<b>0.00</b>	<b>36,293.79</b>	<b>3,416,088.85</b>	<b>42,341,359.11</b>
Book value	28,638,288.82	34,375,520.69	1,184,847.69	330,092.40	484,749.56	4,842,627.67	69,856,126.83
Accumulated depreciation/a mortization and impairment	-6,796,154.74	-15,782,512.48	-904,603.66	0.00	-371,920.62	-1,553,874.34	-25,409,065.84
<b>Net book value 31.12.16</b>	<b>21,842,134.08</b>	<b>18,593,008.21</b>	<b>280,244.03</b>	<b>330,092.40</b>	<b>112,828.94</b>	<b>3,288,753.33</b>	<b>44,447,060.99</b>

MOVEMENT OF FIXED ASSETS	Land-plots & buildings	Vehicles & Mechanical Equipment	Furniture & other equipment	Assets under construction	Intangible assets	Investment property & fixed assets for sale	Total
<b>Book value 1.1.2015</b>	<b>25,614,337.76</b>	<b>16,878,832.98</b>	<b>192,954.24</b>	<b>449,397.16</b>	<b>3,174.80</b>	<b>13,263.20</b>	<b>43,151,960.14</b>
Additions	-2,887,837.66	683,544.24	22,128.93	-449,397.16	35,900.00	3,577,000.06	<b>981,338.41</b>
Depreciation/A mortization	-563,733.15	-991,161.81	-44,319.59	0.00	-2,781.01	-174,174.41	<b>-1,776,169.97</b>
Sales - write-offs	0.00	-119,032.50	-202,305.40	0.00	0.00	0.00	<b>-321,337.90</b>
Depreciation of assets sold/written-off	0.00	103,263.04	202,305.39	0.00	0.00	0.00	<b>305,568.43</b>
<b>Net book value 31.12.15</b>	<b>22,162,766.95</b>	<b>16,555,445.95</b>	<b>170,763.57</b>	<b>0.00</b>	<b>36,293.79</b>	<b>3,416,088.85</b>	<b>42,341,359.11</b>
Absorption of associate 30.06.16	233,027.25	3,049,989.22	54,859.65	0.00	88,938.79	-60.00	<b>3,426,754.91</b>
Additions	28,240.03	206,297.44	113,450.04	330,092.40	0.00	0.00	<b>678,079.91</b>
Depreciation/A mortization	-581,900.15	-1,218,724.40	-55,545.32	0.00	-12,402.96	-127,275.52	<b>-1,995,848.35</b>
Sales - write-offs	0.00	0.00	-87,104.52	0.00	-93,170.07	0.00	<b>-180,274.59</b>
Depreciation of assets sold/written-off	0.00	0.00	83,820.61	0.00	93,169.39	0.00	<b>176,990.00</b>
Transfer to fixed assets	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
<b>Net book value 31.12.16</b>	<b>21,842,134.08</b>	<b>18,593,008.21</b>	<b>280,244.03</b>	<b>330,092.40</b>	<b>112,828.94</b>	<b>3,288,753.33</b>	<b>44,447,060.99</b>

There are no liens, collateral or other commitments on fixed assets of the Company and the Group's companies. Intangible assets mainly include acquired software and licenses for use of software.

## 7. Investment property

	COMPANY	
	31.12.2016	31.12.2015
Land plot and building facilities at Skaramagkas	4,813,213.99	4,813,213.99
Apartment at Filippiados Str.	29,473.68	29,473.68
<b>Total Value</b>	<b>4,842,687.67</b>	<b>4,842,687.67</b>
Amortized	1,553,874.34	1,426,598.82
<b>Net book value</b>	<b>3,288,753.33</b>	<b>3,416,088.85</b>

## 8. Analysis of receivables

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

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Customers	15,350,280.08	10,084,033.79	14,977,655.31	10,103,900.05
Notes	8,208.00	6,500.00	6,500.00	6,500.00
Post-dated cheques	7,009,962.92	4,952,288.41	7,009,962.92	4,915,683.18
Provisions for bad debt	(2,964,186.30)	(1,326,512.06)	(2,964,186.30)	(1,326,512.06)
<b>Total trade receivables</b>	<b>19,404,264.70</b>	<b>13,716,310.14</b>	<b>19,029,931.93</b>	<b>13,699,571.17</b>

The movement of the provision for doubtful trade receivables is analyzed in the following table:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Initial balance	1,326,512.06	1,017,176.30	1,326,512.06	1,017,176.30
Additional provision (results)	200,000.00	309,335.76	200,000.00	309,335.76
Absorption of associate	1,437,674.24	0.00	1,437,674.24	0.00
Use of provision	0.00	0.00	0.00	0.00
<b>Final balance</b>	<b>2,964,186.30</b>	<b>1,326,512.06</b>	<b>2,964,186.30</b>	<b>1,326,512.06</b>

Overdue Trade Receivables						
Years	Total	Non overdue trade receivables	Receivables before impairment	Receivable from insurance company	Provisions for impairment	Balance of overdue receivables
2015	13,699,571.17	11,779,571.17	1,920,000.00	13,069.83	1,326,512.06	580,418.11
2016	21,994,118.23	18,326,056.86	3,668,061.37	88,836.05	2,964,186.30	615,039.02

There is no concentration of credit risk in relation to trade receivables, as such are dispersed amongst a large number of customers. All the above receivables are short-term and there is no need to discount such to present value during the balance sheet date. Also, the largest part (about 80%) of the Company's trade receivables are insured against credit risk, whereas whenever it is required, there is utilization of guarantees and tangible insurance. In addition, the Group proceeds with the formation of the necessary provisions for the coverage of the impaired trade receivables.

The amortized receivables are monitored in transitory accounts and the probability for collection is reviewed.

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

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Receivables from employees	15,398.78	8,487.36	15,398.78	8,487.36
Receivables from other partners - third parties	216,683.27	564,167.47	154,579.93	254,188.28
Greek State– income tax receivable	53,821.57	92,763.06	51,451.11	77,316.90
Greek State – receivable of other taxes	612,389.07	825,833.61	561,203.89	671,960.25
Receivables from related companies	0.00	0.00	0.00	0.00
Grants receivable	597,331.28	512,837.10	512,837.10	512,837.10
Provision for doubtful	(116,000.00)	(71,000.00)	(116,000.00)	(71,000.00)
<b>Total</b>	<b>1,379,623.97</b>	<b>1,933,088.60</b>	<b>1,179,470.81</b>	<b>1,453,789.89</b>

The movement of the provision for doubtful receivables is analyzed as follows:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Initial balance	71,000.00	71,000.00	71,000.00	71,000.00
Absorption of related	45,000.00	0.00	45,000.00	0.00
Utilization of provision	0.00	0.00	0.00	0.00
<b>Total</b>	<b>116,000.00</b>	<b>71,000.00</b>	<b>116,000.00</b>	<b>71,000.00</b>

Overdue Trade Receivables						
Years	Total	Non overdue trade receivables	Receivables before impairment	Receivable from insurance company	Provisions for impairment	Balance of overdue receivables
2015	1,348,684.84	1,240,628.56	108,056.28	0.00	71,000.00	37,056.28
2016	1,388,092.48	1,225,988.54	162,103.94	0.00	116,000.00	46,103.94

The long-term receivables of the Group and Company are analyzed as follows:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Given guarantees	51,553.75	59,650.46	41,300.63	50,199.66
Receivables from associates	1,110,684.93	1,108,189.41	3,497,070.08	3,480,588.18
<b>Total</b>	<b>1,162,238.68</b>	<b>1,167,839.87</b>	<b>3,538,370.71</b>	<b>3,530,787.84</b>

The given guarantees presented in long-term receivables concern guarantees and receivables that will be received in a period over twelve (12) months from the end of the reporting period. The fair value of such receivables does not differ substantially from that presented in the financial statements and is

subject to a review annually. The given guarantees that will be received in the next year, are presented in other short-term receivables.

## 9. Analysis of inventories

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

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Merchandise	17,189,025.85	12,980,022.17	17,176,775.34	12,980,022.17
Impairment of merchandise	0.00	(50,000.00)	0.00	(50,000.00)
Products	3,503,514.98	3,386,135.65	3,503,514.98	3,386,135.65
Impairment of products	0.00	(100,000.00)	0.00	(100,000.00)
Orders	1,090,869.80	1,411,346.95	1,090,869.80	1,380,445.70
Raw materials – consumables	775,394.29	14,187.22	749,968.72	0.00
Production underway	0.00	0.00	0.00	0.00
<b>Total</b>	<b>22,558,804.92</b>	<b>17,641,691.99</b>	<b>22,521,128.84</b>	<b>17,596,603.52</b>

The risk due to loss of inventory from natural disasters, theft etc., is extremely low due to the nature of inventories. There is however risk of impairment due to the volatility of prices globally. The Management of the Group continuously reviews the net liquidation value of inventories and makes the appropriate provisions in order to ensure that the value of inventory in the financial statements coincides with the real value.

## 10. Securities

The securities consist of portfolio of shares of companies listed and traded on the Athens Exchange and have been purchased with the objective to realize capital gains from the short-term price fluctuations of their prices. According to IAS 39, the value of these securities has been impaired.

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Value of securities	156,450.00	145,500.00	156,450.00	145,500.00
Revaluation difference in the results	(43,050.00)	(10,470.00)	(43,050.00)	(10,470.00)
<b>Balance 31.12.2016</b>	<b>113,400.00</b>	<b>135,030.00</b>	<b>113,400.00</b>	<b>135,030.00</b>

## 11. Derivatives

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Forward foreign exchange contracts Current assets / (short-term liabilities)	43,430.61	(10,173.22)	43,430.61	(10,173.22)
Amounts registered in the results	0.00	(319,408.39)	0.00	(319,408.39)



## 12. Analysis of cash reserves

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

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Cash in hand	13,902.46	9,751.16	4,206.93	1,539.21
Sight & term deposits	4,703,446.70	5,874,882.37	4,219,974.43	5,587,691.76
<b>Total</b>	<b>4,717,349.16</b>	<b>5,884,633.53</b>	<b>4,224,181.36</b>	<b>5,589,230.97</b>

Term deposits refer to short-term placements, usually 3-month and monthly, at the banks which the Company and the Group co-operate with.

## 13. Analysis of all equity accounts

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

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
<b>Share Capital</b>	<b>18,421,516.00</b>	<b>18,435,000.00</b>	<b>18,421,516.00</b>	<b>18,435,000.00</b>
<b>Share premium</b>	<b>11,171,177.70</b>	<b>11,171,177.70</b>	<b>11,171,177.70</b>	<b>11,171,177.70</b>
Statutory reserve	3,535,074.04	3,334,000.00	3,535,074.04	3,334,000.00
Extraordinary reserves	3,270,400.00	3,270,400.00	3,270,400.00	3,270,400.00
Tax-exempt reserves subject to special legal provisions	12,086,025.87	11,985,901.87	12,086,025.87	11,885,777.86
Bonus shares from profit capitalization	0.00	344,862.50	0.00	0.00
Reserves of tax-exempt income	404,315.87	404,315.87	404,315.87	404,315.87
Fair value reserves	42,952.94	0.00	42,952.94	0.00
Special reserves	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00
<b>Total Reserves</b>	<b>21,338,768.72</b>	<b>21,339,480.23</b>	<b>21,338,768.72</b>	<b>20,894,493.73</b>
<b>Treasury shares</b>	<b>(7,062.48)</b>	<b>(6,806.85)</b>	<b>(7,062.48)</b>	<b>(6,806.85)</b>
Retained earnings	12,762,892.12	15,113,607.59	18,166,704.32	20,024,169.95
Transfer in the reserves	0.00	0.00	0.00	0.00
Results for the period	1,636,612.47	(2,394,380.20)	232,956.84	(1,456,143.58)
Change of minority interests due to share capital increase	0.00	0.00	0.00	0.00
<b>Accumulated Earnings</b>	<b>14,399,504.59</b>	<b>12,719,227.39</b>	<b>18,399,661.16</b>	<b>18,568,026.37</b>
<b>Total equity without minority interest</b>	<b>65,323,904.53</b>	<b>63,658,078.47</b>	<b>69,324,061.10</b>	<b>69,061,890.95</b>
Minority interest	24,393.09	22,666.90	0.00	0.00
<b>Total Equity</b>	<b>65,348,297.62</b>	<b>63,680,745.37</b>	<b>69,324,061.10</b>	<b>69,061,890.95</b>

The Ordinary General Meeting on 12.06.2014 approved the purchase of up to 1,651,800 own shares which represent 8.96% of the Company's outstanding and paid in cash share capital. The range of the  
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purchase price per share was set from twenty (20) cents to one euro and fifty cents (1.50) and was to be implemented in a time period of twenty four (24) months beginning on the day following the approval by the General Meeting.

Based on the above decision, the Company proceeded up until 09.06.2016, date of the Ordinary General Meeting of Shareholders, with the purchase of 13,484 own shares for a total value of € 7,156.37 (average price prior to expenses and transactions' commissions at € 0.5307 per share), which were subsequently cancelled according to the provisions of article 16 of C.L. 2190/1920. As a result, the share capital of the company was reduced by an amount of thirteen thousand four hundred eighty four Euros (€ 13,484) via the corresponding amendment of the article 5 of the Articles of Association. Following the above reduction, the Company's share capital amounts to € 18,421,516 divided by 18,421,516 shares of nominal value € 1.0 per share.

Also, the same Ordinary General Meeting approved the purchase of up to 1,830,016 of the Company's own shares, representing 9.94% of the current paid up capital. The range of the price per share was set from twenty (20) cents up to one euro and fifty cents (1.50). The above proposed purchase of own shares was to be implemented in a time period of twenty four (24) months beginning from the day following the approval by the General Meeting.

	Purchase of Treasury Shares	
	Shares	Value
Year 2012	184,350	107,441.43
Year 2013	27,130	17,758.82
Year 2014 (until GM)	1,520	1,277.36
Year 2014 (after GM)	6,070	3,624.10
Year 2015	6,115	3,182.75
Year 2016	11,976	7,569.25
<b>Total</b>	<b>237,161</b>	<b>140,853.71</b>
Cancellation of treasury shares via share capital decrease	-226,484	-133,791.23
<b>Balance on 31.12.2016</b>	<b>10,677</b>	<b>7,062.48</b>

The Company according to the Greek tax law, proceeded into the creation of tax exempt reserves in the past, with the objective to achieve tax reliefs.

The Company has not recognized any provision for potential income tax obligation in case of future distribution of such reserves to the shareholders, since such obligation is recognized at the same time with the dividend obligation corresponding to such distributions.

The accumulated earnings of the Group and the Company have increased by amounts of grants, € 1,890,749.53 and € 1,758,958.25 respectively, which according to the provisions of L. 3299/2004 & L. 3908/2011 are not distributed.

The purpose of the Company's and Group's management in relation to capital management is to ensure the smooth operation of activities with the objective of providing satisfactory returns to shareholders, and to maintain as much as possible an ideal capital structure, thus reducing the cost of capital. For this reason, the management, according to the prevailing conditions, may adjust its dividend policy, increase its capital by cash or sell assets in order to reduce debt.

The monitoring of the above is performed on the basis of the leverage ratio. This ratio is calculated by dividing the net debt by the total employed capital. Total employed capital are calculated as the "Shareholders' equity" as they are recorded in the balance sheet, plus the net debt.

Company	31.12.2016	31.12.2015
Total Loans	25,578,124.13	19,809,450.01
Minus: Cash & cash equivalents	4,224,181.36	5,589,230.97
<b>Net Debt</b>	<b>21,353,942.77</b>	<b>14,220,219.04</b>
Equity	69,324,061.10	69,061,890.95
Total employed capital	<b>90,678,003.87</b>	<b>83,282,109.99</b>
Leverage ratio	0.24	0.17

Group	31.12.2016	31.12.2015
Total Loans	28,280,845.82	23,436,471.37
Minus: Cash & cash equivalents	4,717,349.16	5,884,633.53
<b>Net Debt</b>	<b>23,563,496.66</b>	<b>17,551,837.84</b>
Equity	65,323,904.53	63,658,078.47
Total employed capital	<b>88,887,401.19</b>	<b>81,209,916.31</b>
Leverage ratio	0.27	0.22

#### 14. Analysis of other liabilities

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

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Insurance accounts & other taxes	493,210.00	463,980.95	416,986.63	385,213.65
Customer prepayments	700,619.36	112,677.21	700,619.36	112,677.21
Other liabilities / provisions	137,417.44	84,116.39	33,083.26	763.68
Dividends payable	0.00	0.00	0.00	0.00
<b>Total</b>	<b>1,331,246.80</b>	<b>660,774.55</b>	<b>1,150,689.25</b>	<b>498,654.54</b>

All the above liabilities are of short-term nature and there is no need to discount such to present value during the balance sheet date.

#### 15. Analysis of loans

The Group's and Company's loan liabilities are analyzed as follows:

##### Long-term loans

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Bond loans	12,390,250.00	14,769,850.00	12,170,250.00	14,239,850.00

Short-term loans

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Bank loans	13,457,328.12	6,997,021.37	11,284,606.43	4,100,000.01
Short-term part of bond loans	2,433,267.70	1,669,600.00	2,123,267.70	1,469,600.00
<b>Total</b>	<b>15,890,595.82</b>	<b>8,666,621.37</b>	<b>13,407,874.13</b>	<b>5,569,600.01</b>
<b>TOTAL LOANS</b>	<b>28,280,845.82</b>	<b>23,436,471.37</b>	<b>25,578,124.13</b>	<b>19,809,450.01</b>

	GROUP		
	< 1 year	From 1 to 5 years	> 5 years
Bank loans 31.12.16	15,890,595.82	12,390,250.00	0.00

	GROUP		
	< 1 year	From 1 to 5 years	> 5 years
Bank loans 31.12.15	8,666,621.37	14,769,850.00	0.00

	COMPANY		
	< 1 year	From 1 to 5 years	> 5 years
Bank loans 31.12.16	13,407,874.13	12,170,250.00	0.00

	COMPANY		
	< 1 year	From 1 to 5 years	> 5 years
Bank loans 31.12.15	5,569,600.01	14,239,850.00	0.00

The changes in the Company's and Group's loans are analyzed in the following table:

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
<b>Loans outstanding at beginning of the period</b>	<b>23,436,471.37</b>	<b>23,546,354.60</b>	<b>19,809,450.01</b>	<b>19,861,003.62</b>
Subsidiaries' loans during the acquisition	6,528,500.54	0.00	6,482,624.20	0.00
Loans received	73,557,485.04	63,060,000.00	73,357,485.04	62,730,000.00
Interest	1,647,562.40	1,440,505.30	1,362,251.48	1,231,600.30
	<b>105,170,019.35</b>	<b>88,046,859.90</b>	<b>101,011,810.73</b>	<b>83,822,603.92</b>
Loans repaid	(75,207,658.55)	(63,123,946.01)	(74,084,820.55)	(62,730,000.00)
Interest paid	(1,681,514.98)	(1,486,442.52)	(1,348,866.05)	(1,283,153.91)
<b>Balance of Loans</b>	<b>28,280,845.82</b>	<b>23,436,471.37</b>	<b>25,578,124.13</b>	<b>19,809,450.01</b>

*16. Analysis of deferred taxes*

Deferred tax assets and liabilities are calculated at the level of each individual Company of the Group. If both assets and liabilities arise, such are offset against one another at the individual Company level.

The deferred tax assets (DTA) and liabilities (DTL) are offset when there is an applicable legal right for the current tax assets to be offset against current tax liabilities and when the deferred income taxes concern the same tax authority.

Deferred taxes are as follows:

a) For the Group

	01.01.2015	1.1. – 31.12.15	31.12.2015	CORUS MERGER	1.1 – 31.12.16	31.12.2016
Intangible assets	-2,590.59	-10,565.90	-13,156.49	-20,926.48	8,139.07	-25,943.90
Tangible assets	-3,251,063.48	-462,219.30	-3,713,282.78	-888,730.66	-105,289.06	-4,707,302.50
Installation expenses	71,533.75	7,163.12	78,696.87	15,748.58	-21,794.26	72,651.19
Inventories	41,723.17	21,724.47	63,447.64	11,072.45	-60,994.33	13,525.76
Impairment of interest	0.00	0.00	0.00	0.00	162,400.00	162,400.00
Long-term receivables	20,442.46	2,712.75	23,155.21	433.72	-23,588.93	0.00
Trade & other receivables	214,240.00	4,130.00	218,370.00	343,533.00	44,117.68	606,020.68
Employee benefits	115,667.80	20,297.47	135,965.27	23,078.60	-11,784.44	147,259.43
Suppliers and other liabilities	80,066.43	-80,066.43	0.00	0.00	0.00	0.00
Extraordinary levy	149,262.35	-87,295.86	61,966.49	0.00	-39,502.45	22,464.04
Tax loss offset by taxable earnings of subsequent years	1,897,913.60	-18,713.60	1,879,200.00	951,200.00	-742,400.00	2,088,000.00
From unrealized profit of intercompany transactions	229.24	-229.24	0.00	0.00	0.00	0.00
Other	-77,034.14	86,196.17	9,162.03	0.00	3,183.95	12,345.98
<b>Total</b>	<b>-739,609.41</b>	<b>-516,866.35</b>	<b>-1,256,475.76</b>	<b>435,409.21</b>	<b>-787,512.77</b>	<b>-1,608,579.32</b>
Directly to equity					8,678.73	
Corus Kalpinis Simos 1/1/16-7/4/16					-58,738.73	
<b>In the results</b>		<b>-516,866.35</b>			<b>-720,095.31</b>	

The deferred tax liabilities of the Group are classified and analyzed as short-term and long-term as follows:

Deferred Taxation	31.12.2016
Short-term tax receivables	788,022.00
Short-term tax liabilities	-51,907.96
Long-term tax liabilities	-2,344,693.36
<b>Deferred tax liabilities</b>	<b>1,608,579.32</b>

b) For the Company

	01.01.2015	1.1. – 31.12.15	31.12.2015	CORUS MERGER	1.1 – 31.12.16	31.12.2016
Intangible assets	-825.45	-9,699.75	-10,525.20	-25,792.25	11,782.31	-24,535.14
Tangible assets	-2,979,216.64	-329,004.40	-3,308,221.04	-852,451.95	-30,565.86	-4,191,238.85
Installation expenses	0.08	10,267.46	10,267.54	20,096.38	-12,607.33	17,756.59
Inventories	41,723.17	21,724.47	63,447.64	-2,030.00	-52,012.23	9,405.41
Impairment of interest	0.00	0.00	0.00	0.00	162,400.00	162,400.00
Long-term receivables	20,442.46	2,712.75	23,155.21	333.45	-23,488.66	0.00
Trade & other receivables	214,240.00	4,130.00	218,370.00	343,533.00	44,117.68	606,020.68
Employee benefits	115,667.80	18,847.47	134,515.27	21,847.85	-10,586.03	145,777.09
Suppliers and other liabilities	80,066.43	-80,066.43	0.00	0.00	0.00	0.00
Tax loss offset by taxable earnings of subsequent years	1,853,796.14	-55,796.14	1,798,000.00	893,200.00	-603,200.00	2,088,000.00
Other	-77,034.14	86,196.17	9,162.03	0.00	3,183.95	12,345.98
<b>Total</b>	<b>-731,140.15</b>	<b>-330,688.40</b>	<b>-1,061,828.55</b>	<b>398,736.48</b>	<b>-510,976.17</b>	<b>-1,174,068.24</b>
Directly to equity		0.00			8,678.73	
<b>In the results</b>		<b>-330,688.40</b>			<b>-502,297.44</b>	

The deferred tax liabilities of the Company are classified and analyzed as short-term and long-term as follows:

Deferred Taxation	31.12.2016
Short-term tax receivables	786,480.00
Long-term tax liabilities	-1,960,548.24
<b>Deferred tax liabilities</b>	<b>-1,174,068.24</b>

The tax loss creates a tax receivable equal to the income tax that will, from which the Company will benefit in the next years when it will be offset against the respective taxable earnings. The recording of the receivable for deferred tax took place as the Management of the Company and the Group's companies considers that there is reasonable certainty for the realization of earnings in future years, whereas such earnings will be capable to offset the present receivable with the future tax liability.

Deferred tax assets and liabilities are offset when there is an applicable legal right to offset current tax assets against current tax liabilities and when deferred income tax refers to the same tax authority.

## 17. Analysis of post-employment benefits

The Group has assigned an actuary to conduct a study in order to investigate and calculate the actuarial figures, based on the specifications set by International Accounting Standards (IAS 19), which must be recorded on the balance sheet and the statement of comprehensive income. When



performing the actuarial estimate, all economic and population parameters related to the employees of the Group were taken into account.

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
<b>Balance Sheet liabilities</b>	<b>507,791.12</b>	<b>468,845.77</b>	<b>502,679.62</b>	<b>463,845.77</b>
<b>Charges to the Results</b>	<b>129,618.11</b>	<b>49,051.86</b>	<b>107,667.80</b>	<b>44,051.86</b>
<b>Actuarial gains / (losses)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Present value of financed liabilities	0.00	0.00	0.00	0.00
Present value of non-financed liabilities	507,791.12	468,845.77	502,679.62	463,845.77
<b>Balance Sheet Liability</b>	<b>507,791.12</b>	<b>468,845.77</b>	<b>502,679.62</b>	<b>463,845.77</b>
<b>Changes in the net liability recognized in the Balance Sheet</b>				
Net liability at beginning of year	468,845.77	444,876.14	463,845.77	444,876.14
Benefits paid	(99,991.08)	(25,082.23)	(98,020.58)	(25,082.23)
Total expense recognized in the results	129,618.11	49,051.86	107,667.80	44,051.86
From merger with Corus Kalpinis Simos	50,117.31		69,985.62	
Actuarial gains / (losses)	(40,798.99)	0.00	(40,798.99)	0.00
<b>Net liability at end of year</b>	<b>507,791.12</b>	<b>468,845.77</b>	<b>502,679.62</b>	<b>463,845.77</b>
<b>Analysis of expenses recognized in the results</b>				
Cost of current employment	26,408.31	30,599.21	25,508.31	25,599.21
Financial cost	9,276.92	8,452.65	9,276.92	8,452.65
Prior service cost	74,064.57	10,000.00	72,882.57	10,000.00
Corus Kalpinis Simos 7/4/16-30/6/16	19,868.31	0.00	0.00	0.00
<b>Total expense recognized in the results</b>	<b>129,618.11</b>	<b>49,051.86</b>	<b>107,667.80</b>	<b>44,051.86</b>
<b>Allocation of Expense</b>				
Cost of sales	37,811.63	25,060.32	32,116.36	21,560.32
Distribution expenses	48,132.51	16,763.87	45,002.52	16,263.87
Administrative expenses	43,673.97	7,227.67	30,548.92	6,227.67
<b>Total</b>	<b>129,618.11</b>	<b>49,051.86</b>	<b>107,667.80</b>	<b>44,051.86</b>

	31.12.2016				
	< 1 year	From 1 to 2 years	From 2 to 5 years	> 5 years	Total
Expected average expiration of the liability for employee benefits of company	0.00	0.00	0.00	502,679.62	<b>502,679.62</b>
Expected average expiration of the liability for employee benefits of group	0.00	0.00	0.00	507,791.12	<b>507,791.12</b>

	31.12.2015				
	< 1 year	From 1 to 2 years	From 2 to 5 years	> 5 years	Total
Expected average expiration of the liability for employee benefits of company & group	0,00	0,00	0,00	468.845,77	<b>468.845,77</b>

### 18. Analysis of tax liabilities

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Income tax liability	0.00	0.00	0.00	0.00
Credit balance of tax statements to be refunded	(53,821.57)	(92,765.76)	(51,451.11)	(77,316.90)
Tax duties from previous years	0.00	0.00	0.00	0.00
<b>Total</b>	<b>(53,821.57)</b>	<b>(92,765.76)</b>	<b>(51,451.11)</b>	<b>(77,316.90)</b>

### 19. Segment reporting

The Group is organized in three business segments, according to the manner in which such are presented internally to those that make decisions for the allocation of resources and the audit of the effectiveness of the group's operations.

The three business segments are as follows:

- Segment of steel products
- Segment of production & trade of electric energy from Photovoltaic stations
- Segment of production & trade of agricultural products from glasshouse cultivations

a) Statement of Financial Position per segment on 31.12.2016 and 31.12.2015 respectively

(Amounts in €)

	31.12.2016				
	STEEL PRODUCTS	ENERGY SEGMENT	AGRICULTURAL PRODUCTS	CONSOLIDATION & ARRANGEMENT ENTRIES	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
<b>ASSETS</b>					
Tangible and intangible fixed assets	57,692,965.40	5,453,870.92	4,005,227.09	-10,261,461.66	56,890,601.75
Trade and other receivables	20,209,402.74	942,409.39	462,917.40	-830,840.86	20,783,888.67
Other assets	26,902,140.81	199,943.20	341,407.34	-10,506.66	27,432,984.69
<b>Total Assets</b>	<b>104,804,508.95</b>	<b>6,596,223.51</b>	<b>4,809,551.83</b>	<b>-11,102,809.18</b>	<b>105,107,475.11</b>
<b>EQUITY &amp; LIABILITIES</b>					
Equity	69,721,661.10	1,400,621.27	2,661,459.49	-8,459,837.33	65,323,904.53
Other liabilities	35,082,847.85	5,195,602.24	2,148,092.34	-2,642,971.85	39,783,570.58
<b>Total Equity &amp; Liabilities</b>	<b>104,804,508.95</b>	<b>6,596,223.51</b>	<b>4,809,551.83</b>	<b>-11,102,809.18</b>	<b>105,107,475.11</b>

(Amounts  
in €)

	31.12.2015				
	STEEL PRODUCTS	ENERGY SEGMENT	AGRICULTURAL PRODUCTS	CONSOLIDATION & ARRANGEMENT ENTRIES	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
<b>ASSETS</b>					
Tangible and intangible fixed assets	43,024,455.54	5,803,971.83	3,534,841.70		52,363,269.07
Trade and other receivables	15,164,361.06	1,112,447.05	294,522.31	-921,931.68	15,649,398.74
Other assets	32,502,060.29	188,172.12	232,308.58	-4,475,149.32	28,447,391.67
<b>Total Assets</b>	<b>90,690,876.89</b>	<b>7,104,591.00</b>	<b>4,061,672.59</b>	<b>-5,397,081.00</b>	<b>96,460,059.48</b>
<b>EQUITY &amp; LIABILITIES</b>					
Equity	63,758,281.64	1,290,693.81	1,388,133.62	-2,779,030.33	63,658,078.74
Other liabilities	26,932,595.25	5,813,897.19	2,673,538.97	-2,618,050.67	32,801,980.74
<b>Total Equity &amp; Liabilities</b>	<b>90,690,876.89</b>	<b>7,104,591.00</b>	<b>4,061,672.59</b>	<b>-5,397,081.00</b>	<b>96,460,059.48</b>

b) Statement of Comprehensive Income per segment on 01.01-31.12.2016 and 01.01-31.12.2015 respectively

	01.01 – 31.12.2016				
	STEEL PRODUCTS	ENERGY SEGMENT	AGRICULTURAL PRODUCTS	CONSOLIDATION & ARRANGEMENT ENTRIES	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Amounts in €)					
Sales	75,517,772.12	1,347,527.50	1,899,522.13	(3,535,831.25)	75,228,990.50
Gross profit / (loss)	10,097,953.64	561,526.79	592,992.43	316,050.00	11,568,522.86
Earnings / (losses) before interest, taxes, depreciation and amortization (EBITDA)	4,325,454.71	864,386.49	415,080.18	1,811,061.87	7,415,983.25
Earnings / (losses) before interest and taxes (EBIT)	2,409,915.21	506,365.58	305,117.77	1,811,061.87	5,032,460.43
Earnings / (losses) before taxes (EBT)	787,497.68	247,315.97	234,631.23	1,050,785.06	2,320,229.94
Earnings / (losses) after taxes	144,866.24	109,927.46	132,155.87	1,213,185.06	1,600,134.63

	01.01 – 31.12.2015				
	STEEL PRODUCTS	ENERGY SEGMENT	AGRICULTURAL PRODUCTS	CONSOLIDATION & ARRANGEMENT ENTRIES	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Amounts in €)					
Sales	60,965,055.97	1,354,043.81	1,133,134.15		63,452,233.93
Gross profit / (loss)	5,614,941.44	638,528.10	373,176.43	260,400.00	6,887,045.97
Earnings / (losses) before interest, taxes, depreciation and amortization (EBITDA)	1,823,821.48	919,564.02	204,170.09		2,947,555.59
Earnings / (losses) before interest and taxes (EBIT)	251,293.51	560,037.93	133,090.34		944,421.78
Earnings / (losses) before taxes (EBT)	-2,228,952.10	269,695.75	83,952.70		-1,875,303.65
Earnings / (losses) after taxes	-2,559,640.50	61,840.29	104,559.45		-2,393,240.76

The geographic segment may be considered as the secondary reporting segment, and includes the following reporting sectors:

- Domestic Sales (approximately 84%)
- Foreign Sales (approximately 16%)

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

	GROUP		COMPANY	
	01.01-31.12		01.01-31.12	
	2016	2015	2016	2015
Sales of Merchandise	27,385,690.40	32,388,548.26	27,302,558.24	32,388,548.26
Sales of Products	47,794,718.71	31,055,420.87	42,783,141.93	28,568,242.91
Other Sales	48,581.39	8,264.80	2,369.54	8,264.80
<b>Total Sales</b>	<b>75,228,990.50</b>	<b>63,452,233.93</b>	<b>70,088,069.71</b>	<b>60,965,055.97</b>

	GROUP		COMPANY	
	01.01-31.12		01.01-31.12	
	2016	2015	2016	2015
Domestic Sales	63,432,166.40	56,882,408.01	58,307,213.15	54,399,215.05
Foreign Sales	11,796,824.10	6,569,825.92	11,780,856.56	6,565,840.92
<b>Total Sales</b>	<b>75,228,990.50</b>	<b>63,452,233.93</b>	<b>70,088,069.71</b>	<b>60,965,055.97</b>

## 20. Analysis of other results

### (a) Other income

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

	GROUP		COMPANY	
	01.01-31.12		01.01-31.12	
	2016	2015	2016	2015
Income from transport & delivery expenses	927,698.68	589,783.56	898,388.16	589,783.56
Rental Income	85,750.00	340,800.00	437,920.00	607,920.00
Income from commissions, brokerage etc	2,160.00	180.00	2,160.00	180.00
Income from Grants	269,262.43	246,719.81	200,848.61	209,444.95
Profit from sale of fixed assets	800.00	1,790.53	0.00	1,790.53
Income from previous years	37,350.53	78,882.35	31,101.28	78,882.35
Other income	59,985.70	58,165.17	59,805.70	55,598.24
Profit from acquisition of share of subsidiary (IFRS 3)	851,651.67	0.00	0.00	0.00
<b>Total</b>	<b>2,234,659.01</b>	<b>1,316,321.42</b>	<b>1,630,223.75</b>	<b>1,543,599.63</b>

(b) Other expenses

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

	GROUP		COMPANY	
	01.01-31.12		01.01-31.12	
	2016	2015	2016	2015
Bad debts	185,000.00	309,335.76	200,000.00	309,335.76
Losses from sale of fixed assets	0.00	0.00	0.00	0.00
Previous years' expenses	7,291.67	58,812.94	4,783.82	1,059.60
Other expenses	173,162.44	108,555.42	167,034.82	74,338.88
Impairment of investments in Tata Elastron SA	0.00	0.00	560,000	0.00
Impairment of investments in Corus Kalpinis Simos SA	0.00	0.00	969,826.85	0.00
<b>Total</b>	<b>365,454.11</b>	<b>476,704.12</b>	<b>1,901,645.49</b>	<b>384,734.24</b>

(c) Expenses

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

	GROUP		
	01.01-31.12.16		
	COST OF SALES	DISTRIBUTION EXPENSES	ADMINISTRATIVE EXPENSES
Employee fees & expenses	2,104,093.67	1,665,601.76	685,279.34
Third party fees & expenses	518,456.37	593,582.67	881,297.68
Third party benefits	900,769.72	462,923.61	349,224.47
Taxes - duties	128,681.72	84,998.79	39,683.28
Sundry expenses	436,037.40	2,618,231.49	160,441.44
Depreciation	1,788,782.46	697,060.64	166,942.16
Cost of inventories	57,783,646.31	0.00	0.00
<b>Total</b>	<b>63,660,467.65</b>	<b>6,122,398.96</b>	<b>2,282,868.37</b>

	<b>GROUP</b>		
	<b>01.01-31.12.15</b>		
	<b>COST OF SALES</b>	<b>DISTRIBUTION EXPENSES</b>	<b>ADMINISTRATIVE EXPENSES</b>
Employee fees & expenses	1,348,616.11	1,488,207.03	596,042.91
Third party fees & expenses	466,282.10	354,173.14	844,720.76
Third party benefits	757,432.43	397,446.45	294,343.34
Taxes - duties	71,653.76	94,052.89	17,045.62
Sundry expenses	291,693.70	1,670,414.46	159,300.79
Depreciation	1,377,556.51	728,666.34	137,827.76
Cost of inventories	52,251,953.35	0.00	0.00
<b>Total</b>	<b>56,565,187.96</b>	<b>4,732,960.31</b>	<b>2,049,281.18</b>

	<b>COMPANY</b>		
	<b>01.01-31.12.16</b>		
	<b>COST OF SALES</b>	<b>DISTRIBUTION EXPENSES</b>	<b>ADMINISTRATIVE EXPENSES</b>
Employee fees & expenses	1,485,429.06	1,633,077.56	644,298.38
Third party fees & expenses	405,853.27	512,593.62	796,940.90
Third party benefits	383,080.29	458,374.67	359,645.70
Taxes - duties	64,636.47	84,663.06	5,184.44
Sundry expenses	199,690.98	2,334,393.89	175,083.37
Depreciation	1,167,523.90	674,335.10	153,989.35
Cost of inventories	56,229,292.32	0.00	0.00
<b>Total</b>	<b>59,935,506.29</b>	<b>5,697,437.90</b>	<b>2,135,142.14</b>

	<b>COMPANY</b>		
	<b>01.01-31.12.15</b>		
	<b>COST OF SALES</b>	<b>DISTRIBUTION EXPENSES</b>	<b>ADMINISTRATIVE EXPENSES</b>
Employee fees & expenses	1,031,593.82	1,483,707.03	585,370.65
Third party fees & expenses	372,076.02	324,958.14	730,119.15
Third party benefits	385,636.46	391,266.05	289,275.50
Taxes - duties	60,285.56	94,052.89	6,493.18
Sundry expenses	183,720.05	1,587,679.61	149,532.03
Depreciation	936,166.42	712,452.59	127,550.91
Cost of inventories	52,380,636.20	0.00	0.00
<b>Total</b>	<b>55,350,114.53</b>	<b>4,594,116.31</b>	<b>1,888,341.42</b>



(d) Financial expenses – income

The Group's and Company's financial expenses are analyzed as follows:

	GROUP		COMPANY	
	01.01-31.12		01.01-31.12	
	2016	2015	2016	2015
Debit interest	1,713,610.93	1,492,648.35	1,367,444.64	1,239,847.17
Other bank expenses and fees	414,272.00	387,691.69	424,608.26	394,145.97
Foreign exchange differences	76,467.90	31,751.80	67,774.38	31,751.80
Losses from derivatives	0.00	319,408.39	0.00	319,408.39
<b>Total</b>	<b>2,204,350.83</b>	<b>2,231,500.23</b>	<b>1,859,827.28</b>	<b>1,985,153.33</b>

The Group's and Company's financial income is analyzed as follows:

	GROUP		COMPANY	
	01.01-31.12		01.01-31.12	
	2016	2015	2016	2015
Credit interest	28,409.29	79,598.28	26,314.15	198,564.53
Income from securities	504.00	3,500.00	504.00	3,500.00
Interest receivable from customers	124,596.21	72,698.49	225,703.72	46,865.16
Foreign exchange differences	245,626.45	319,419.36	245,625.49	319,419.36
Profit from derivatives	10,650.89	0.00	10,650.89	0.00
<b>Total</b>	<b>409,786.84</b>	<b>475,216.13</b>	<b>508,798.25</b>	<b>568,349.05</b>

(e) Income / expenses of companies consolidated via the equity method

	01.01-31.12.2016		
	Results for the period	Other	Total
CORUS – KALPINIS SIMOS SA	156,588.75	0.00	156,588.75
TATA ELASTRON SA	742,863.86	150.97	743,014.83
BALKAN IRON GROUP SRL	18,213.89	-633.60	17,580.29
<b>Total</b>	<b>917,666.50</b>	<b>-482.63</b>	<b>917,183.87</b>

	01.01-31.12.2015		
	Results for the period	Other	Total
CORUS – KALPINIS SIMOS SA	(545,457.43)	0.00	(545,457.43)
TATA ELASTRON SA	(494,714.64)	(1,739.98)	(496,454.62)
BALKAN IRON GROUP SRL	(23,269.27)	1,617.34	(21,651.92)
<b>Total</b>	<b>(1,063,441.33)</b>	<b>(122.64)</b>	<b>(1,063,563.96)</b>

(f) Income tax expense

	GROUP		COMPANY	
	01.01-31.12		01.01-31.12	
	2016	2015	2016	2015
Income tax of current year / provision	0.00	1,300.00	0.00	0.00
Deferred taxation	720,095.31	516,637.11	502,297.44	330,688.40
Tax audit differences	0.00	0.00	0.00	0.00
Provision for possible tax differences	0.00	0.00	0.00	0.00
<b>Total</b>	<b>720,095.31</b>	<b>517,937.11</b>	<b>502,297.44</b>	<b>330,688.40</b>

(g) Other comprehensive income / expenses after taxes

	GROUP		COMPANY	
	01.01-31.12		01.01-31.12	
	2016	2015	2016	2015
Actuarial gains / losses	37,570.72	0.00	37,721.67	0.00
Result from cash flow hedge minus the corresponding tax	42,952.94	(1,739.98)	42,952.94	0.00
Other	633.59	1,617.34	0.00	0.00
<b>Total</b>	<b>81,157.25</b>	<b>(122.64)</b>	<b>80,674.61</b>	<b>0.00</b>

## 21. Analysis of earnings per share

	GROUP		COMPANY	
	01.01-31.12		01.01-31.12	
	2016	2015	2016	2015
Net earnings corresponding to shareholders	1,598,408.16	(2,394,257.56)	195,235.17	(1,456,143.58)
Number of shares (W. Avg)	18,420,016	18,424,003	18,420,016	18,424,003
<b>Earnings / (losses) per share (€)</b>	<b>0.0868</b>	<b>-0.1300</b>	<b>0.0106</b>	<b>-0.0790</b>

## 22. Transactions with related parties

The amounts of the Group's and Company's sales and purchases, from and towards related parties, as well as the balances of receivables and liabilities, are analyzed as follows:

(a) Intra-company sales / purchases on 31.12.2016 and 31.12.2015 respectively:

PURCHASES	SALES				
	ELASTRON S.A.	ELASTRON AGRICULTURAL S.A.	TATA ELASTRONS.A.	CORUS KALPINIS SIMOS S.A.	TOTAL
ELASTRON S.A.	0.00	0.00	101,354.94	316,520.66	<b>417,875.60</b>
ELASTRON AGRICULTURAL S.A.	2,495.61	0.00	0.00	5,778.65	<b>8,274.26</b>
PHOTOENERGY S.A.	52,074.49	0.00	0.00	0.00	<b>52,074.49</b>
PHOTODEVELOPMENT S.A.	116,564.51	0.00	0.00	0.00	<b>116,564.51</b>
PHOTODIODOS S.A.	102,234.49	0.00	0.00	0.00	<b>102,234.49</b>
PHOTOKYPSELI S.A.	35,174.51	0.00	0.00	0.00	<b>35,174.51</b>
ILIOSKOPIO S.A.	48,454.50	0.00	0.00	0.00	<b>48,454.50</b>
PHOTOISHIS LTD	13,725.00	0.00	0.00	0.00	<b>13,725.00</b>
TATA ELASTRON S.A.	1,120,185.29	0.00	0.00	8,236.05	<b>1,128,421.34</b>
CORUS KALPINIS SIMOS S.A.	576,016.54	0.00	3,611.99	0.00	<b>579,628.53</b>
<b>TOTAL</b>	<b>2,066,924.95</b>	<b>0.00</b>	<b>104,966.92</b>	<b>330,535.36</b>	<b>2,502,427.24</b>

PURCHASES	SALES				
	ELASTRON S.A.	ELASTRON AGRICULTURAL S.A.	TATA ELASTRONS.A.	CORUS KALPINIS SIMOS S.A.	TOTAL
ELASTRON S.A.	0.00	0.00	357,210.24	1,443,975.65	<b>1,801,185.89</b>
ELASTRON AGRICULTURAL S.A.	0.00	0.00	0.00	0.00	<b>0.00</b>
PHOTOENERGY S.A.	52,041.66	0.00	0.00	0.00	<b>52,041.66</b>
PHOTODEVELOPMENT S.A.	116,485.09	0.00	0.00	0.00	<b>116,485.09</b>
PHOTODIODOS S.A.	102,163.10	0.00	0.00	0.00	<b>102,163.10</b>
PHOTOKYPSELI S.A.	35,157.70	0.00	0.00	0.00	<b>35,157.70</b>
ILIOSKOPIO S.A.	48,424.88	0.00	0.00	0.00	<b>48,424.88</b>
PHOTOISHIS LTD	13,688.87	0.00	0.00	0.00	<b>13,688.87</b>
TATA ELASTRON S.A.	1,990,645.55	0.00	0.00	15,986.85	<b>2,006,632.40</b>
CORUS KALPINIS SIMOS S.A.	978,666.31	0.00	13,458.30	0.00	<b>992,124.61</b>
<b>TOTAL</b>	<b>3,337,273.16</b>	<b>0.00</b>	<b>370,668.54</b>	<b>1,459,962.50</b>	<b>5,167,904.20</b>

(b) Intra-company receivables / liabilities on 31.12.2016 and 31.12.2015 respectively

LIABILITIES	RECEIVABLES			
	ELASTRON S.A.	TATA ELASTRON S.A.	CORUS KALPINIS SIMOS S.A.	TOTAL
ELASTRON S.A.	0.00	0.00	0.00	<b>0.00</b>
ELASTRON AGRICULTURAL S.A.	2,875.09	0.00	0.00	<b>2,875.09</b>
PHOTOENERGY S.A.	228,299.48	0.00	0.00	<b>228,299.48</b>
PHOTODEVELOPMENT S.A.	584,898.86	0.00	0.00	<b>584,898.86</b>

PHOTODIODOS S.A.	520,089.56	0.00	0.00	<b>520,089.56</b>
PHOTOKYPSELI S.A.	110,864.10	0.00	0.00	<b>110,864.10</b>
ILIOSKOPIO S.A.	204,563.81	0.00	0.00	<b>204,563.81</b>
PHOTOISHIS LTD	853,374.04	0.00	0.00	<b>853,374.04</b>
TATA ELASTRON S.A.	1,118,443.46	0.00	0.00	<b>1,118,443.46</b>
CORUS KALPINIS SIMOS S.A.	0.00	0.00	0.00	<b>0.00</b>
BALKAN IRON GROUP SRL	150,700.00	0.00	0.00	<b>150,700.00</b>
KALPINIS SIMOS BULGARIA EOOD	770,000.00	0.00	0.00	<b>770,000.00</b>
<b>TOTAL</b>	<b>4,544,108.40</b>	<b>0.00</b>	<b>0.00</b>	<b>4,544,108.40</b>

LIABILITIES	RECEIVABLES			
	ELASTRON S.A.	TATA ELASTRON S.A.	CORUS KALPINIS SIMOS S.A.	TOTAL
ELASTRON S.A.	0.00	0.00	102,571.07	<b>102,571.07</b>
ELASTRON AGRICULTURAL S.A.	0.00	0.00	0.00	<b>0.00</b>
PHOTOENERGY S.A.	237,753.06	0.00	0.00	<b>237,753.06</b>
PHOTODEVELOPMENT S.A.	570,062.33	0.00	0.00	<b>570,062.33</b>
PHOTODIODOS S.A.	511,104.29	0.00	0.00	<b>511,104.29</b>
PHOTOKYPSELI S.A.	125,928.48	0.00	0.00	<b>125,928.48</b>
ILIOSKOPIO S.A.	215,263.88	0.00	0.00	<b>215,263.88</b>
PHOTOISHIS LTD	919,319.64	0.00	0.00	<b>919,319.64</b>
TATA ELASTRON S.A.	1,452,589.93	0.00	0.00	<b>1,452,589.93</b>
CORUS KALPINIS SIMOS S.A.	0.00	2,959.93	0.00	<b>2,959.93</b>
BALKAN IRON GROUP SRL	145,700.00	0.00	0.00	<b>145,700.00</b>
KALPINIS SIMOS BULGARIA EOOD	755,000.00	0.00	0.00	<b>755,000.00</b>
<b>TOTAL</b>	<b>4,932,721.61</b>	<b>2,959.93</b>	<b>102,571.07</b>	<b>5,038,252.61</b>

	GROUP		COMPANY	
	1.1-31.12		1.1-31.12	
	2016	2015	2016	2015
<b>c) Transactions and remuneration of Board Members &amp; senior executives</b>				
Transactions and remuneration of Board Members	304,000.00	304,000.00	304,000.00	304,000.00
Transactions and remuneration of senior executives	240,280.66	238,079.83	84,000.00	84,000.00
Transactions and remuneration of other related entities	19,110.00	19,110.00	19,110.00	19,110.00
Receivables from senior executives and Board members	0.00	0.00	0.00	0.00
Liabilities to senior executives and Board members	0.00	0.00	0.00	0.00

Senior executives according to IAS 24 are those individuals that have the authority and responsibility for the planning, management and control of the entity's activities, directly or indirectly, and include all

members of the Board of Directors (executive and non-executive) of the entity, as well as all other senior executives according to the above definition.

### 23. *Contingent Liabilities - Receivables*

There are no disputes in court or in arbitration, nor are there any decisions by judicial or arbitration bodies that may have a significant impact on the Company's and Group's financial position or operation.

#### **Tax un-audited financial years**

The Parent Company and the absorbed company "CORUS-KALPINIS-SIMOS S.A. COATING MATERIALS" have not been audited by the tax authorities for financial year 2010. The company "TATA ELASTRON STEEL SERVICE CENTER" has not been tax audited for the financial years 2009 and 2010. However, the level of tax losses is deemed to exceed the accounting differences that may arise due to a tax audit in future. For the other companies of the Group, it is estimated that there is no need for provision with regard to the tax unaudited financial years. Therefore, on 31.12.2016, for the Company and the Group, there is no outstanding amount for provision for tax unaudited financial years.

From 2011, the parent company and the joint ventures as well as the other Group companies from the year 2014 have been subject to the tax audit by Certified Auditors Accountants, in accordance with the provisions of article 65A of L. 4174/2013. The audit for the year 2016 is under progress and the relevant tax certificate is expected to be granted following the release of the financial statements for the year 2016. In case of additional tax obligations arising until the completion of the tax audit, we estimate that these will not have any material impact on the financial statements.

The Group and Company incur contingent liabilities and receivables with regard to banks, suppliers, other guarantees and other issues that arise in the context of their ordinary activities, as follows:

	31.12.2016	
	GROUP	COMPANY
Guarantees to secure obligations to suppliers	5,810,692.68	5,040,470.85
Guarantees to secure trade receivables	4,824,842.00	4,824,842.00
Other Guarantees to third parties	6,375,620.06	6,325,620.06
<b>Total</b>	<b>17,011,154.74</b>	<b>16,190,932.91</b>

### 24. *Dividends*

According to Greek commercial law, companies are obligated to distribute at least 35% of earnings after the deduction of taxes and the statutory reserve, to shareholders. The Annual General Meeting of the Company's Shareholders that took place on 09.06.2016 decided not to distribute dividend for financial year 2015 due to negative results.

### 25. *Personnel information*

#### (a) Number of personnel

The number of employees working for the Group (including the employees of companies consolidated with the equity method) and the Company is presented in the following table:

	GROUP		COMPANY	
	01.01-31.12		01.01-31.12	
	2016	2015	2016	2015
Regular staff	103	86	64	54
Staff on day-wage basis	87	101	74	58
<b>Total staff</b>	<b>190</b>	<b>187</b>	<b>138</b>	<b>112</b>

### (b) Personnel's remuneration

The remuneration of the Group's and Company's employees as recorded in the financial statements is presented in the following table:

	GROUP		COMPANY	
	01.01-31.12		01.01-31.12	
	2016	2015	2016	2015
Employee remuneration	3,418,319.31	2,724,108.35	2,874,677.66	2,452,413.04
Employer contributions	875,359.49	686,264.85	749,654.32	625,765.61
Other benefits	31,677.86	22,492.85	30,805.22	22,492.85
<b>Total</b>	<b>4,325,356.66</b>	<b>3,432,866.05</b>	<b>3,655,137.20</b>	<b>3,100,671.50</b>

## 26. Government Grants

	31.12.2016		31.12.2015	
	GROUP	COMPANY	GROUP	COMPANY
Grants on completed investments	6,951,376.34	5,456,439.01	6,502,382.16	5,091,939.01
Grants on revenue for financial year 2016 / 2015	(269,262.43)	(200,848.62)	(240,916.81)	(203,641.95)
Grants on revenue from previous financial years	(1,621,487.10)	(1,558,109.63)	(1,220,602.53)	(1,190,014.85)
<b>Balance in the deferred income</b>	<b>5,060,626.81</b>	<b>3,697,480.76</b>	<b>5,040,862.82</b>	<b>3,698,282.21</b>
Short-term portion	274,504.04	210,575.30	240,916.81	203,641.95
Long-term portion	4,786,122.77	3,486,905.46	4,799,946.01	3,494,640.26
Received Prepayment	6,354,045.06	4,943,601.91	5,989,545.06	4,579,101.91
Receivable from Grant	597,331.28	512,837.10	512,837.10	512,837.10

On 22/12/2006 the Ministry of Development approved a five-year investment plan worth € 14.7 million for the account of the parent Company. A grant for 35% of the above amount is anticipated. In June 2007 the company ELASTRON S.A. received a prepayment of € 1.54 million, which corresponds to 30% of the total grant by using the capability for a lump sum prepayment. On 29/04/2013, the total budget of the investment was revised to € 13.1 million. On 02/07/2013 an amount of € 0.75 million was paid corresponding to the full collection of 50% of the grant, whereas on 16/10/2013 an amount of € 2.3 paid corresponding to the completion of the collection of the full (100%) grant. The above investments were implemented in the Company's facilities in Aspropyrgos and Skaramagkas, Attica.

In May 2015, the parent company's new investment plan was approved and included in the category of General Entrepreneurship of the General Business Plans of article 6 of Law 3908/2011. The total amount of the investment accounts for Euro 3.4 million and includes the purchase of modern mechanical equipment and the construction of new storage and industrial facilities in Aspropyrgos, Attica. On the above amount of the investment, a grant of 15% is provided. The investment has been completed and the collection of the corresponding grant is expected.

The subsidiary company ELASTRON AGRICULTURAL S.A. completed recently an investment plan amounting to Euro 2.1 million in the county of Xanthi (Northern Greece) which concerns the development of hydroponic cultivation of glasshouse agricultural products via the utilization of geothermal energy. The particular investment was classified under the provisions of the investment



Law 3908/2011 which provides for a 40% grant of the total investment amount. The grant accounts for Euro 0.8 million and has been already collected by the company. At the same time, ELASTRON AGRICULTURAL S.A. has prepared a new investment plan for the expansion of the existing hydroponic cultivation unit for a total amount of Euro 6 million. The particular plan has been also classified under the provisions of Law 3908/2011 and will similarly receive a 40% grant. Until today, the company has collected the amount of Euro 589 thousand which corresponds to 25% of the total amount of the grant.

The investment cost grant is subject to limitations and conditions that are reasonably expected to be implemented in whole. For this reason the Company and Group account for grant receivables against completed investments. The government grants that refer to expenses are deferred and registered in the results when the granted expense is registered, in order to match the income with the expense.

## 27. Exchange rates

The exchange rates used to translate the financial statements of the company "BALKAN IRON GROUP SRL", from foreign currency to € are the following:

### 31.12.2016

1 € = 4.5240 RON (Exchange rate used in the Statement of Financial Position)

1 € = 4.445414 RON (Exchange rate used in the Statement of Comprehensive Income)

### 31.12.2015

1 € = 4.4828RON (Exchange rate used in the Statement of Financial Position)

1 € = 4.447116RON (Exchange rate used in the Statement of Comprehensive Income)

## 28. Information of article 10 L. 3401/2005

SUBJECT	PUBLICATION	DATE
FINANCIAL CALENDAR	<a href="http://www.elastron.gr&amp;www.helex.gr">www.elastron.gr&amp;www.helex.gr</a>	24/03/2016
ANNOUNCEMENT OF COMMENTARY ON FINANCIAL STATEMENTS / REPORTS	<a href="http://www.elastron.gr&amp;www.helex.gr">www.elastron.gr&amp;www.helex.gr</a>	30/03/2016
ANNOUNCEMENT OF COMMENTARY ON FINANCIAL STATEMENTS / REPORTS	<a href="http://www.elastron.gr&amp;www.helex.gr">www.elastron.gr&amp;www.helex.gr</a>	31/03/2016
ANNOUNCEMENT OF ACQUISITION OF BUSINESS INTEREST	<a href="http://www.elastron.gr&amp;www.helex.gr">www.elastron.gr&amp;www.helex.gr</a>	07/04/2016
ANNOUNCEMENT FOR DISCLOSURE OF MEMBER-STATE OF ORIGINATION	<a href="http://www.elastron.gr&amp;www.helex.gr">www.elastron.gr&amp;www.helex.gr</a>	11/05/2016
PRE-ANNOUNCEMENT OF GENERAL MEETING	<a href="http://www.elastron.gr&amp;www.helex.gr">www.elastron.gr&amp;www.helex.gr</a>	18/05/2016
ANNOUNCEMENT OF DECISIONS BY GENERAL MEETING	<a href="http://www.elastron.gr&amp;www.helex.gr">www.elastron.gr&amp;www.helex.gr</a>	09/06/2016
ANNOUNCEMENT OF MERGER VIA ABSORPTION	<a href="http://www.elastron.gr&amp;www.helex.gr">www.elastron.gr&amp;www.helex.gr</a>	24/06/2016
ANNOUNCEMENT OF SHARE CAPITAL DECREASE DUE TO CANCELLATION / ELIMINATION OF TREASURY SHARES	<a href="http://www.elastron.gr&amp;www.helex.gr">www.elastron.gr&amp;www.helex.gr</a>	18/07/2016
DISCLOSURE OF S.C. / NUMBER OF SHARES AND VOTING RIGHTS	<a href="http://www.elastron.gr&amp;www.helex.gr">www.elastron.gr&amp;www.helex.gr</a>	20/07/2016
ANNOUNCEMENT OF COMMENTARY ON FINANCIAL STATEMENTS / REPORTS	<a href="http://www.elastron.gr&amp;www.helex.gr">www.elastron.gr&amp;www.helex.gr</a>	28/05/2016
ANNOUNCEMENT OF COMMENTARY ON FINANCIAL STATEMENTS / REPORTS	<a href="http://www.elastron.gr&amp;www.helex.gr">www.elastron.gr&amp;www.helex.gr</a>	30/09/2016
ANNOUNCEMENT OF COMPLETION OF MERGER	<a href="http://www.elastron.gr&amp;www.helex.gr">www.elastron.gr&amp;www.helex.gr</a>	27/11/2016

Apart from the above announcements, within the financial year 2016, the Company made 18 announcements that concerned the purchase of own shares.

### *29. Availability of Financial Statements*

The annual Financial Report of ELASTRON Group, including the Management Report by the Board of Directors as an inseparable part of such, as well as the Audit Report by the Certified Auditor for the financial year ended on 31.12.2016, have been posted on the company's website <http://www.elastron.gr>.

### *30. Events after the end of the reporting period*

After the end of the reporting period no events occurred that may affect the financial statements.

Aspropyrgos, 21 April 2017

THE CHAIRMAN OF THE BOARD

THE DEPUTY CEO

THE CHIEF FINANCIAL  
OFFICER

PANAGIOTIS SIMOS  
ID No. AE 063856

STILIANOS KOUTSOTHANASSIS  
ID No. AB 669589

VASILIS MANESIS  
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