

FREZYDERM



ΕΤΗΣΙΑ ΟΙΚΟΝΟΜΙΚΗ
ΕΚΘΕΣΗ ΤΗΣ ΧΡΗΣΗΣ
ΑΠΟ 1 ΙΑΝΟΥΑΡΙΟΥ
ΕΩΣ 31 ΔΕΚΕΜΒΡΙΟΥ 2017

ΣΥΜΦΩΝΑ ΜΕ ΤΑ ΔΙΕΘΝΗ ΠΡΟΤΥΠΑ
ΧΡΗΜΑΤΟΟΙΚΟΝΟΜΙΚΗΣ ΑΝΑΦΟΡΑΣ
όπως αυτά έχουν υιοθετηθεί
από την
Ευρωπαϊκή Ένωση



FREZYDERM A.B.E.E.

Διεύθυνση έδρας Εταιρίας: Μενάνδρου 75, Αθήνα

Αριθμός Μητρώου Αωνύμων Εταιριών: 36943/01/B/96/532

ΑΡ. Γ.Ε.ΜΗ: 2365500100

Αρμόδια Αρχή: ΕΒΕΑ/Γ.Ε.ΜΗ



Σύνθεση Διοικητικού Συμβουλίου:

Ιωάννης Αναστασίου, Πρόεδρος και Διευθύνων Σύμβουλος

Ευθύμιος Αναστασίου, Αντιπρόεδρος και Διευθύνων Σύμβουλος

Κωνσταντίνα Αναστασίου, Μέλος

Αικατερίνη Μελισσάρη, Μέλος

Χρυσούλα Γκούσκου, Μέλος

Χρήστος Δόδουρας, Μέλος

Στέφανος Βαζάκας, Μέλος



**Ημερομηνία Έγκρισης
των Ετήσιων Οικονομικών Καταστάσεων:
27 Αυγούστου 2018**

Ορκωτός Ελεγκτής:
Νίκη Καραχρήστου

Ελεγκτική Εταιρεία:
TMS A.E. Ορκωτών Ελεγκτών Λογιστών

Τύπος έκθεσης ελέγχου ελεγκτή:
Με σύμφωνη γνώμη

FREZYDERM S.A

ANNUAL FINANCIAL REPORT

Of the financial year from 1 January to 31 December 2017

IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS, as adopted by the European Union

FREE TRANSLATION FROM THE GREEK ORIGINAL

In the event that difference exist between this translation and the Greek original , the Greek original will prevail over this document

FREZYDERM S.A

Registered Office : Menandrou 75, Athens

S.A Register Number : 26943/01/B/96/532

Greek General Commercial Registry : 2365500100

Supervising Authority : A.C.C.I/G.G.C.R

Composition of the Board of Directors

Anastasiou Ioannis, Chairman and Managing Director
Anastasiou Efthymios, Vice Chairman and Managing Director
Anastasiou Konstantina, Member
Melissari Aikaterini, Member
Dodouras Christos, Member
Gouskou Chrisoula, Member
Vazakas Stefanos, Member

Date of approval of the Annual financial statements : 27/08/2018

The Certified Auditor : Niki Karachristou

Auditing company : TMS Auditors S.A

Type of Auditors Opinion : Unqualified

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Approval of Annual Financial Statements

The annual financial statements for the year ended December 31, 2017 (01/01-31/12/2017) were approved by the Board of Directors on August 27, 2018.

**The Chairman of the Board of
Directors and Managing
Director**

Ioannis Anastasiou
I.D. Number AB 249702

**The Vice-Chairman of the Board
of Directors and Managing
Director**

Efthymios Anastasiou
I.D. Number AB 345070

The Finance Director

Aikaterini Melissari
I.D. Number AK 758698

Annual Report of the Board of Directors

The Board of Directors of Frezyderm S.A. ("the Company") presents its Report on the Annual Financial Statements (consolidated and separate) for the year ended December 31, 2017. The Group Frezyderm (the «Group»), apart from the Company, includes the subsidiary company Frezyderm UK Ltd, over which Frezyderm has direct control.

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (I.F.R.S.), as adopted by the European Union.

(A) 2017 Financial Review

Given the fact that the parent Company's financial figures do not differ significantly from the respective financial figures of the Group, as sales and total assets represent 100% of total (the subsidiary company has not developed its commercial activity to a significant extent), presented below are the Group's financial information.

The Group's revenue increased by 4,8% in 2017 compared to 2016 and reached the amount of Euro 41.726.890,37 compared to Euro 39.819.558,70 of the previous year. The increase of revenue is due to the distribution of new products and the increase of sales of existing products via the Company's commercial policy. It is noted that in December 2017, the Group's Management proceeded with the recall of baby formulas produced by Lactalis the total amount of which amounted to € 1.488.160,17 . The turnover of the subsidiary company Frezyderm UK Ltd amounted to GBP 254.643,95 compared to Euro GBP 37.998,55 of the previous year.

The Group's operating expenses reached the amount of Euro 21.444.928,00 and reflect an increase of 14,4% compared to the prior year (2016: Euro 18.745.969,47). This increase is mainly due to the costs related to the increased sales and the increased marketing expenses of the subsidiary company. Respectively, operating expenses before depreciation reached the amount of Euro 21.239.311,31 compared to Euro 18.536.909,81 of the previous year, reflecting an increase of 14,6%.

The Group's earnings before interest and tax (EBIT) for 2017 reached the amount of Euro 5.262.003,53 compared to Euro 5.671.958,53 in 2016, reflecting a decrease of 7,2%. Respectively, the Company's earnings before interest and tax (EBIT) for 2017 reached the amount of Euro 6.324.367,40 compared to Euro 6.386.268,67 of the previous year, reflecting a decrease of 1%.

The Group's earnings before interest, tax, depreciation and amortization (EBITDA) for 2017 reached the amount of Euro 5.499.870,79 compared to Euro 5.906.890,91 in 2016, reflecting a decrease of 6,9%.

In relation to the Group's and Company's financial activities, interest and related expenses in 2017 amounted to Euro 209.612,61, reflecting a decrease of 28,7% compared to 2016.

The income tax expense of the Group amounted to Euro 2.012.008,73 in 2017 compared to Euro 1.984.418,08 in 2016.

Considering all the above, the Group's profit for the year 2017 was Euro 3.122.349,04 compared to Euro 3.471.262,02 of the prior year, reflecting a decrease of 10,1%.

The Group's cash flows from operating activities in 2017 decreased by 45,6% in comparison with the prior year and amounted to Euro 2.791.824,99 compared to Euro 5.136.615,48 in 2016. The decrease is mainly due to the negative change in working capital.

The Group's total debt as of December 31, 2017, was Euro 2.361.477,25 compared to Euro 2.263.116,01 at December 31, 2016, reflecting an increase of 4,3%.

As of December 31, 2017, the Group's net current liabilities amounted to Euro 16.486.228,74 compared to net current assets of Euro 19.079.140,17.

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Financial ratios

The Group's basic financial ratios for the years 2017 and 2016 are as follows:

Current ratio	31.12.2017		31.12.2016	
Current assets	<u>19.079.140,17</u>	1,16	<u>16.106.871,77</u>	1,07
Current liabilities	<u>16.486.228,74</u>		<u>15.093.818,56</u>	
Gross profit margin ratio	31.12.2017		31.12.2016	
Gross profit	<u>25.662.291,45</u>	0,62	<u>24.112.270,91</u>	0,61
Net sales	<u>41.726.890,37</u>		<u>39.819.558,70</u>	
Return on equity	31.12.2017		31.12.2016	
Net profit	<u>3.122.349,04</u>	0,67	<u>3.471.262,02</u>	1,17
Total equity	<u>4.685.786,22</u>		<u>2.973.930,45</u>	
Assets to equity ratio	31.12.2017		31.12.2016	
Total assets	<u>23.365.632,42</u>	4,99	<u>20.423.702,22</u>	6,87
Total equity	<u>4.685.786,22</u>		<u>2.973.930,45</u>	
Equity to debt ratio	31.12.2017		31.12.2016	
Total equity	<u>4.685.786,22</u>	1,98	<u>2.973.930,45</u>	1,31
Total debt	<u>2.361.477,25</u>		<u>2.263.116,01</u>	
Current assets to total liabilities ratio	31.12.2017		31.12.2016	
Current assets	<u>19.079.140,17</u>	1,02	<u>16.106.871,77</u>	0,92
Total liabilities	<u>18.679.846,20</u>		<u>17.449.771,77</u>	

(B) Significant events of the current year

Preventive withdrawal of the infant milk by the producer company Lactalis

Between FREZYDERM and LACTALIS HELLAS SA, a supply contract had been signed since 2012, under which, the second company was supplying FREZYDERM with infant milk in the form of powder, in various codes and types (first, second and third infant age, as well as special kinds of milk), which circulated in the Greek and Cypriot markets – namely, in pharmaceutical stores and pharmacies – through the selective distribution network that FREZYDERM has developed and through them, to the consumer public – under the trademarks («FREZYLAC») and the latter's insignia. These products were produced by the French parent company Lactalis Nutrition Sante (one of the world's leading manufacturers of these products), at its specialized plant in Craon, France, which, LNS, was selling to its subsidiary company LACTALIS HELLAS and which, in turn, were reselling them to FREZYDERM under the contract between them. Surprisingly and without any prior notice to FREZYDERM, on Sunday, 10-12-2017, the producer LNS made, with its relevant announcements to the competent Audit Authorities of France and with press releases addressed to the global media, the preventive withdrawal of certain lots of infant food products, that had been produced by it, since 15-02-2017, and finally on the 21-12-2017 LNS preventively revoked the whole milk and infant food production, that had been produced in this specific plant since 15-02-2017 and since then. Immediately, by FREZYDERM's initiative and its immediate mobilization, the announcement of this preventive withdrawal, was also notified to the competent Greek auditing authorities and in cooperation with them, all the necessary procedures were initiated without any delay, with the aim of informing the consumers to discontinue the grant of the milk, to protect the public health and in particular the most sensitive population, that of newborns and infants, and in any case to withdraw the packaging that were placed at the selling points. At the same time, LNS completely discontinued its production lines, in order to carry out extensive and in-depth controls and to address the health issues that had arisen (and were the reason of

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the withdrawal), resulting in the deprivation of the market and its customers (and us) on a worldwide scale of the relevant products, as on one hand, all batches of infant milk produced in the last 10 months were withdrawn without exception and on the other hand, it was not possible to re-supply the market with new batches. We emphasize that until now it has not been possible to recommence the commercial operation of the product lines and therefore it is not possible to obtain infant milk from the parent LNS or its Greek subsidiary, which are not committed to the start of production, the availability of their products and the timetable for the adequate supply of the market. The result of this situation and the lack of products for so many months, was, among other things, the loss of the specific market and the shares acquired by FREZYDERM step by step over the years, investing considerable financial and human resources and corporate structures in this field. From the very first moment of LNS's initial announcement, FREZYDERM sought direct and complete information, directly from the producer company, in order firstly to successfully protect its consumers and secondly to address all the administrative, management and commercial issues that had arisen.

For that purpose, within a few days since LNS's announcement, the administration of FREZYDERM, at its request, held a meeting with the LNS's administration, at the latter's premises in France (in the presence of the administration of its subsidiary in Greece) where information was requested about the situation and all the crucial issues were debated, the ones that had to be addressed in the first stage. Following these, FREZYDERM and LACTALIS HELLAS (representing the French parent company, following its detailed briefing, instructions and approvals) and their legal advisors, held successive communications and meetings, resulting in, on 01/02/2018, on FREZYDERM's plan and proposals (but also on the procedures already in place), the sign of a relevant contract between them, on the joint handling of the urgent practical issues of the withdrawal (in particular the withdrawal and destruction and reimbursement of the pharmacies and the pharmaceutical stores), without of course the objective scope of this contract being extended to all the kinds of positive and negative damages suffered, suffering and will be suffered by FREZYDERM by the fact of the withdrawal and its management by the LACTALIS companies involved, claims for which it was explicitly reserved to pursue, once it has gained a clearer picture. It is also noted that the original supply contract did not foresee the occurrence of an event of such magnitude and scope, that it had been de facto overcome by the developments and the data the producer company was facing. In the meantime and throughout this whole time, FREZYDERM with ongoing communication actions towards both the consumers and its customers, had already put in place withdrawal procedures, cooperating with transport companies and courier companies, in order to withdraw from the market, but also from the shelves of the final consumers every package (closed or open) and at the same time to compensate for this withdrawal of each piece. Indeed, using all of its available human resources, the company successfully managed a huge volume (in codes and number of pieces) of recovered pieces from all the members of its selective distribution network and the final consumers, collaborating continuously with LACTALIS HELLAS (and in accordance with the provisions of the contract dated 01/02/2018) and the latter paid its financial obligations to FREZYDERM under the above contract, while its finalization and the payment of the last fees and withdrawal costs are pending. At the same time, with the direct involvement of the parent company and its associates (financial services, legal offices, obliged insurance companies), the consultations between the parties are continuing (oral consultations, exchanges of letters and emails, sending of financial data and documentation), in order to find a compromising solution to the amount of compensation for positive and negative damages, the compensation for moral damage and the damage to FREZYDERM's trademark and reputation from the incident. To this end, in June 2018, in its premises FREZYDERM held a long –term meeting with the participation of the administration, the legal representatives as well as the financial management and the certified accountants of our company on one hand, the administration of LACTALIS HELLAS and a specialized legal, financial and insurance technical team of LNS on the other hand, where they exchanged views, all the clarifications and documents requested were provided, and efforts were made to maintain the negotiations, in order to avoid legal action. Already today, after phone communications LNS's final financial proposal is expected, in order to examine FREZYDERM's further legal and commercial stance.

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(amounts in euro unless stated otherwise)

We should not overlook that until now, no infant illness that is medically documented or most likely due to the consumption of milk from controlled batches, consumed prior to the withdrawal, has been brought to the attention of the company so that we can reasonably support, that the system of preventive screening of infant food products by national independent laboratories, which FREZYDERM, as an importer and distributor, applies optionally all the years prior to their distribution to the market – in addition to the quality checks that any producer is required to carry out for the safe circulation of food products within the EU and the certificates they need to have on their import to the country – has worked successfully.

-Share capital increase of the subsidiary company Frezyderm UK Ltd

During the current year, the subsidiary company FREZYDERM UK LTD increased its share capital by GBP 380.000 where the parent company participated and fully covered the share by the capitalization of equal intercompany balances.

- Acquisition of property plant and equipment

By virtue of the resolution of the Shareholders Extraordinary Meeting dated 16/1/2017, the Company proceeded with the acquisition of property on 73-75 Menandrou Str. for a consideration of € 155.000.

- Dividend distribution

By resolution of the Shareholders General Meeting, dividends of Euro 1.400.000,00 were distributed to the company's shareholders.

(C) Objectives for 2018

Management's objective is to solidify Frezyderm as a leading, modern and dynamic company, and based on its qualitative superiority to provide excellent products and to continue to hold a leading position in the market.

More specifically, the Group aims to:

- Safeguard its leading position in the market by gaining additional market share
- Increase the value of the shareholders
- Deliver high quality products to consumers

The values underlying Frezyderm are integrity, commitment to excellence, innovation, and respect of human life.

For 2018, the Group aims not only to achieve the annual business targets but also to enable the long term evolution of the Company. Special emphasis will be placed on distributing new products in Greece and the openings of new international markets.

(D) Risks and Uncertainties for the Next Year

The Group's activities expose it to financial risk, market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's risk management policy focuses on the unpredictability of the collection of trade receivables and seeks to minimise potential adverse effects on the Group's liquidity and financial performance. The Group and the Company do not use derivative financial instruments. The Group is also exposed to the risks arising from the overall financial recession and uncertainty that characterise the Greek and global market. Management continually assesses the situation and its possible future impact to ensure that all necessary actions and measures are taken in order to minimize any impact on the Group's operations. Management is not able to accurately predict the likely developments in the Greek economy, however based on its assessment, management has concluded that no additional impairment provisions are required with respect to the Group's financial and non-financial assets as of December 31, 2017.

Financial Risks

The below stated risks are significantly affected by the capital controls imposed as well as the macroeconomic and financial environment in Greece, as analysed above.

a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange and interest rates will result in fluctuations of the value of the Group's financial instruments. The objective of market risk management is to manage and control exposure within acceptable levels.

The individual risks that comprise market risk and the Group's policies for managing them are described below:

i. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the interest rates. The Group's exposure to interest rate risk is insignificant. The Group's long term-borrowings refer to finance leases with floating rates that expose the Group to cash flow interest rate risk which however is considered to be insignificant.

ii. Foreign currency risk

Currency risk is the risk that the fair values of the cash flows of a financial instrument fluctuate due to foreign currency changes. The Group mainly operates in Europe and consequently its transactions are conducted in Euro.

iii. Price risk

The purpose of risk management against market conditions is to control the Group's exposure to those risks, within the framework of acceptable parameters while optimizing results.

b) Credit risk

Credit risk is the risk of financial loss to the Group and the Company if a counterparty fails to meet its contractual obligations. The carrying value of financial assets at each reporting date is the maximum credit risk to which the Group is exposed in respect of the relevant assets.

Defaulted payments of trade receivables could potentially adversely affect the liquidity of the Group and the Company. However, due to the large number of customers and the diversification of the customer base, there is no concentration of credit risk with respect to these receivables. Furthermore, the company cooperates with a specialised insurance company to insure its trade receivables.

The Group applies specific credit policies under which customers are analysed for creditworthiness in order to ensure that sales are made to customers with the appropriate credit profile and the proper reputation. Management monitors regularly the chronological classification of outstanding receivables.

c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as they fall due. Liquidity risk is kept at low levels by ensuring that there is sufficient cash on demand and / or credit facilities to meet the financial obligations falling due in the next 12 months. The Group's cash and cash equivalents and current assets as at December 31, 2017 amount to Euro 19.079.140,17 and its bank borrowings amount to Euro 2.361.477,25.

The analysis of the undiscounted contractual payments (including debt principal and interest payments) of the financial liabilities of the Group and the Company is presented below:

GROUP	Up to 1 year	2 to 5 years	Over 5 years	Total
31/12/2016				
Borrowings (bank borrowings & finance lease liabilities)	1.003.498,21	891.213,30	368.404,51	2.263.116,01
Trade and other payables	12.065.930,94	-	-	12.065.930,94
31/12/2017				
Borrowings (bank borrowings & finance lease liabilities)	1.289.569	994.138,93	77.769,17	2.361.477,25
Trade and other payables	12.105.715,62	-	-	12.105.715,62

COMPANY	Up to 1 year	2 to 5 years	Over 5 years	Total
31/12/2016				
Borrowings (bank borrowings & finance lease liabilities)	1.003.498,21	891.213,30	368.404,51	2.263.116,01
Trade and other payables	11.999.130,61	-	-	11.999.130,61
31/12/2017				
Borrowings (bank borrowings & finance lease liabilities)	1.289.569	994.138,93	77.769,17	2.361.477,25
Trade and other payables	11.988.596,34	-	-	11.988.596,34

d) Operational Risks

Sales risks

Sales risk refers to factors which hinder the development of sales of the Group. The continued uncertainty of the economic environment in conjunction with any further reduction of the disposable income, may continue to affect the market. The Group's strategy, to efficiently handle these risks, focuses on its commitment to its strategic pillars (continuous flow of innovative products, emphasis on quality etc).

Other risks

The Group's operations associated with consumer products, underly certain risks. The Group in compliance to Community directives and the applicable legislation, maintains high lever healthcare standards and minimises any possible risks that may arise.

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(amounts in euro unless stated otherwise)

Capital management

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business plans and maximize shareholder value. The Group manages its capital structure and makes adjustments, in light of changes in economic conditions. An important mean of managing capital is the use of the gearing ratio (ratio of net debt to equity). Net debt includes interest bearing loans less cash and cash equivalents.

The gearing ratio at 31 December 2017 and 2016 was established as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Long-term borrowings	1.071.908,10	1.259.617,80	1.071.908,10	1.259.617,80
Short-term borrowings	1.289.569,15	1.003.498,21	1.289.569,15	1.003.498,21
Total borrowings	2.361.477,25	2.263.116,01	2.361.477,25	2.263.116,01
Less: Cash and cash equivalents	-4.399.667,49	(3.217.157,77)	-3.963.125,47	(2.686.318,74)
Net debt	-2.038.190,24	(954.041,76)	-1.601.648,22	(423.202,73)
Equity	4.685.786,22	2.973.930,45	6.241.914,28	3.747.196,22
Gearing ratio	-0,43	-0,32	-0,26	-0,11

(E) Related Party Transactions

Related party transactions are presented below:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Total sales				
Sales of goods	485.376,88	33.337,72	485.376,88	33.337,72
Sales of fixed assets				
Sales of services / Other income				
Total purchases				
Purchases of goods				
Purchases of fixed assets				
Fees to the members of the BoD and key management personnel				
Salaries and other short-term benefits	1.053.885,68	702.885,26	1.053.885,68	702.885,26
Other fees and benefits				
Amounts owed by/to related parties				
Receivables from related parties	994.119,04	396.044,23	994.119,04	396.044,23
Liabilities to associates	14.487,50	3.000,00	14.487,50	3.000,00

(F) Other Information

Company branches

The company has branches in Thessaloniki on 112 Karamanlis Avenue, and in Metamorfoosi on 4 Tatoiou Avenue (plant) and 15 Likovriseos (warehouse).

Purchase of own shares

The company does not hold own shares, and therefore is not obliged to provide the relevant information.

Activities in the field of research and development

The research and development department was established in the year 2000.

Given the long year experience and specialisation of its scientific staff, as well as the modern laboratories, it is able, on a continuous basis, to develop new, safe and effective products making use of innovated cosmetic techniques and scientific developments. Furthermore, the scientific team of Frezyderm, designs, creates, implements and legally patents on behalf of third parties (customers) all new forms of cosmetics. It is the “headquarters” for the creation and development of new products, where modern scientific systems simulate the pilot productions.

The company reinvests a significant portion of its annual profits to its Research and Development department.

Facts and information on environmental and labor issues

Environmental

FREZYDERM has developed and maintains a consolidated Quality Assurance system and is certified as per the standards below:

1. ISO 9001:2008 by the certification body LRQA Lloyd’s Registers, for the design, development and production of cosmetic products, intravaginal gels, lice treatments and nasal sprays, storage, distribution and sale of cosmetic products, medicine and medical information services.
2. ISO 22716:2007, good manufacturing practices - for the production, storage and distribution of cosmetic products.
3. ISO 22000:2005, food safety management systems – for the distribution of consumer packaged goods and milk formulas for infants, children and adults. The organic products are certified by authorities of the European Union and DIO (Inspection and Certification Organization of Organic Products)
4. ISO 13485:2012 and resolution 85/1348 for the production and distribution of intravaginal gels and cleansers, lice treatment products, nasal sprays and oral care products.

In addition, another priority of FREZYDERM consists in the prevention of any environmental effects arising from its activity and its continuous compliance with the relevant legislations. In this context FREZYDERM participates in the Collective Alternative Management System CAMS – RECYCLING.

FREZYDERM is aware of the need for continuous improvement of its environmental performance on the basis of the principles of sustainable development and in compliance with legislation and international standards, aims to a balanced economic growth in harmony with the natural environment and to minimize the environmental impact from its activities. Taking into account the above principles FREZYDERM carries out its activities in a manner that ensures the protection of the environment and the health and safety of its employees.

Labour

Health and safety

Frezyderm constantly seeks to improve its health and safety performance for its employees. The Group's Management regards for the employees' health and safety and has taken all measures to prevent any accidents. In addition the company has a group insurance policy for its personnel (medical representatives) due to their exposure in areas that accommodate patients (hospitals, pharmacies, medical practises etc) and due to their frequent travelling (within and out of the area of the company).

Human resources and development

Frezyderm recognises the fundamental importance of being a responsible employer and building long-term relationships with its employees, based on mutual trust, reliability and common values. For this reason Frezyderm aims to promote lifelong learning among its people and enhance their professional skills and competencies. The training hours for the Group amounted to 100 hours per employee. Frezyderm as an employer respects and defends the diversity of its employees (age, gender, nationality etc.) and ensures top-quality working conditions and opportunities for advancement based on merit and on equal treatment, free of discrimination. Frezyderm defends human rights, recognises the right to union membership and to collective bargaining.

Control systems in IT systems and the protection of personal data

The Group has developed an adequate framework to monitor and control information systems, defined by different control mechanisms, policies and procedures. A specific procedure has been provided for safeguarding against any problems in the systems and specific rights have been set to the various information systems for all the employees. The Group is in the process of fully complying with the European Union's General Data Protection Regulation (GDPR), and is examining the contractual texts and its commercial co-operations and practises mainly with individuals (for which the Regulation is in force) by checking the databases, revising and strengthening its policies and market communication actions). In general, the Group is examining all necessary measures for the company's compliance, the protection of personal data of individuals (mainly for final retail and wholesale customers, to the extent this is required) and to inform and train its employees. The Company in collaboration with an external, specially qualified contractor, has examined all issues for the administration and security of personal data to the full range of its external and internal operations, all Managers and a significant number of its employees have been informed of the main elements of the Regulation and have been given with instructions for their constant cooperation with the legal department in any event where there is an issue of personal data processing, either of consumers or customers. Specialised issues regarding the Group's compliance are to be finalised either by assigning an external contractor or by implementing in-house.

Dividends

The Board of Directors proposes at the annual Ordinary General Meeting of Shareholders the approval of dividend distribution of € 1.600.000.

Incidents after the date of the Balance Sheet

The company has already returned, since the end of May 2018, to the infant milk market, with trustworthy associates / suppliers and new products (formulas) and aims at the recovery of its share, while finding a supplier for the special kinds of milk is pending.

Concerning the investments in fixed establishment, the first contacts have been made for the assignment of the necessary technical studies in an architectural office, for the real estates, that the company bought in the past, to be completely renovated, as well as the offices that the company rented in the beginning of 2018 by the Association of Greek Scouts, which are all located in the same building where the company has its premises (administration office) and with their inclusion in the economic and operational life of the company will provide new prospects for its development and the united establishment of all its critical parts in the center of Athens.

Finally, during the first semester of 2018, two new and modern packaging machines, as well as a filling machine, which are now installed in the plant in order to cover the increase of production, were delivered and put into operation.

Election of the Board of Directors

With the decision of the General Assembly of the shareholders, dated 20/06/2018, a new Board of Directors was elected, which formed into body as follows:

1. Ioannis Anastasiou, President and Managing Director
2. Efthimios Anastasiou, Vice-President and Managing Director
3. Konstantina Anastasiou, Member
4. Aikaterini Melissari, Member
5. Chrisoula Gouskou, Member
6. Christos Dodouras, Member
7. Stefanos Vazakas, Member

Following the above, we kindly ask from the Shareholders :

1. To approve the Financial Statements of the Company for the 22nd fiscal year (1/1/2017 – 31/12/2017)
2. To approve the Unified Financial Statements for the fiscal year 1/1/2017 – 31/12/2017
3. To release us and the auditors of any liability for the operations of the fiscal year (1/1/2017 – 31/12/2017) in accordance to Law and to the Articles of Association.
4. To approve the remuneration of the members of the Board of Directors that have been paid from 1/1/2017 to 31/12/2017, to pre-approve the remuneration of the members of the Board of Directors for the fiscal year (1/1/2018 – 31/12/2018).
5. To appoint one (1) Regular and one (1) Substitute Certified Auditor for the year 2018.

Athens, 27 August 2018

The President of the Board of Directors

Ioannis Anastasiou

[Translation from the original text in Greek]

Independent Auditor's Report

To the Shareholders of «FREZYDERM SA»

Report on the audit of the separate and consolidated financial statements

Our opinion

We have audited the accompanying separate and consolidated financial statements of "FREZYDERM SA" (Company) which comprise the separate and consolidated statement of financial position as of 31 December 2017, the separate and consolidated statement of comprehensive income, statement of changes in equity and statements of cash flows for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects the financial position of "FREZYDERM SA" and its subsidiary (the Group) as at 31 December 2017, their financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as they have been transposed into Greek Law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate and consolidated financial statements section of our report. We are independent of the Company and its subsidiary in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants that has been transposed into Greek Law, and the ethical requirements that are relevant to the audit of the separate and consolidated financial statements in Greece and we have fulfilled our ethical responsibilities in accordance with the requirements of the applicable legislation and the abovementioned Code.

Responsibilities of Management for the separate and consolidated financial statements

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

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

Auditor's responsibilities for the audit of the separate and consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and Group audit. We remain solely responsible for our audit opinion.

We communicate to Management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Considering that the management is responsible for the preparation of the Board of Directors' Report, pursuant to the provisions of paragraph 5 of article 2 of Law 4336/2015 (Part B), we note that:

- a) The Board of Directors' report has been prepared in accordance with the legal requirements of articles 43a and 107A of the Codified Law 2190/1920, and the information given for the year ended at 31 December 2017 is consistent with the separate and consolidated financial statements.
- b) Based on our knowledge of the company FREZYDERM SA and its environment, we have not identified any material inaccuracies in the Board of Directors' Report.

Athens, 30 August 2018

The Certified Auditor Accountant



TMS Auditors S.A.

91 Michalakopoulou Str., 115 28 Athens

SOEL Reg. Number 166



Independent member of IAPA International

Niki Karachristou
SOEL Reg. No 31011

FREZYDERM S.A.
(amounts in euro unless stated otherwise)

Statement of Financial Position

	Note	GROUP		COMPANY	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016
ASSETS					
Non-current assets					
Property, plant and equipment	5.1	2.757.142,26	2.665.769,56	2.757.142,26	2.665.769,56
Intangible assets	5.2	465.610,26	554.122,00	465.610,26	554.122,00
Investment in subsidiaries	5.3	-	-	1.037.108,86	879.042,52
Investment property	5.4	595.366,00	599.400,00	595.366,00	599.400,00
Other non-current receivables	5.5	51.480,75	67.603,65	51.480,75	67.603,65
Deferred tax assets	5.19	416.892,98	429.935,24	416.892,98	429.935,24
		<u>4.286.492,25</u>	<u>4.316.830,45</u>	<u>5.323.601,11</u>	<u>5.195.872,97</u>
Current assets					
Inventories	5.6	7.503.868,45	8.200.004,34	7.457.479,02	8.200.004,34
Trade and other receivables	5.7	7.175.604,23	4.689.709,66	8.058.790,91	5.047.971,61
Cash and cash equivalents	5.8	4.399.667,49	3.217.157,77	3.963.125,47	2.686.318,74
		<u>19.079.140,17</u>	<u>16.106.871,77</u>	<u>19.479.395,40</u>	<u>15.934.294,69</u>
Total Assets		<u>23.365.632,42</u>	<u>20.423.702,22</u>	<u>24.802.996,51</u>	<u>21.130.167,66</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	5.9	1.124.000,00	1.124.000,00	1.124.000,00	1.124.000,00
Reserves	5.10	694.640,63	478.977,54	731.842,75	506.648,16
Retained earnings		2.867.145,59	1.370.952,91	4.386.071,53	2.116.548,06
Total equity		<u>4.685.786,22</u>	<u>2.973.930,45</u>	<u>6.241.914,28</u>	<u>3.747.196,22</u>
Non-current liabilities					
Long-term borrowings	5.11	1.071.908,10	1.259.617,80	1.071.908,10	1.259.617,80
Deferred revenue	5.12	329.396,75	406.901,86	329.396,75	406.901,86
Retirement benefit obligations	5.13	792.312,61	689.433,55	792.312,61	689.433,55
		<u>2.193.617,46</u>	<u>2.355.953,21</u>	<u>2.193.617,46</u>	<u>2.355.953,21</u>
Current liabilities					
Trade and other accounts payable	5.14	12.105.715,62	12.065.930,94	11.988.596,34	11.999.130,61
Tax liabilities	5.15	3.090.943,97	2.024.389,41	3.089.299,28	2.024.389,41
Short-term borrowings	5.11	1.289.569,15	1.003.498,21	1.289.569,15	1.003.498,21
		<u>16.486.228,74</u>	<u>15.093.818,56</u>	<u>16.367.464,77</u>	<u>15.027.018,23</u>
Total liabilities		<u>18.679.846,20</u>	<u>17.449.771,77</u>	<u>18.561.082,23</u>	<u>17.382.971,44</u>
Total Equity and Liabilities		<u>23.365.632,42</u>	<u>20.423.702,22</u>	<u>24.802.996,51</u>	<u>21.130.167,66</u>

The accompanying Notes on pages 20 to 58 form an integral part of these financial statements.

Statement of Comprehensive Income

	Note	GROUP		COMPANY	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016
Sales	4	41.726.890,37	39.819.558,70	41.921.799,97	39.806.527,32
Cost of sales	5.16	(16.064.598,92)	(15.707.287,79)	(16.322.258,15)	(15.703.315,69)
Gross profit		25.662.291,45	24.112.270,91	25.599.541,82	24.103.211,63
Administrative expenses	5.16	(4.076.050,69)	(3.101.964,78)	(2.970.484,84)	(2.410.643,60)
Selling expenses	5.16	(17.130.264,52)	(15.433.669,95)	(17.130.264,52)	(15.433.669,95)
Research & development expenses	5.16	(238.612,79)	(210.334,74)	(238.612,79)	(210.334,74)
Other income / (expenses)	5.17	1.044.640,08	305.657,09	1.064.187,7300	337.705,33
Profit before tax, financial and investment activities		5.262.003,53	5.671.958,53	6.324.367,40	6.386.268,67
Finance income / expenses, net	5.18	(127.645,76)	(216.278,43)	(416.678,84)	(215.709,73)
Profit before taxes		5.134.357,77	5.455.680,10	5.907.688,56	6.170.558,94
Income tax	5.19	(2.012.008,73)	(1.984.418,08)	(2.012.008,73)	(1.984.418,08)
Profit after taxes		3.122.349,04	3.471.262,02	3.895.679,83	4.186.140,86
Other comprehensive income					
<i>Items to be reclassified to profit or loss in subsequent periods:</i>					
Exchange loss on translation of foreign operations		(9.531,50)	(29.583,05)	-	-
Total comprehensive income to be reclassified to profit or loss in subsequent periods after tax		(9.531,50)	(29.583,05)	-	-
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gains / losses		(45.123,66)	(54.669,49)	(45.123,66)	(54.669,49)
Re-measurement of property at fair values		43.768,85	9.756,75	43.768,85	9.756,75
Deferred tax		393,04	13.024,54	393,04	13.024,54
Total comprehensive income not to be reclassified to profit or loss in subsequent periods after tax		(961,77)	(31.888,20)	(961,77)	(31.888,20)
Other comprehensive income for the year net of tax		(10.493,27)	(61.471,25)	(961,77)	(31.888,20)
Total comprehensive income for the year net of tax		3.111.855,77	3.409.790,77	3.894.718,06	4.154.252,66
Total profit for the year is attributable to:					
Owners of the parent		3.122.349,04	3.471.262,02	3.895.679,83	4.186.140,86
Non-controlling interests		-	-	-	-
Total comprehensive income for the year is attributable to:					
Owners of the parent		3.111.855,77	3.409.790,77	3.894.718,06	4.154.252,66
Non-controlling interests		-	-	-	-
Basic earnings per share after tax (in euro)	5.20	156,1175	173,5631	194,7840	209,3070

The accompanying Notes on pages 20 to 58 form an integral part of these financial statements.

FREZYDERM S.A.

(amounts in euro unless stated otherwise)

Statement of Changes in Equity**GROUP**

	Share capital	Statutory reserve	Fair value revaluation reserve	Foreign exchange reserve	Retained earnings	Total equity
Balance at 01-01-2016	1.124.000,00	339.258,37	27.254,10	1.912,43	(751.815,22)	740.609,68
<i>Total comprehensive income for the year</i>						
- Net profit for the year					3.471.262,02	3.471.262,02
<i>Other comprehensive income / (loss)</i>						
- Actuarial gains / losses after tax					(38.815,49)	(38.815,49)
- Readjustment at fair values of PPE after tax			6.927,29			6.927,29
- Exchange loss on translation of foreign operations				(29.583,05)		(29.583,05)
Total comprehensive income for the year			6.927,29	(29.583,05)	3.432.446,53	3.409.790,77
Statutory reserve		133.208,40			(133.208,40)	-
Dividends					(1.176.470,00)	(1.176.470,00)
Balance at 31-12-2016	1.124.000,00	472.466,77	34.181,39	(27.670,62)	1.370.952,91	2.973.930,45
Balance at 01-01-2017	1.124.000,00	472.466,77	34.181,39	(27.670,62)	1.370.952,91	2.973.930,45
<i>Total comprehensive income for the year</i>						
- Net profit for the year					3.122.349,04	3.122.349,04
<i>Other comprehensive income / (loss)</i>						
- Actuarial gains / losses after tax					(32.037,66)	(32.037,66)
- Readjustment at fair values of PPE after tax			31.075,89			31.075,89
- Exchange loss on translation of foreign operations				(9.531,50)		(9.531,50)
Total comprehensive income for the year			31.075,89	(9.531,50)	3.090.311,38	3.111.855,77
Statutory reserve		194.118,70			(194.118,70)	
Dividends					(1.400.000,00)	(1.400.000,00)
Balance at 31-12-2017	1.124.000,00	666.585,47	65.257,28	(37.202,12)	2.867.145,59	4.685.786,22

The accompanying Notes on pages 20 to 58 form an integral part of these financial statements.

FREZYDERM S.A.

(amounts in euro unless stated otherwise)

COMPANY

	Share capital	Statutory reserve	Fair value revaluation reserve	Retained earnings	Total equity
Balance at 01-01-2016	1.124.000,00	339.258,37	27.254,10	(721.098,91)	769.413,56
<i>Total comprehensive income for the year</i>					
- Net profit for the year				4.186.140,86	4.186.140,86
<i>Other comprehensive income / (loss)</i>					
- Actuarial gains / losses after tax				(38.815,49)	(38.815,49)
- Revaluation of property at fair values after tax			6.927,29		6.927,29
Total comprehensive income for the year			6.927,29	4.147.325,37	4.154.252,66
Statutory reserve		133.208,40		(133.208,40)	-
Dividends				(1.176.470,00)	(1.176.470,00)
Balance at 31-12-2016	1.124.000,00	472.466,77	34.181,39	2.116.548,06	3.747.196,22
Balance at 01-01-2017	1.124.000,00	472.466,77	34.181,39	2.116.548,06	3.747.196,22
<i>Total comprehensive income for the year</i>					
- Net profit for the year				3.895.679,83	3.895.679,83
<i>Other comprehensive income / (loss)</i>					
- Actuarial gains / losses after tax				(32.037,66)	(32.037,66)
- Revaluation of property at fair values after tax			31.075,89		31.075,89
Total comprehensive income for the year			31.075,89	3.863.642,17	3.894.718,06
Statutory reserve		194.118,70		(194.118,70)	-
Dividends				(1.400.000,00)	(1.400.000,00)
Balance at 31-12-2017	1.124.000,00	666.585,47	65.257,28	4.386.071,53	6.241.914,28

The accompanying Notes on pages 20 to 58 form an integral part of these financial statements.

FREZYDERM S.A.
(amounts in euro unless stated otherwise)

Cash Flows Statement

	GROUP		COMPANY	
	01/01/2017 31/12/2017	01/01/2016 31/12/2016	01/01/2017 31/12/2017	01/01/2016 31/12/2016
Cash flows from operating activities				
Profit / (loss) before tax	5.134.357,77	5.455.680,10	5.907.688,56	6.170.558,94
Adjustments for:				
Provisions	10.734,99	121.945,14	10.734,99	121.945,14
Depreciation	237.867,26	234.932,38	237.867,26	234.932,38
Impairment of tangible and intangible assets	85.459,93	19.931,20	85.459,93	19.931,20
Results (revenue, expenses, profit and loss) from investment activity	49.548,67	97.469,20	336.827,00	97.777,14
Interest charges	80.998,80	152.347,84	79.659,46	151.471,20
Plus / (less) adjustments for working capital:				
Decrease / (increase) in inventories	730.090,73	(3.014.455,86)	777.135,92	(3.014.455,86)
Decrease / (increase) in receivables	(2.472.770,17)	(1.348.929,01)	(2.994.696,40)	(849.362,89)
((Decrease) / increase in liabilities (except borrowings)	63.309,77	5.102.874,25	(10.534,27)	4.190.345,44
(Less):				
Interest and related expenses paid	(195.773,70)	(212.637,06)	(194.434,36)	(211.760,42)
Taxes paid	(931.999,06)	(1.472.542,70)	(933.663,56)	(1.472.542,70)
Net cash flows from operating activities (a)	2.791.824,99	5.136.615,48	3.302.044,53	5.438.839,57
Cash flows from investing activities				
Acquisition of subsidiaries, affiliates, joint ventures and other investments	-	-	(445.215,11)	(810.874,80)
Purchase of tangible & intangible assets	(278.385,30)	(163.066,45)	(278.385,30)	(163.066,45)
Proceeds from the sale of tangible & intangible assets	-	3.079,03	-	3.079,03
Interest received	130,93	309,30	1,37	1,36
Net cash flows used in investing activities (b)	(278.254,37)	(159.678,12)	(723.599,04)	(970.860,86)
Cash flows from financing activities				
Proceeds from loans granted / issued	1.765.860,26	3.750.234,83	1.765.860,26	3.750.234,83
Repayment of loans	(1.501.630,84)	(5.241.063,09)	(1.501.630,84)	(5.241.063,09)
Settlements of liabilities from principles of leasing	(165.868,18)	(150.963,92)	(165.868,18)	(150.963,92)
Dividends paid	(1.400.000,00)	(1.176.470,00)	(1.400.000,00)	(1.176.470,00)
Net cash flows used in financing activities (c)	(1.301.638,76)	(2.818.262,18)	(1.301.638,76)	(2.818.262,18)
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	1.211.931,86	2.158.675,18	1.276.806,73	1.649.716,53
Cash and cash equivalents at the beginning of the year	3.217.157,77	1.110.476,81	2.686.318,74	1.036.602,21
Net foreign exchange differences	(29.422,14)	(51.994,22)	-	-
Cash and cash equivalents at the end of the year	4.399.667,49	3.217.157,77	3.963.125,47	2.686.318,74

The accompanying Notes on pages 20 to 58 form an integral part of these financial statements.

FREZYDERM S.A.

(amounts in euro unless stated otherwise)

Notes to the financial statements as of December 31, 2017

1. General information

FREZYDERM S.A. was established in 1986 with the main objective to design, produce and market dermatological products, introduce such products to dermatologists while keeping them updated, and promote products via the pharmaceutical distribution channel. The company aims to design and manufacture safe and effective, high quality, products that conform to strict pharmaceutical standards that will become a dermatologists' reliable partner.

The company deals with the production, distribution and wholesale of cosmetics, pharmaceutical products and wholesale of child food products.

The Company has its registered office in Greece, in the municipality of Athens of the prefecture of Attica, at 75 Menadrou str, and the production takes place at the privately-owned plant at 4 Tatoiou, Metamorphosi, Athens. The production process is ISO certified and the Company has been awarded for the high quality of its products and sales excellence. In 2013 Fortune Greece ranked the Company 13th in the list of the 20 fastest growing companies in Greece, and in 2016 received the title of Superbrand in the personal care category from the institution of Superbrands and in 2017 received the "Development and Innovation" award from the annual Kouros Awards for Entrepreneurship. Furthermore, in 2017 Frezyderm was distinguished in the event "Leaders of the Greek Economy" and received an award in the category "Greek Business Champion".

The Company's website is <https://www.frezyderm.com>

The consolidated financial statements include the financial statements of Frezyderm SA and its subsidiary Frezyderm UK Ltd, over which the company has direct control holding 100% of its share capital.

The financial statements were approved by the Board of Directors on August 27 2018.

2. Summary of significant accounting policies

The main accounting principles adopted for the preparation of these financial statements are presented below. These principles have been applied with consistency in all reported periods presented.

2.1 Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), including the International Standards (IAS) and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union.

The annual financial statements have been prepared on the historical cost basis, as amended by the adjustment of owner-occupied property and investment property at fair values and under the principle of going concern.

The preparation of financial statements according to IFRS requires the use of certain important accounting estimations and the exercise of judgment on behalf of the Management in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3. These estimations are based on Management's best possible knowledge of current conditions and actions but the actual results may differ from these estimations.

The financial statements are presented in Euro. Any minor differences between amounts presented in the tables below result from roundings.

FREZYDERM S.A.

(amounts in euro unless stated otherwise)

New standards, amendments to standards and interpretations issued and effective for the current financial year that have no significant impact on the financial statements of the Group and the Company

IAS 7 (Amendments) “Disclosure initiative”

These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

IAS 12 (Amendments) “Recognition of Deferred Tax Assets for Unrealised Losses”

These amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

New standards, amendments to standards and interpretations issued but not yet effective nor early adopted by the Group and the Company

IFRS 9 “Financial Instruments” and subsequent amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2018)

IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. Moreover, IFRS 9 establishes a more principlesbased approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

The Group and the Company will apply the standard retrospectively without restatement of the comparative information for prior years. In 2017, the Group and the Company reviewed the classification and measurement requirements of IFRS 9 (including impairments), concluding that the majority of their financial instruments will be accounting for in a manner similar to IAS 39. Specifically, the business model and cash flow characteristic tests will not affect the classification and measurement of the Group’s and the Company’s trade or other non-trade receivables, which will continue to be measured at amortized cost.

The impact of the new impairment model has also been reviewed. The Group and the Company determined that their trade receivables and other financial assets generally have low credit risk. The provision for impairment loss will probably increase but the final amount will not significantly differ from the current provision. The Group is in the process of finalising its assessment of the impact to its financial statements.

IFRS 9 (Amendments) “Prepayment Features with Negative Compensation” (effective for annual periods beginning on or after 1 January 2019)

The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. The Group cannot early adopt the amendments as they have not yet been endorsed by the EU.

IFRS 15 “Revenue from Contracts with Customers” (effective for annual periods beginning on or after 1 January 2018)

IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services.

The Group and the Company will adopt the standard on 1 January 2018 by using the modified retrospective approach, meaning that the cumulative impact of the adoption will be recognised in retained earnings and comparatives will not be restated.

The Group and the Company expect no impact on their profitability, liquidity or financial position, when they will apply IFRS 15 for the first time.

IFRS 16 “Leases” (effective for annual periods beginning on or after 1 January 2019)

IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. At this stage the Group and the Company are not able to estimate the impact of the adoption of the new standard on the financial statements, as they have not yet finalized their detailed assessment of the application of IFRS 16. The Group and the Company plan to adopt the new standard on the required effective date (1.1.2019).

IFRS 17 “Insurance contracts” (effective for annual periods beginning on or after 1 January 2021)

IFRS 17 has been issued in May 2017 and supersedes IFRS 4. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard and its objective is to ensure that an entity provides relevant information that faithfully represents those contracts. The new standard solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. Insurance obligations will be accounted for using current values instead of historical cost. The standard has not yet been endorsed by the EU.

IFRS 2 (Amendments) “Classification and measurement of Share-based Payment transactions” (effective for annual periods beginning on or after 1 January 2018)

The amendment 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 the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority. The amendments have not yet been endorsed by the EU.

IFRS 4 (Amendments) “Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts” (effective for annual periods beginning on or after 1 January 2018)

The amendments introduce two approaches. The amended standard will: a) give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and b) give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard—IAS 39.

IAS 40 (Amendments) “Transfers of Investment Property” (effective for annual periods beginning on or after 1 January 2018)

The amendments clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence. The amendments have not yet been endorsed by the EU.

IAS 28 (Amendments) “Long term interests in associates and joint ventures” (effective for annual periods beginning on or after 1 January 2019)

The amendments clarify that companies account for long-term interests in an associate or joint venture—to which the equity method is not applied—using IFRS 9. The amendments have not yet been endorsed by the EU.

IFRIC 22 “Foreign currency transactions and advance consideration” (effective for annual periods beginning on or after 1 January 2018)

The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The Interpretation applies where an entity either pays or receives consideration in advance for foreign currency denominated contracts. The interpretation has not yet been endorsed by the EU.

IFRIC 23 “Uncertainty over income tax treatments” (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The interpretation has not yet been endorsed by the EU.

Annual Improvements to IFRS (2014 – 2016 Cycle)

The amendments set out below describe the key changes to two IFRSs. The amendments have not yet been endorsed by the EU.

IFRS 12 “Disclosures of Interests in Other Entities”

The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information. The amendment is effective for annual periods beginning on or after 1 January 2017.

IAS 28 “Investments in associates and Joint ventures”

The amendments clarified that when venture capital organisations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss (FVTPL), this election should be made separately for each associate or joint venture at initial recognition. The amendment is effective for annual periods beginning on or after 1 January 2018.

Annual Improvements to IFRS (2015 – 2017 Cycle) (effective for annual periods beginning on or after 1 January 2019)

The amendments set out below include changes to four IFRS. The amendments have not yet been endorsed by the EU.

IFRS 3 “Business combinations”

The amendments clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 “Joint arrangements”

The amendments clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 “Income taxes”

The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

IAS 23 “Borrowing costs”

The amendments clarify how a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

2.2 Consolidation

Subsidiaries

The consolidated financial statements are comprised of the financial statements of the Company and its subsidiary controlled by the Company directly. Control exists when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

The financial statements of the subsidiary company are prepared as of the same reporting period as the parent company, using consistent accounting policies. All intercompany balances, transactions and any intercompany profit or loss are eliminated in the consolidated financial statements. An intercompany loan to a foreign subsidiary for which settlement is neither planned nor likely to occur in the foreseeable future, is considered to be part of the net investment in that foreign operation, and any foreign exchange gains and losses arising are recorded in other comprehensive income.

Disposal of subsidiaries

When the group disposes of or ceases to have control or any retained interest in the subsidiary it is re-measured to its fair value at the date of disposal or when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that subsidiary are reclassified to profit or loss.

2.3 Operating segments

Operating segments are determined based on the Group's legal structure, as the Group's chief operating decision makers review financial information separately reported by the Company and its subsidiary. The reportable segments are determined using the quantitative thresholds required by IFRS 8. Information for operating segments that do not constitute reportable segments is combined and disclosed in the "Other" category. The accounting policies of the segments are the same with those followed for the preparation of the financial statements.

2.4 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euro ("€"), which is the parent company's functional currency and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates (i.e. spot rates) prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying net investment hedges. When the related investment is disposed of, the cumulative amount is reclassified to profit or loss.

Translation differences on non-monetary financial assets and liabilities, which are valued at fair value through profit and loss are included in the income statement. Translation differences on non-monetary financial assets, are included in other comprehensive income.

The financial statements of the subsidiary company are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet.
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- All exchange differences resulting from the above are recognised in other comprehensive income and subsequently included in "foreign currency translation reserve".
- On the disposal of a foreign operation (partly or fully disposed), the cumulative exchange differences relating to that particular foreign operation recognized in the "foreign currency translation reserve" within equity, are recognised in the income statement as part of the gain or loss on sale. On the partial disposal of a foreign subsidiary, the proportionate share of the cumulative amount is re-attributed to the non-controlling interest in that operation.

2.5 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and the acquisition date fair value of any previous equity interest held over the fair value of the identifiable net assets acquired. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and cannot be subsequently reversed.

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(amounts in euro unless stated otherwise)

2.6 Property, Plant and Equipment

Items of property, plant and equipment are measured at historical cost. Following they are measured as follows:

(a) Owner-occupied properties are measured at fair values. They are revalued by independent valuers every three to five year or earlier when there are significant changes in their carrying amounts.

Revaluation differences (surplus) are recognised within equity. A decrease of the assets carrying amount arising from a revaluation is recognised in profit or loss to the extent that it exceeds the balance of the revaluation surplus reserve within equity. Depreciation is charged on the revalued amounts.

(b) Other own-occupied assets are measured at cost less subsequent depreciation and impairment.

An item of property, plant and equipment is derecognised upon disposal. The difference between the asset's carrying amount and sale proceeds is recognised as gain or loss and is included in profit or loss. Upon disposal any revaluation reserve relating to the particular asset is transferred to retained earnings.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method over their estimated useful lives, as follows:

Buildings	30 to 50 years
Machinery	up to 10 years
Furniture, fittings and equipment	5 to 10 years
Vehicles	6 to 20 years

2.7 Intangible assets

Intangible assets consist of internally generated intangibles, licenses, software and trademarks.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Subsequent expenditure after completion of an internally generated intangible is recognised in the assets carrying amount.

At each balance sheet date Management assesses the probability of expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangibles of this category are reviewed for impairment at each balance sheet date. Internally generated intangibles are depreciated according to the straight-line method from 5 to 10 years.

The licences recognised as intangible assets refer to licences for the production and exclusive distribution of products which have been obtained during the development phase of the products. At each balance sheet date prior to the authorisation of the products by the regulatory authorities, the licences are subject to re-evaluation for impairment, according to management's judgements regarding the probability of their approval. Licences are depreciated with the straight-line method, from the date they become available for use and throughout their useful life and are reviewed for impairment at each balance sheet date.

The value of software programmes include the acquisition cost as well as any expenditure realised to consist the assets to be capable of operating reduced by the amount of accumulated depreciation and any possible impairment losses. Significant subsequent expenditure is capitalised only when it increases the software's performance beyond the initial specifications. Software programs are depreciated according to the straight line method from 1 to 3 years.

Trademarks are not depreciated as they are considered to have indefinite useful lives, but are subject to annual review for impairment or more frequently should indications of impairment arise. The depreciation charge for all the above is included in the statement of comprehensive income.

2.8 Investment property

Property that is held for long-term rental yields, or for capital appreciation, or for both is categorised as investment property.

Owner-occupied properties that are held for production and administrative purposes are not classified as investment property. This distinguishes owner-occupied property from investment property.

Investment property is measured initially at cost, including related transaction costs.

After initial recognition investment property is carried at fair value. Fair value reflects market conditions at the reporting date and is determined by management or external valuers.

The best evidence of fair value is provided by current prices in an active market for similar property in the same location and condition and subject to the same lease terms and other conditions (comparable transactions). When such identical conditions are not present, the Group takes account of, and makes allowances for, differences from the comparable properties in location, nature and condition of the property or in contractual terms of leases and other contracts relating to the property.

A gain or loss arising from a change in the fair value of investment property is recognized in the period in which it arises in the income statement.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property. Investment properties are derecognised when they have been disposed.

If an investment property becomes owner-occupied, it is reclassified as property plant and equipment. Its fair value at the date of reclassification becomes its deemed cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, the provisions of IAS 16 are applied up to the date of transfer, and thereon investment property is measured at fair value. The investment property is measured at fair value at the date of transfer and any revaluation gain or loss, being the difference between fair value and the previous carrying amount, is accounted for as a revaluation surplus or deficit in equity in accordance with IAS 16. Revaluation surplus is recognized directly in equity through other comprehensive income, unless there was an impairment loss recognized for the same property in prior years. In this case, the surplus up to the extent of this impairment loss is recognized in profit or loss and any further increase is recognized directly in equity through other comprehensive income. Any revaluation deficit is recognized in profit or loss.

2.9 Non-current assets held for sale

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. Immediately before the initial classification of a non-current asset (or a disposal group) as held for sale, the asset (or the assets and liabilities included in the disposal group) is measured in accordance with the applicable IFRS.

Non-current assets (or disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell and any possible resulting impairment losses are recognized in the income statement. Any subsequent increase in fair value is recognized, but not in excess of the cumulative impairment loss which was previously recognized. When a non-current asset (or non-current assets that are included in a disposal group) is classified as held for sale, it is not depreciated or amortized.

2.10 Impairment of non - financial assets (excluding goodwill)

The carrying values of the Group's and the Company's non-financial assets are tested for impairment, when there are indications that their carrying amount is not recoverable. In such cases, the recoverable amount is estimated and if the carrying amount of the asset exceeds its estimated recoverable amount, an impairment loss is recognized in the income statement. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. In measuring value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset. If an asset does not generate cash flows individually, the recoverable amount is determined for the cash generating unit to which the asset belongs. At each reporting date the Group and the Company assess whether there is an indication that an impairment loss recognized in prior periods may no longer exist. If any such indication exists, the Group and the Company estimate the recoverable amount of that asset and the impairment loss is reversed, increasing the carrying amount of the asset to its recoverable amount, to the extent that the recoverable amount does not exceed the carrying value of the asset that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.11 Financial instruments

Financial assets are initially measured at their fair value, which is normally the acquisition cost, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Financial assets are classified as being at fair value through profit or loss, held to maturity, loans and receivables or available-for-sale as appropriate.

The Group and the Company determine classification of their financial assets at initial recognition. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets carried at fair value through profit or loss are recognized in the income statement within "Gains/ losses from investments and financial assets". Changes in the fair value of assets classified as available for sale are recognized in other comprehensive income.

The fair values of quoted investments are based on quoted market bid prices. For investments where there is no quoted market price, fair value is determined using valuation techniques, unless the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, where the entity is precluded from measuring these investments at fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the settlement date (i.e. the date that the asset is transferred or delivered to the Group or the Company).

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Group or the Company has a legally enforceable right to set off the recognized amounts and intends either to settle such asset and liability on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Impairment of financial assets

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

(i) Assets carried at amortised cost:

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognized in the income statement.

(ii) Available-for-sale financial assets:

If there is objective evidence that an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the income statement is transferred from other comprehensive income to the income statement. Reversals of impairment in respect of equity instruments classified as available-for-sale are not recognized in the income statement. Reversals of impairment losses on debt instruments are reversed through the income statement if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment losses were recognized in the income statement.

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired,
- the Group or the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement, or
- the Group or the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group or the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's or the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset or the maximum amount of consideration that the Company or the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchase option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's or the Company's continuing involvement is the amount of the transferred asset that the Group or the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's or the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2.12 Inventories

The inventories, include merchandise, semi-finalised products, raw materials, package materials and spare parts. Inventories are measured at the lower of cost and net realizable value. The cost is based on the weighted average cost method, where the average is calculated at the end of the period. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. When there is any subsequent increase of the net realisable value of inventories that have been previously written-down, the amount of the write-down is reversed.

2.13 Trade and other receivables

Trade receivables are initially recognized at their fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. An impairment loss is recognised when there is an objective indication that the Group or the Company is not in a position to collect all the amounts that are due pursuant to relative contractual terms. The amount of the provision is the difference between the receivables' carrying amount and the present value of estimated future cash flows discounted at the effective interest rate. The amount of the provision is recorded as an expense in the income statement.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash, sight deposits, and short-term investments of up to 3 months, with high liquidity and low risk. Bank overdrafts are presented in Equity as short-term borrowings.

2.15 Share capital

Share capital includes the common stock of the Company that has been issued and is in circulation. Any excess of the consideration received over the par value of the shares issued is recognized as "share premium" in shareholders' equity. Costs directly attributable to the issue of new shares are shown in equity as a deduction of the "share premium" reserve.

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or longer if this period consists the normal operating cycle of the business). If not, then they are presented as non-current liabilities. Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Bank borrowings

Borrowings are initially recorded at cost which reflects their fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group or the Company have the right to defer the settlement of the obligation for at least 12 months from the balance sheet date.

2.18 Leases

A lease that transfers substantially all of the rewards and risks incidental to ownership of the leased item is accounted for by the lessee as the acquisition of an asset and the incurrence of a liability, and by the lessor as a sale and/or provision of financing.

Accounting by lessee

Lease payments are apportioned between finance charges (interest) that are charged to the income statement and a reduction of the lease liability. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments reduced by the accumulated depreciation or any impairment losses. If the lease does not transfer substantially all of the rewards and risks incidental to ownership of the leased item, it is classified as an operating lease by the lessee and the rental payments are recognised as an expense on a straight-line basis over the period of the lease.

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Accounting by lessor

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Lease income on operating leases is recognised over the term of the lease on a straight-line basis.

2.19 Income tax (current and deferred)

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

Current income tax is measured on the taxable income for the year using enacted tax rates at the reporting date and generates taxable income. Management regularly evaluates the amounts reported in tax returns as well as the cases where the applicable tax legislation requires interpretation and, where necessary, provisions are made based on the amounts expected to be paid to the tax authorities.

Deferred income tax is provided on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences except:

- where the deferred tax liability arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investment in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- in respect of taxable temporary differences associated with investment in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realized or liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

2.20 Provisions

Provisions are recognized when the Group or the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase of the provision due to the passage of time is recognized as a borrowing cost.

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Provisions are reviewed at each reporting date, and if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, they are reversed. Provisions are used only for expenditures for which they were originally recognized. No provisions are recognized for future operating losses. Contingent assets and contingent liabilities are not recognized.

2.21 Employ benefits

Current liabilities

The current liabilities resulting from employee benefits either in cash or in kind are recognized as expense when they are accrued.

Post-employment benefits

Post-employment benefits include defined contribution programs and defined benefit programs. A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate entity. The Group has no legal or constructive obligation to pay further contributions if the insurance fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. The Group's obligations resulting from the defined benefit plan are stipulated in the Greek Law 4093/2012, which representatively defines the minimum level of pension benefits received by employees upon retirement, usually, depending on one or more factors such as age, years of service and compensation. The liability in respect of defined benefit pension or retirement plans is the present value of the defined benefit obligation. The liability of the defined benefit plan is calculated annually by an independent actuary with the use of the projected unit credit method. The discounting rate used is based on the current price of 10+ year iBoxx AA euro Corporate Bond Index.

Actuarial gains and losses arising from adjustments based on historical data concerning economic and demographic assumptions are recognized in the income statement of the period in which they occur. Past-service costs are recognized immediately in the income statement.

For defined contribution plans, the Group pays contributions to publicly administered pension insurance plans. The Group has no further payment obligations once the contributions have been paid. Contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.22 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and Company and the relevant amounts can be reliably measured.

Revenue from the sale of goods, net of rebates and discounts is recognized when the significant risks and rewards incidental to ownership of the goods have been transferred to the buyer. Revenue arising from services is recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided and the collection of payment is reasonably assured. Interest income is recognized as the interest accrues.

2.23 Expenses

Expenses are recognized on an accrual basis. Payments made under an operating lease are transferred to the income statement on a straight-line basis over the term of the lease.

2.24 Earnings per share

The basic earnings per share are calculated by dividing the profits attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share are calculated by dividing the profits attributable to equity holders of the Company (after deducting the interest on convertible shares) by the weighted average number of ordinary shares in issue during the year (adjusted for the effect of the diluted convertible shares).

3. Significant accounting estimates and judgments

The preparation of the financial statements requires management to make estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities included in the financial statements. On an ongoing basis, management evaluates its estimates, including those related to legal contingencies, allowance for doubtful accounts, impairment of financial assets, impairment of property, plant and equipment and intangible assets, recognition of revenues and expenses and income taxes. Management bases its estimates on its experience and on various other assumptions that are believed to be reasonable. The results of these estimations form the bases for making judgments about the carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Deferred tax assets

Deferred income tax assets and liabilities have been provided for the tax effects of temporary differences between the carrying amount and tax base of such assets and liabilities, using enacted tax rates in effect in the years in which the differences are expected to reverse. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused losses can be utilized. The Group and the Company have considered future taxable income and followed ongoing feasible and prudent tax planning strategy in the assessment of the recoverability of deferred tax assets. The accounting estimate related to deferred tax assets requires management to make assumptions regarding the timing of future events, including the probability of expected future taxable income and available tax planning opportunities.

Impairment of property, plant and equipment

The determination of impairment of property, plant and equipment involves the use of estimates that include, but are not limited to, the cause, timing and amount of the impairment. Impairment is based on a large number of factors. The recoverable amount is typically determined using a discounted cash flow method. The identification of impairment indicators, as well as the estimation of future cash flows and the determination of fair values for assets (or groups of assets) require management to make significant judgments concerning the identification and validation of impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

Provision for doubtful trade receivables

The Group and the Company establish an allowance for doubtful accounts sufficient to cover reasonably estimable loss for these accounts. At each reporting date all accounts receivable are assessed based on historical trends, statistical information, future expectations regarding its late customers. The balance of such allowance for doubtful accounts is adjusted by recording a charge to the income statement of the reporting period. Any amount written off with respect to customer account balances is charged against the existing allowance for doubtful accounts. It is the Group's policy never to write-off any receivable until all possible legal recourse for their collection has been exhausted.

Provision for employee post-retirement benefits

Employee retirement indemnities are calculated at the discounted present value of the future retirement benefits deemed to have accrued at year-end. Retirement obligations are calculated on the basis of financial and actuarial assumptions that require Management to make assumptions regarding discount rates, pay increases, mortality and disability rates, retirement ages and other factors.

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Changes in these key assumptions can have a significant impact on the obligation and pension costs for the period. Net pension costs for the period consist of the present value of benefits earned in the year, interest costs on the benefits obligation, prior service costs and actuarial gains or losses. Due to the long term nature of these defined benefit plans these assumptions are subject to a significant degree of uncertainty.

Contingent liabilities

The existence of contingent liabilities requires that Management constantly make assumptions and value judgments regarding the possibility that future events may or may not occur, as well as the effect that these events could have on the activity of the Group and the Company.

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4. Operating segment information

The company deals with the production, distribution and marketing of cosmetics, pharmaceutical products and marketing of child food products.

The following information is provided for the reportable segments, which are separately disclosed in the financial statements and which are regularly reviewed by the Group's management. Segments were determined considering the revenue generated by each operation and the Group's legal structure.

Information about operating segments that do not constitute reportable segments has been combined and disclosed in an "Other" category. This category includes all the other operations of the Group.

Accounting policies of the operating segments are the same as those followed for the preparation of the financial statements.

2017	Cosmetics	Child food	Other	Total
Gross revenue per segment	32.728.766,70	6.445.608,37	2.552.515,30	41.726.890,37
Operating results before depreciation	3.807.626,17	1.453.939,75	238.304,87	5.499.870,79
Depreciation	180.756,07	31.951,87	25.159,32	237.867,26
Finance income / expenses, net	106.612,95	12.491,77	8.541,05	127.645,76
Profits before tax	3.520.257,16	1.409.496,11	204.604,50	5.134.357,77
Income tax	1.379.488,62	552.341,42	80.178,68	2.012.008,73
Profit after tax	2.140.768,53	857.154,69	124.425,82	3.122.349,04
Total Assets	17.532.797,46	4.434.885,57	1.397.949,39	23.365.632,42
Total Liabilities	15.005.893,95	2.510.675,19	1.163.277,06	18.679.846,20

2016	Cosmetics	Child food	Other	Total
Gross revenue per segment	30.288.652,43	8.432.045,02	1.098.861,25	39.819.558,70
Operating results before depreciation	4.188.298,23	1.555.586,01	163.006,67	5.906.890,91
Depreciation	204.583,75	22.926,41	7.422,22	234.932,38
Finance income / expenses, net	164.511,67	45.798,33	5.968,42	216.278,43
Profits before tax	3.819.202,81	1.486.861,27	149.616,02	5.455.680,10
Income tax	1.389.175,13	540.822,47	54.420,48	1.984.418,08
Profit after tax	2.430.027,68	946.038,80	95.195,54	3.471.262,02
Total Assets	16.523.893,37	3.300.328,03	599.480,82	20.423.702,22
Total Liabilities	14.804.256,35	2.108.422,41	537.093,01	17.449.771,77

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5. Notes to the financial statements

5.1 Property, plant and equipment

The account «*Property, plant and equipment*» is analysed as follows:

COMPANY	Land	Land held under finance lease	Buildings	Buildings held under finance lease	Machinery	Vehicles	Furniture & other equipment	Assets under construction
Balance at 01/01/2016	106.020,78	840.952,56	295.111,280	1.255.080,26	26.624,94	18.819,84	171.402,34	2.714.012,00
Additions					1.140,00	11.395,00	64.944,72	77.479,72
Disposals							(14.626,40)	(14.626,40)
Readjustment at fair values of PPE	20.515,50		(30.689,96)					(10.174,46)
Reclassifications			(101.702,29)	107.249,22				5.546,93
Depreciation charge			(7.798,88)	(32.250,57)	(6.836,45)	(4.111,85)	(66.399,35)	(117.397,10)
Disposals							10.928,86	10.928,86
Reclassifications			7.805,30	(7.805,30)				-
Balance at 31/12/2016	126.536,28	840.952,56	162.725,45	1.322.273,62	20.928,49	26.102,99	166.250,17	2.665.769,56
Cost	135.177,79	840.952,56	608.201,61	1.591.296,82	125.209,39	149.880,97	767.850,78	4.224.116,85
Accumulated depreciation			(212.273,75)	(269.023,21)	(104.280,90)	(123.777,98)	(601.600,61)	(1.316.503,38)
Accumulated losses of impairment of PPE	(8.641,51)		(233.202,41)					(241.843,92)
Balance at 31/12/2016	126.536,28	840.952,56	162.725,45	1.322.273,62	20.928,49	26.102,99	166.250,17	2.665.769,56
Balance at 01/01/2017	126.536,28	840.952,56	162.725,45	1.322.273,62	20.928,49	26.102,99	166.250,17	2.665.769,56
Additions	34.818,80		154.334,62		17.490,00	85,00	35.688,44	242.416,86
Readjustment at fair values of PPE	42.572,42		(80.229,50)					(37.657,08)
Depreciation charge			(6.795,73)	(32.250,57)	(6.015,83)	(4.646,91)	(63.678,04)	(113.387,08)
Balance at 31/12/2017	203.927,50	840.952,56	230.034,84	1.290.023,05	32.402,66	21.541,08	138.260,57	2.757.142,26
Cost	212.569,01	840.952,56	762.536,23	1.591.296,83	142.699,39	149.965,97	803.539,22	4.503.559,21
Accumulated depreciation			(219.069,48)	(301.273,78)	(110.296,73)	(128.424,89)	(665.278,65)	(1.424.343,53)
Accumulated losses of impairment of PPE	(8.641,51)		(313.431,91)					(322.073,42)
Balance at 31/12/2017	203.927,50	840.952,56	230.034,84	1.290.023,05	32.402,66	21.541,08	138.260,57	2.757.142,26

Investments in PPE

The company's investments in property plant and equipment during the year amounted to € 242.416,86 (2016: €77.479,72).

Impairment test

The measured fair value of buildings and land is based on a study carried out by an independent valuer. The re-measurement of owner occupied properties resulted to an impairment loss of € 85.066,05 which was recognized in the statement of comprehensive income and to a positive adjustment of € 47.408,97 from which an amount of € 3.640,12 refers to a reversal of previous years impairment loss was recognized in the statement of profit and loss and an amount of € 43.768,85 was recognised in the revaluation reserve.

Property, plant and equipment pledged as security

The Company's properties are free of any encumbrances.

As at 31/12/2017 and 31/12/2016 the subsidiary company Frezyderm UK Ltd did not have any fixed assets.

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5.2 Intangible assets

The account «*Intangible assets*» is analysed as follows:

	Licenses	Trademarks / logos	Software programs	Other	Total
Balance as at 01.01.2016	1.073.957,93	72.220,22	257.191,10	101.094,01	1.504.463,26
Additions	42.762,03		2.061,98	41.047,75	85.871,76
Disposals			(107,77)		(107,77)
Write-off			(1.165,51)		(1.165,51)
Balance as at 31.12.2016	1.116.719,96	72.220,22	257.979,80	142.141,76	1.589.061,74
Depreciation					
Balance as at 01.01.2016	(601.047,29)	(45.807,30)	(212.916,57)	(53.269,77)	(913.040,93)
Additions	(92.704,84)	(3.683,00)	(13.901,94)	(12.797,82)	(123.087,60)
Disposals			17,97		17,97
Write-off			1.165,43		1.165,43
Balance as at 31.12.2016	(693.752,13)	(49.490,30)	(225.635,11)	(66.067,59)	(1.034.945,13)
Net book value as at 31.12.2016	422.967,83	22.729,92	32.350,08	76.074,17	554.122,00
Balance as at 01.01.2017	1.116.719,96	72.220,22	257.979,80	142.141,76	1.589.061,74
Additions	18.312,00		3.806,44	13.850,00	35.968,44
Balance as at 31.12.2017	1.135.031,96	72.220,22	261.791,63	155.991,76	1.625.035,57
Depreciation					
Balance as at 01.01.2017	(693.752,13)	(49.490,30)	(225.635,11)	(66.067,59)	(1.034.945,13)
Additions	(80.104,14)	(3.411,00)	(12.214,60)	(28.750,44)	(124.480,18)
Balance as at 31.12.2017	(773.856,27)	(52.901,30)	(237.849,71)	(94.818,03)	(1.159.425,31)
Net book value as at 31.12.2017	361.175,69	19.318,92	23.941,92	61.173,73	465.610,26

Licenses refer to product certifications for their distribution domestically and abroad.

The company's investments in intangible assets during the year amounted to € 35.968,44 (2016: € 85.871,76).

As at 31/12/2017 and 31/12/2016 the subsidiary company Frezyderm UK Ltd did not have any intangible assets.

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5.3 Investments in subsidiaries

COMPANY	COUNTRY	% Ownership interest 31/12/2017	% Ownership interest 31/12/2016	Value 31/12/2017	Value 31/12/2016
FREZYDERM UK LTD	United Kingdom	100%	100%	1.037.108,86	879.042,52

The basic financial information of FREZYDERM UK LTD is presented below:

	31/12/2017	31/12/2016
Statement of financial position		
Non-current assets		-
Current assets	601.913,87	601.959,03
Total assets		
Total equity	(456.919,99)	140.278,24
Short term-liabilities	-	-
Total equity and liabilities	601.913,87	601.959,03
Statement of comprehensive income		
Total revenue	290.467,28	46.369,10
Other operating income	-	2.453,26
Total operating expenses	(1.105.565,85)	(691.321,18)
Loss before investment activities	(1.034.766,16)	(679.808,64)
Net financial income / (expenses)	1.884,31	(568,70)
Loss before tax	(1.032.881,85)	(680.377,34)
Income tax	-	-
Loss for the year	(1.032.881,85)	(680.377,34)
Statement of cash flows		
Net cash flows used in operating activities	(456.788,79)	(302.224,09)
Net cash flows generated from investing activities	129,56	-
Net cash flows generated from financing activities	445.215,11	810.874,80
Net (decrease) / increase in cash and cash equivalents	(11.444,12)	508.958,65

Frezyderm UK Limited was incorporated on 6 July 2015. It is exempt from the requirements relating to the audit of its accounts as Frezyderm S.A. has guaranteed their debts under section 479A of the companies Act 2006.

The account «Investments in subsidiaries» is analysed as follows:

	COMPANY	
	31/12/2017	31/12/2016
At the beginning of the period	879.042,52	68.167,72
Share capital increase	445.215,11	810.874,80
Impairment loss on investments in subsidiaries	(287.148,77)	-
	<u>1.037.108,86</u>	<u>879.042,52</u>

Share capital increase of the subsidiary company

During the current year the subsidiary company FREZYDERM UK LTD increased its share capital by GBP 380.000 where the parent company participated and fully covered the share capital increase by the capitalization of equal intercompany balances.

Impairment test

The Group's Management assesses whether there is any indication of impairment of its participations at least on an annual basis. For this reason the value in use of each cash generating unit must be estimated. The recoverable amount of the above cash generating units was determined based on the value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period and take into account the Group's long term prospective. The discount rate applied to the projected cash flows is 7,74%. From the impairment test an impairment loss of € 287.149 was recognized.

5.4 Investment property

The account investment property is analysed as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
At beginning of period	599.400,00	632.515,50	599.400,00	632.515,50
Reversal of previous years' impairment loss	21.605,00	-	21.605,00	-
Loss arising from re-measurement at fair value	(25.639,00)	(33.115,50)	(25.639,00)	(33.115,50)
Total	595.366,00	599.400,00	595.366,00	599.400,00

The Company holds property which is not occupied in the production or supply of goods, or for administrative purposes and is held for long-term rental yields, or for capital appreciation and are free of any encumbrance. The company has chosen the fair value method for determining the carrying value of its investment properties. Gains or losses arising from changes in fair value are recognized in the income statement in the period when they occur.

The fair value of level 3 investment properties is measured by independent external valuers. From the re-measurement of the Company's investment property an impairment loss of € 25.639,00 was recognised and a positive adjustment of € 21.605.

5.5 Other non-current receivables

Other non-current receivables of a total amount of € 51.480,75 (2016: € 67.603,65) mainly refer to rent guarantees.

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5.6 Inventories

The account «*Inventories*» is analysed as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Merchandise	623.122,42	1.298.689,50	576.732,99	1.298.689,50
Products	2.752.375,77	3.097.059,87	2.752.375,77	3.097.059,87
Raw materials	4.208.370,26	3.918.865,57	4.208.370,26	3.918.865,57
Less: provision for impairment of inventories	(80.000,00)	(114.610,60)	(80.000,00)	(114.610,60)
Total	7.503.868,45	8.200.004,34	7.457.479,02	8.200.004,34

The provision for impairment amounts to € 80.000,00 refers to slow moving stock which is not expected to be sold.

The movement of the provision for impairment of inventories as at December 31, 2017 and 2016 has as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Balance as at 01.01	(114.610,60)	-	(114.610,60)	-
Additional provision	-	-	-	-
Utilized	34.610,60	(114.610,60)	34.610,60	(114.610,60)
Balance as at 31.12	(80.000,00)	(114.610,60)	(80.000,00)	(114.610,60)

The Group's inventories are free of any encumbrances.

5.7 Trade and other receivables

The account «*Trade and other receivables*» is analysed as follows

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Trade receivables				
Trade receivables	691.149,47	995.291,19	1.108.658,99	1.001.822,51
Notes receivable overdue	3.917,78	3.917,78	3.917,78	3.917,78
Cheques receivable	1.827.351,76	2.056.865,76	1.827.351,76	2.056.865,76
Cheques receivable overdue	629.388,69	585.584,61	629.388,69	585.584,61
Less: Allowance for doubtful debts	(707.388,48)	(707.388,48)	(707.388,48)	(707.388,48)
	2.444.419,22	2.934.270,86	2.861.928,74	2.940.802,18
Other receivables				
Short term receivables from associates	-	-	475.404,44	396.044,23
Other debtors	988.872,77	110.071,83	979.145,49	65.758,23
Receivables from the Greek State	1.998.587,51	1.502.741,08	1.998.587,51	1.502.741,08
Claims receivable	1.488.160,17	-	1.488.160,17	-
Prepaid expenses	255.564,56	142.625,89	255.564,56	142.625,89
	4.731.185,01	1.755.438,80	5.196.862,17	2.107.169,43
Total	7.175.604,23	4.689.709,66	8.058.790,91	5.047.971,61

The fair value of trade and other receivables approximates their carrying value.

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In December 2017 the Group's Management proceeded with the recall of products produced by Lactalis Nutrition Santé. The account «*Claims receivable*» includes the value of the products that were recalled for which the Company has a claim for compensation and at the same time has a liability to compensate its clients (an equal liability is included in the account «*Claims payable*» under current liabilities). The products recall was finalized in May 2018.

The movement in the allowance for doubtful accounts as at December 31, 2017 and 2016 has as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Balance as at 01.01	(707.388,48)	(737.473,74)	(707.388,48)	(737.473,74)
Additional provision	-	-	-	-
Utilized	-	30.085,26	-	30.085,26
Balance as at 31.12	(707.388,48)	(707.388,48)	(707.388,48)	(707.388,48)

As at 31/12/2017 and 31/12/2016 there are no past due non-impaired receivables.

The aging analysis of trade receivables has as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Up to 30 days	1.230.053,46	1.104.895,29	1.128.848,38	1.111.426,61
From 31 to 180 days	1.214.365,76	1.816.283,59	1.214.365,76	1.816.283,59
From 181 to 360 days	-	13.091,98	518.714,60	13.091,98
	2.444.419,22	2.934.270,86	2.861.928,74	2.940.802,18

5.8 Cash and cash equivalents

The account «*Cash and cash equivalents*» is analysed as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Cash in hand	816.702,62	646.593,06	816.702,62	646.593,06
Short-term bank deposits	3.582.964,87	2.570.564,71	3.146.422,85	2.039.725,68
Total	4.399.667,49	3.217.157,77	3.963.125,47	2.686.318,74

Interest income from bank deposits is included in finance income.

5.9 Share capital

The company's share capital amounts to € 1.124.000,00 is fully paid and is divided in 20.000 ordinary shares at a par value of € 56,20 each.

	Number of shares	Nominal value	Total share capital
31 DECEMBER 2016	20.000	56,20	1.124.000,00
31 DECEMBER 2017	20.000	56,20	1.124.000,00

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5.10 Reserves

Statutory reserve: According to Greek corporate law it is mandatory to transfer, every fiscal year, an amount of 5 % of the net profit after tax to the «statutory reserves» account until the total amount equals 1/3 of the Company's share capital. The «statutory reserves» account cannot be distributed to the shareholders.

The account «Reserves» is analysed as follows:

GROUP	Statutory reserve	Foreign exchange reserve	Fair value revaluation reserve	Total
Balance as at 01/01/16	339.258,37	1.912,43	27.254,10	368.424,90
Statutory reserve	133.208,40			133.208,40
Movements		(29.583,05)	6.927,29	(22.655,76)
Balance as at 31/12/16	472.466,77	(27.670,62)	34.181,39	478.977,54
Balance as at 01/01/17	472.466,77	(27.670,62)	34.181,39	478.977,54
Statutory reserve	194.118,70			194.118,70
Movements		(9.531,50)	31.075,89	21.544,39
Balance as at 31/12/17	666.585,47	(37.202,12)	65.257,28	694.640,63

COMPANY	Statutory reserve	Fair value revaluation reserve	Total
Balance as at 01/01/16	339.258,37	27.254,10	366.512,47
Statutory reserve	133.208,40		133.208,40
Movements		6.927,29	6.927,29
Balance as at 31/12/16	472.466,77	34.181,39	506.648,16
Balance as at 01/01/17	472.466,77	34.181,39	506.648,16
Statutory reserve	194.118,70		194.118,70
Movements		31.075,89	31.075,89
Balance as at 31/12/17	666.585,47	65.257,28	731.842,75

From the re-measurement of owner occupied properties an adjustment of € 31.075,89 net of tax was recognized.

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5.11 Borrowings

The company's borrowings are analysed as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Non-current borrowings				
Finance lease liabilities	1.071.908,10	1.259.617,80	1.071.908,10	1.259.617,80
Total non-current borrowings	1.071.908,10	1.259.617,80	1.071.908,10	1.259.617,80
Current borrowings				
Bank borrowings	1.101.859,45	837.630,03	1.101.859,45	837.630,03
Finance lease liabilities	187.709,70	165.868,18	187.709,70	165.868,18
Total current borrowings	1.289.569,15	1.003.498,21	1.289.569,15	1.003.498,21
Total borrowings	2.361.477,25	2.263.116,01	2.361.477,25	2.263.116,01

The key terms of the current borrowings are presented in the following table:

Currency	Type of loan	Bank	Contract date	Contract amount	Balance 31.12.2017	Balance 31.12.2016
€	Current credit facility	NBG	5/2/2013	1.300.000,00	907.061,63	409.395,72
€	Current credit facility	EFG Bank	1/1/1997	5.300.000,00	94.452,77	-
€	Current credit facility	EFG Bank	11/02/2015	500.000,00	-	115.560,00
€	Factoring	EFG Bank	21/2/2014	-	-	211.781,34
€	Current credit facility	Piraeus Bank	15/11/2011	2.000.000,00	100.345,05	100.854,02

The company's borrowings are in Euro. Bank borrowings are secured by pledged cheques receivable amounting to € 445.932,10.

As at 31/12/2017 and 31/12/2016 subsidiary did not have any bank loan commitments.

Finance lease liabilities

The present value of future minimum lease payments has as follows:

Finance lease liabilities - minimum lease payments

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Up to 1 year	313.874,91	307.310,42	313.874,91	307.310,42
From 2 years and not later than 5 years	1.255.499,65	1.255.499,65	1.255.499,65	1.255.499,65
Over 5 years	78.478,73	392.353,62	78.478,73	392.353,62
Total	1.647.853,29	1.955.163,69	1.647.853,29	1.955.163,69
Future financial expenses relating to finance leases	(388.235,47)	(529.677,71)	(388.235,47)	(529.677,71)
	1.259.617,80	1.425.485,98	1.259.617,80	1.425.485,98

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Present value of finance lease liabilities

	ΟΜΙΛΟΣ		ΕΤΑΙΡΕΙΑ	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Up to 1 year	187.709,70	165.868,18	187.709,70	165.868,18
From 2 years and not later than 5 years	994.138,93	891.213,30	994.138,93	891.213,30
Over 5 years	77.769,17	368.404,50	77.769,17	368.404,50
	1.259.617,80	1.425.485,98	1.259.617,80	1.425.485,98

The following table summarizes the reconciliation of liabilities arising from financing activities:

	Short-term borrowings	Finance lease liabilities	Total
Balance at 01/01/2016	2.258.715,40	1.576.449,90	3.835.165,30
Proceeds from bank borrowings	3.750.234,83		3.750.234,83
Repayment of borrowings	(5.241.063,09)	(135.416,76)	(5.376.479,85)
Total cash flows	(1.490.828,26)	(135.416,76)	(1.626.245,02)
Charges in finance expenses	69.742,89	(15.547,16)	54.195,73
Balance at 31/12/2016	837.630,03	1.425.485,98	2.263.116,01

	Short-term borrowings	Finance lease liabilities	Total
Balance at 01/01/2017	837.630,03	1.425.485,98	2.263.116,01
Proceeds from bank borrowings	1.765.860,26		1.765.860,26
Repayment of borrowings	(1.501.630,84)	(165.868,18)	(1.667.499,02)
Total cash flows	264.229,42	(165.868,18)	98.361,24
Charges in finance expenses			
Balance at 31/12/2017	1.101.859,45	1.259.617,80	2.361.477,25

5.12 Deferred revenue

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Deferred revenue	<u>329.396,75</u>	<u>406.901,86</u>	<u>329.396,75</u>	<u>406.901,86</u>

Deferred revenue includes the profit that derived from the sale and leaseback of the company's property according to IAS 17, and is to be amortised over the period of the finance lease which was determined to be 15 years.

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5.13 Retirement benefit obligations

The retirement benefit obligations recognised in the financial statements are analysed below.

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Current service cost	689.433,55	585.632,62	689.433,55	585.632,62
Termination benefits paid out		(647,50)	-	(647,50)
Income / (expense) recognised in the statement of comprehensive income	57.755,40	49.779,94	57.755,40	49.779,94
Actuarial loss/(gain)	45.123,66	54.669,49	45.123,66	54.669,49
Retirement benefit obligations in the statement of financial position	792.312,61	689.433,55	792.312,61	689.433,55

The amounts recognized in the statement of comprehensive income are as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Current service cost	45.345,59	37.837,93	45.345,59	37.837,93
Interest cost	12.409,81	11.712,64	12.409,81	11.712,64
Settlement cost	-	229,37	-	229,37
Total amount charged to statement of comprehensive income	57.755,40	49.779,94	57.755,40	49.779,94

The movement of the net liability included in the statement of financial positions is as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Net liability at beginning of the period	689.433,55	585.631,62	689.433,55	585.631,62
Employment benefits paid	-	(647,50)	-	(647,50)
Current service cost	45.345,59	37.837,93	45.345,59	37.837,93
Interest cost	12.409,81	11.712,64	12.409,81	11.712,64
Settlement cost	-	229,37	-	229,37
Actuarial loss/(gain)	45.123,66	54.669,49	45.123,66	54.669,49
Retirement benefit obligations in the statement of financial position	792.312,61	689.433,55	792.312,61	689.433,55

The amounts recognised in equity through other comprehensive income are:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Actuarial loss/(gain)	45.123,66	54.669,49	45.123,66	54.669,49

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The analysis of the defined benefit plan obligations' sensitivity to changes in actuarial assumptions is as follows:

	Liability	Percentage change
Increase of discount rate by 0,5%	722.859	-9%
Decrease of discount rate by 0,5%	870.164	10%
Increase of salary increase assumption by 0,5%	866.249	9%
Decrease of salary increase assumption by 0,5%	723.375	-9%

The principal actuarial assumptions used are as follows:

	31/12/2017	31/12/2016
Discount rate	1.7%	1,8%
Future salary increases	2%	2%
Inflation	2%	2%

5.14 Trade and other payables

The account «*Trade and other payables*» is analysed as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<i>Trade liabilities</i>				
Trade payables	3.361.746,13	2.856.711,69	3.259.525,13	2.802.299,43
Customer advances	1.729.271,22	1.674.543,58	1.729.271,22	1.674.543,58
Cheques payable	5.012.923,86	7.043.805,47	5.012.923,86	7.043.805,47
	<u>10.103.941,21</u>	<u>11.575.060,74</u>	<u>10.001.720,21</u>	<u>11.520.648,48</u>
<i>Other liabilities</i>				
Accrued expenses	38.241,99	55.077,31	38.241,99	55.077,31
Claims payable	1.488.160,17	-	1.488.160,17	-
Social security	373.185,53	342.042,46	360.696,86	333.825,83
Sundry creditors	24.681,61	16.245,32	22.272,00	12.073,88
Deferred income	77.505,11	77.505,11	77.505,11	77.505,11
	<u>2.001.774,41</u>	<u>490.870,20</u>	<u>1.986.876,13</u>	<u>478.482,13</u>
Total	<u>12.105.715,62</u>	<u>12.065.930,94</u>	<u>11.988.596,34</u>	<u>11.999.130,61</u>

As disclosed in note 5.7 in December 2017, the account «*Claims payable*» includes the Company's liability to compensate its customers as a result from recall of the products produced by Lactalis Nutrition Santé.

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5.15 Tax liabilitiesThe account «*Tax liabilities*» is analysed as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Value added tax	265.644,22	-	265.644,22	-
Employment tax	208.223,68	178.627,31	208.223,68	178.627,31
Taxes and duties on third party fees	7.567,09	6.847,13	7.567,09	6.847,13
Income tax	2.549.218,39	1.791.637,74	2.549.218,39	1.791.637,74
Other taxes payable	60.290,59	47.277,23	58.645,90	47.277,23
Total	3.090.943,97	2.024.389,41	3.089.299,28	2.024.389,41

5.16 Expenses by nature

Expenses (cost of sales, administrative expenses, selling expenses, research & development expenses) are analysed as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Employee benefits	9.076.030,45	8.271.272,98	8.701.787,30	8.148.182,20
Third party fees	3.198.768,89	2.965.722,91	3.144.205,06	2.852.081,14
Services & utilities costs	972.942,03	906.338,72	928.148,70	873.819,11
Taxes & duties	668.253,66	648.339,11	668.253,66	648.339,11
Other expenses	9.635.502,01	8.313.172,04	9.003.536,47	7.924.440,74
Depreciation	237.867,26	234.932,38	237.867,26	234.932,38
Provisions	10.734,99	84.525,34	10.734,99	84.525,34
Raw materials and consumables used	13.709.427,63	13.028.953,78	13.967.086,86	12.991.643,96
	37.509.526,92	34.453.257,26	36.661.620,30	33.757.963,98

The above expenses are allocated to:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Cost of sales	16.064.598,92	15.707.287,79	16.322.258,15	15.703.315,69
Administrative expenses	4.076.050,69	3.101.964,78	2.970.484,84	2.410.643,60
Selling expenses	17.130.264,52	15.433.669,95	17.130.264,52	15.433.669,95
Research & development	238.612,79	210.334,74	238.612,79	210.334,74
	37.509.526,92	34.453.257,26	36.661.620,30	33.757.963,98

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5.17 Other operating income / (expense)The account «*Other operating income/ (expense)*» is analysed as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Other expenses				
Loss on disposal of PPE	-	(423,11)	-	(423,11)
Other operating expenses	(145.477,65)	(25.488,96)	(125.930,00)	(25.488,96)
Fair value loss from investment property	(25.639,00)	(33.115,50)	(25.639,00)	(33.115,50)
Fair value loss from PPE	(85.066,05)	(19.931,20)	(85.066,05)	(19.931,20)
Other income				
Jointly collectable revenues	39.774,83	34.923,18	39.774,83	34.923,18
Reversal of impairment loss from investment property	21.605,00	-	21.605,00	-
Reversal of impairment loss from PPE	3.640,12	-	3.640,12	-
Claim income	723.628,12	-	723.628,12	-
Other income	512.174,71	349.692,68	512.174,71	381.740,92
Total	1.044.640,08	305.657,09	1.064.187,73	337.705,33

5.18 Finance income / (expenses)The account «*Finance income (expenses)*» is analysed as follows:»:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Finance expenses				
Interest and related expenses	(22.774,58)	(89.459,86)	(21.435,24)	(88.583,22)
Expenses and interest on collection of receivables	(16.526,56)	(49.975,34)	(16.526,56)	(49.975,34)
Finance lease interest	(127.184,71)	(141.745,00)	(127.184,71)	(141.745,00)
Bank commissions and expenses	(29.287,85)	(1.200,00)	(29.287,85)	(1.200,00)
Exchange differences	(1.429,10)	-	(1.429,10)	-
Impairment loss on investments in subsidiaries	-	-	(287.148,77)	-
Finance costs of actuarial studies	(12.409,81)	(11.712,64)	(12.409,81)	(11.712,64)
	<u>(209.612,61)</u>	<u>(294.092,84)</u>	<u>(495.422,04)</u>	<u>(293.216,20)</u>
Finance income				
Interest and related income	130,93	309,3	1,37	1,36
Exchange differences	4.330,81	-	1.236,72	-
Profit on the sale & leaseback of property	77.505,11	77.505,11	77.505,11	77.505,11
	<u>81.966,85</u>	<u>77.814,41</u>	<u>78.743,20</u>	<u>77.506,47</u>
Total, net	(127.645,76)	(216.278,43)	(416.678,84)	(215.709,73)

5.19 Income tax – Deferred tax

The income tax rate of legal entities in Greece was set to 29% for 2015 and thereafter.

Greek tax regulations and related clauses are subject to interpretation by the tax authorities and administrative courts of law. Tax returns are filed annually. With respect to the financial years up to and including 2010, the profits or losses declared for tax purposes remain provisional until the tax authorities examine the tax returns and the records of the tax payer and a final assessment is issued. From the financial year 2011 and onwards, the tax returns are subject to the Audit Tax Certificate process. Net operating losses which are tax deductible, can be carried forward against taxable profits for a period of five years from the year they are generated. Under Greek tax regulations, an income tax advance calculation on each year's current income tax liability is paid to the tax authorities. Such advance is then netted off with the following year's income tax liability. Any excess advance amounts are refunded to the companies following a tax examination.

Audit Tax Certificate

From the financial year 2011 and onwards, Greek Societe Anonyme and Limited Liability Companies that are required to prepare audited statutory financial statements must also obtain an "Annual Tax Certificate" as provided by paragraph 5 of Article 82 of L. 2238/1994 and article 65a of L. 4174/2013. This "Annual Tax Certificate" must be issued by the same statutory auditor or audit firm that issues the audit opinion on the statutory financial statements. Upon completion of the tax audit, the statutory auditor or audit firm must issue to the entity a "Tax Compliance Report" which will subsequently be submitted electronically to the Ministry of Finance, by the statutory auditor or audit firm.

For the parent company that is subject to the Tax Certificate process the "Tax Compliance Report" for the financial years 2011 to 2016 has been issued and submitted with no substantial adjustments. For the parent company the tax audit for the year 2017 in accordance with the provisions of article 65a of the Greek Tax Code (Law 4174/2013) is in progress and the relevant tax certificate is expected to be granted after the publication of the 2017 annual financial statements. If additional tax liabilities arise until the tax audit is completed, we estimate that these will not have any material effect on the financial statements.

Unaudited tax years

Taking into account the audit tax certificate process described above, the table below presents the years for which the tax audit has not been performed/completed and, therefore, the Company's and its subsidiary's tax liabilities have not been finalized:

Company	Open Tax Years
Frezyderm A.B.E.E.	2017
FREZYDERM UK LTD	2015*-2017

* the year ended 31/12/2015 is the first fiscal year

It is noted that the Administrative Courts based on their recent decisions for similar cases (i.e., the decisions of Supreme Administrative Court 1738/2017, 675/2017, and Appeal Administrative Court decision 1490/2016), have stated that the fiscal year 2011 forfeited for tax purposes (five years limitation period).

The income tax recorded in the income statement is analysed as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Income tax	1.998.573,43	1.450.128,48	1.998.573,43	1.450.128,48
Deferred tax	13.435,30	534.289,60	13.435,30	534.289,60
Total	2.012.008,73	1.984.418,08	2.012.008,73	1.984.418,08

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Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements as analysed below:

GROUP Deferred tax assets		(Charged)/credited to the income statement	(Charged)/credited to Equity via other comprehensive income	
	01/01/2016			31/12/2016
Property, plant and equipment and intangible assets	712.103,80	(575.547,47)		136.556,33
Investment property	151.004,18	9.603,50		160.607,68
Retirement benefit obligations	170.004,48	14.077,25	15.854,00	199.935,73
Impairment of inventories		33.237,07		33.237,07
	<u>1.033.112,46</u>	<u>(518.629,65)</u>	15.854,00	<u>530.336,81</u>
	01/01/2017			31/12/2017
Property, plant and equipment and intangible assets	136.556,33	(599,76)		135.956,57
Investment property	160.607,68	1.169,86		161.777,54
Retirement benefit obligations	199.935,73	16.749,07	13.086,00	229.770,80
Impairment of inventories	33.237,07	(10.037,07)		23.200,00
	<u>530.336,81</u>	<u>7.282,10</u>	13.086,00	<u>550.704,91</u>

COMPANY Deferred tax assets		(Charged)/credite d to the income statement	(Charged)/credited to Equity via other comprehensive income	
	01/01/2016			31/12/2016
Property, plant and equipment and intangible assets	712.103,80	(575.547,47)		136.556,33
Investment property	151.004,18	9.603,50		160.607,68
Retirement benefit obligations	170.004,48	14.077,25	15.854,00	199.935,73
Impairment of inventories		33.237,07		33.237,07
	<u>1.033.112,46</u>	<u>(518.629,65)</u>	15.854,00	<u>530.336,81</u>
	01/01/2017			31/12/2017
Property, plant and equipment and intangible assets	136.556,33	(599,76)		135.956,57
Investment property	160.607,68	1.169,86		161.777,54
Retirement benefit obligations	199.935,73	16.749,07	13.086,00	229.770,80
Impairment of inventories	33.237,07	(10.037,07)		23.200,00
	<u>530.336,81</u>	<u>7.282,10</u>	13.086,00	<u>550.704,91</u>

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GROUP Deferred tax liabilities		(Charged)/credited to the income statement	(Charged)/credited to Equity via other comprehensive income	
	01/01/2016			31/12/2016
Property, plant and equipment and intangible assets	(81.912,16)	(15.659,95)	(2.829,46)	(100.401,57)
	<u>(81.912,16)</u>	<u>(15.659,95)</u>	<u>(2.829,46)</u>	<u>(100.401,57)</u>
	01/01/2017			31/12/2017
Property, plant and equipment and intangible assets	(100.401,57)	(20.717,41)	(12.692,96)	(133.811,94)
	<u>(100.401,57)</u>	<u>(20.717,41)</u>	<u>(12.692,96)</u>	<u>(133.811,94)</u>

COMPANY Deferred tax liabilities		(Charged)/credited to the income statement	(Charged)/credited to Equity via other comprehensive income	
	01/01/2016			31/12/2016
Property, plant and equipment and intangible assets	(81.912,16)	(15.659,95)	(2.829,46)	(100.401,57)
	<u>(81.912,16)</u>	<u>(15.659,95)</u>	<u>(2.829,46)</u>	<u>(100.401,57)</u>
	01/01/2017			31/12/2017
Property, plant and equipment and intangible assets	(100.401,57)	(20.717,41)	(12.692,96)	(133.811,94)
	<u>(100.401,57)</u>	<u>(20.717,41)</u>	<u>(12.692,96)</u>	<u>(133.811,94)</u>

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Deferred tax (net) – at beginning of year	429.935,24	951.200,30	429.935,24	951.200,30
Deferred tax charged to the income statement	(13.435,31)	(534.289,60)	(13.435,31)	(534.289,60)
Deferred tax charged to Equity via other comprehensive income	393,04	13.024,54	393,04	13.024,54
Deferred tax (net) – at the end of the year	<u>416.892,98</u>	<u>429.935,24</u>	<u>416.892,98</u>	<u>429.935,24</u>

5.20 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders for the year by the weighted average number of ordinary and preferred shares in issue during the year.

Earnings per share are analysed as follows:

	31/12/2017	31/12/2016
Net profit attributable to shareholders	3.895.679,83	4.186.140,86
Weighted average number of ordinary shares in issue	20.000	20.000
Basic earnings per share	194,7840	209,3070

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5.21 Dividends

For the year ended 31.12.2016

The Annual General Meeting, which was held on 8/9/2017, approved the distribution of dividend of a total amount of € 1.400.000,00 i.e. the amount of € 70 per share.

For the year ended 31.12.2017

The Board of Directors will propose to the Annual General Meeting of Shareholders, scheduled to take place September 10, 2018, the distribution of dividend of a total amount of € 1.600.000 i.e. the amount of € 80 per share.

6. Related party transactions

Related party transactions are presented below:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Total sales				
Sales of goods	485.376,88	33.337,72	485.376,88	33.337,72
Sales of fixed assets				
Sales of services / Other income				
Total purchases				
Purchases of goods				
Purchases of fixed assets				
Fees to the members of the BoD and key management personnel				
Salaries and other short-term benefits	1.053.885,68	702.885,26	1.053.885,68	702.885,26
Other fees and benefits				
Amounts owed by/to related parties				
Receivables from related parties	994.119,04	396.044,23	994.119,04	396.044,23
Liabilities to associates	14.487,50	3.000,00	14.487,50	3.000,00

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7. Commitments and contingent liabilities

7.1 Contingent liabilities for judicial or arbitration differences

There are pending judicial or arbitration differences the outcome of which according to Management's estimations, are not expected to have a material impact to the financial position of the Group and the Company.

7.2 Commitments from operating leases

The Company leases buildings and motor vehicles under operating lease agreements which expire on various dates.

The future aggregate minimum lease payments are as follows:

	As at 31/12/2017	As at 31/12/2016
Up to 1 year	365.105,20	290.732,51
From 1 to 5 years	567.826,35	383.461,24
Over 5 years	37.263,29	25.438,67

The operating lease costs (for motor vehicles) recorded in the statement of comprehensive income for the period 01/01 - 31/12/2017 amounted to € 384.699,79 (2016: 372.293,19).

7.3 Provisions and other contingent liabilities

Greek tax regulations and related clauses are subject to interpretation by the tax authorities and administrative courts of law. Tax returns are filed annually. With respect to the financial years up to and including 2010, the profits or losses declared for tax purposes remain provisional until such time as the tax authorities examine the returns and the records of the tax payer and a final assessment is issued. From the financial year 2011 and onwards, the tax returns are subject to the audit tax certificate process. Net operating losses which are tax deductible, can be carried forward against taxable profits for a period of five years from the year they are generated.

Under Greek tax regulations, an income tax advance calculation on each year's current income tax liability is paid to the tax authorities. Such advance is then netted off with the following year's income tax liability. Any excess advance amounts are refunded to the companies following a tax examination.

Audit Tax Certificate

From the financial year 2011 and onwards, Greek Societe Anonyme and Limited Liability Companies that are required to prepare audited statutory financial statements must also obtain an "Annual Tax Certificate" as provided by paragraph 5 of Article 82 of L. 2238/1994 and article 65a of L. 4174/2013. This "Annual Tax Certificate" must be issued by the same statutory auditor or audit firm that issues the audit opinion on the statutory financial statements. Upon completion of the tax audit, the statutory auditor or audit firm must issue to the entity a "Tax Compliance Report" which will subsequently be submitted electronically to the Ministry of Finance, by the statutory auditor or audit firm.

For the parent company that is subject to the Tax Certificate process the "Tax Compliance Report" for the financial years 2011 to 2016 has been issued and submitted with no substantial adjustments. For the parent company the tax audit for the year 2017 in accordance with the provisions of article 65a of the Greek Tax Code (Law 4174/2013) is in progress and the relevant tax certificate is expected to be granted after the publication of the 2017 annual financial statements. If additional tax liabilities arise until the tax audit is completed, we estimate that these will not have any material effect on the financial statements.

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Unaudited tax years

Taking into account the audit tax certificate process described above, the table below presents the years for which the tax audit has not been performed/completed and, therefore, the Company's and its subsidiary's tax liabilities have not been finalized:

Company	Open Tax Years
Frezyderm A.B.E.E.	2017
FREZYDERM UK LTD	2015*-2017

* the year ended 31/12/2015 is the first fiscal year

It is noted that the Administrative Courts based on their recent decisions for similar cases (i.e., the decisions of Supreme Administrative Court 1738/2017, 675/2017, and Appeal Administrative Court decision 1490/2016), have stated that the fiscal year 2011 forfeited for tax purposes (five years limitation period).

8. Financial risk management

8.1 Financial risk factors

The Group's activities expose it to financial risk, market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's risk management policy focuses on the unpredictability of the collection of trade receivables and seeks to minimise potential adverse effects on the Group's liquidity and financial performance. The Group and the Company do not use derivative financial instruments. The Group is also exposed to the risks arising from the overall financial recession and uncertainty that characterise the Greek and global market. Management continually assesses the situation and its possible future impact to ensure that all necessary actions and measures are taken in order to minimize any impact on the Group's operations. Management is not able to accurately predict the likely developments in the Greek economy, however based on its assessment, management has concluded that no additional impairment provisions are required with respect to the Group's financial and non-financial assets as of December 31, 2017.

Financial Risks

The below stated risks are significantly affected by the capital controls imposed as well as the macroeconomic and financial environment in Greece, as analysed above.

a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange and interest rates will result in fluctuations of the value of the Group's financial instruments. The objective of market risk management is to manage and control exposure within acceptable levels.

The individual risks that comprise market risk and the Group's policies for managing them are described below:

i. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the interest rates. The Group's exposure to interest rate risk is insignificant. The Group's long term-borrowings refer to finance leases with floating rates that expose the Group to cash flow interest rate risk which however is considered to be insignificant.

ii. Foreign currency risk

Currency risk is the risk that the fair values of the cash flows of a financial instrument fluctuate due to foreign currency changes. The Group mainly operates in Europe and consequently its transactions are conducted in Euro.

iii. Price risk

The purpose of risk management against market conditions is to control the Group's exposure to those risks, within the framework of acceptable parameters while optimizing results.

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b) Credit risk

Credit risk is the risk of financial loss to the Group and the Company if a counterparty fails to meet its contractual obligations. The carrying value of financial assets at each reporting date is the maximum credit risk to which the Group is exposed in respect of the relevant assets.

Defaulted payments of trade receivables could potentially adversely affect the liquidity of the Group and the Company. However, due to the large number of customers and the diversification of the customer base, there is no concentration of credit risk with respect to these receivables. Furthermore, the company cooperates with a specialised insurance company to insure its trade receivables.

The Group applies specific credit policies under which customers are analysed for creditworthiness in order to ensure that sales are made to customers with the appropriate credit profile and the proper reputation. Management monitors regularly the chronological classification of outstanding receivables.

c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as they fall due. Liquidity risk is kept at low levels by ensuring that there is sufficient cash on demand and / or credit facilities to meet the financial obligations falling due in the next 12 months. The Group's cash and cash equivalents and current assets as at December 31, 2017 amount to Euro 19.079.140,17 and its bank borrowings amount to Euro 2.361.477,25.

The analysis of the undiscounted contractual payments (including debt principal and interest payments) of the financial liabilities of the Group and the Company is presented below:

GROUP	Up to 1 year	2 to 5 years	Over 5 years	Total
31/12/2016				
Borrowings (bank borrowings & finance lease liabilities)	1.003.498,21	891.213,30	368.404,51	2.263.116,01
Trade and other payables	12.065.930,94	-	-	12.065.930,94
31/12/2017				
Borrowings (bank borrowings & finance lease liabilities)	1.289.569	994.138,93	77.769,17	2.361.477,25
Trade and other payables	12.105.715,62	-	-	12.105.715,62

COMPANY	Up to 1 year	2 to 5 years	Over 5 years	Total
31/12/2016				
Borrowings (bank borrowings & finance lease liabilities)	1.003.498,21	891.213,30	368.404,51	2.263.116,01
Trade and other payables	11.999.130,61	-	-	11.999.130,61
31/12/2017				
Borrowings (bank borrowings & finance lease liabilities)	1.289.569	994.138,93	77.769,17	2.361.477,25
Trade and other payables	11.988.596,34	-	-	11.988.596,34

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d) Operational Risks

Sales risks

Sales risk refers to factors which hinder the development of sales of the Group. The continued uncertainty of the economic environment in conjunction with any further reduction of the disposable income, may continue to affect the market. The Group's strategy, to efficiently handle these risks, focuses on its commitment to its strategic pillars (continuous flow of innovative products, emphasis on quality etc).

Other risks

The Group's operations associated with consumer products, underly certain risks. The Group in compliance to Community directives and the applicable legislation, maintains high lever healthcare standards and minimises any possible risks that may arise.

8.2 Capital management

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business plans and maximize shareholder value. The Group manages its capital structure and makes adjustments, in light of changes in economic conditions. An important mean of managing capital is the use of the gearing ratio (ratio of net debt to equity). Net debt includes interest bearing loans less cash and cash equivalents.

The gearing ratio at 31 December 2017 and 2016 was established as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2017
Long-term borrowings	1.071.908,10	1.259.617,80	1.071.908,10	1.259.617,80
Short-term borrowings	1.289.569,15	1.003.498,21	1.289.569,15	1.003.498,21
Total borrowings	2.361.477,25	2.263.116,01	2.361.477,25	2.263.116,01
Less: Cash and cash equivalents	-4.399.667,49	(3.217.157,77)	-3.963.125,47	(2.686.318,74)
Net debt	-2.038.190,24	(954.041,76)	-1.601.648,22	(423.202,73)
Equity	4.685.786,22	2.973.930,45	6.241.914,28	3.747.196,22
Gearing ratio	-0,43	-0,32	-0,26	-0,11

8.3 Fair value measurement

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuing technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the year there were no transfers between level 1 and level 2 fair value measurement, and no transfers into and out of level 3 fair value measurement.

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The following tables compare the carrying amount of the Group's and the Company's financial instruments that are carried at amortized cost to their fair value:

GROUP	Carrying Amount		Fair value	
	2017	2016	2017	2016
Financial assets				
Trade and other receivables	7.175.604,23	4.689.709,66	7.175.604,23	4.689.709,66
Cash and cash equivalents	4.399.667,49	3.217.157,77	4.399.667,49	3.217.157,77
Financial liabilities				
Long-term borrowings	1.071.908,10	1.259.617,80	1.071.908,10	1.259.617,80
Shor-term borrowings	1.289.569,15	1.003.498,21	1.289.569,15	1.003.498,21
Trade and other payables	12.105.715,62	12.065.930,94	12.105.715,62	12.065.930,94

COMPANY	Carrying Amount		Fair value	
	2017	2016	2017	2016
Financial assets				
Trade and other receivables	8.058.790,91	5.047.971,61	8.058.790,91	5.047.971,61
Cash and cash equivalents	3.963.125,47	2.686.318,74	3.963.125,47	2.686.318,74
Financial liabilities				
Long-term borrowings	1.071.908,10	1.259.617,80	1.071.908,10	1.259.617,80
Shor-term borrowings	1.289.569,15	1.003.498,21	1.289.569,15	1.003.498,21
Trade and other payables	11.988.596,34	11.999.130,61	11.988.596,34	11.999.130,61

The fair value of cash and cash equivalents, trade receivables, and trade accounts payable approximate their carrying amounts.

The fair value of level 3 investment properties and owner occupied properties are measured by independent external valuers.

9. Encumbrances

The Company's properties are free of any encumbrances. The Company's bank borrowings are secured by pledged cheques receivable amounting to € 445.932,10 (2016: € 558.425,88).

10. Number of employees

The number of employees for Company as at 31/12/2017 is 206 and as at 31/12/2016 191. The number of employees for Frezyderm UK Ltd as at 31/12/2017 is 9 and as at 31/12/2016 is 7.

11. Events after the reporting date

The Company, as of May 2018, re-entered the infant milk market in collaboration with reliable associates / providers and with new products (formulas) and is aiming to recover its market share. The Company has not yet reached an agreement with a provider for the special milks.

Regarding the Company's investments, contacts have been made with architects' firms in order to fully renovate the Company's owner-occupied property and the newly leased property, all of which are within the same building as the Company's headquarters. By bringing together all the Company's departments on a single site in the centre of Athens, will add new prospects for its development.

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Finally, within the first semester of 2018, two new state-of-the-art packaging machines as well as one filling machine were delivered and put into service in order to strengthen the increasing production.

New Board of Directors

By virtue of the resolution of the Shareholders Meeting dated 20/06/2018 a new Board of Directors was elected and was constituted as a body as follows:

1. Ioannis Anastasiou, Chairman of the Board of Directors and Managing Director
2. Efthymios Anastasiou, Vice-Chairman of the Board of Directors and Managing Director
3. Konstantina Anastasiou, Member
4. Aikaterini Melissari, Member
5. Chrisoula Gouskou, Member
6. Christos Dodouras, Member
7. Stefanos Vazakas, Member.

**The Chairman of the
Board of Directors and
Managing Director**

Ioannis Anastasiou
I.D. Number AB 249702

**The Vice-Chairman of the
Board of Directors and
Managing Director**

Efthymios Anastasiou
I.D. Number AB 345070

The Finance Director

Aikaterini Melissari
I.D. Number AK 758698