

**YIOULA GLASSWORKS S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

(Amounts in all tables and notes are presented in thousands of Euro except share and per share data and unless otherwise stated)

**1. CORPORATE INFORMATION:**

Yioula Glassworks S.A., a corporation formed under the laws of the Hellenic Republic (also known as Greece), on August 5, 1959, by Messrs Kyriacos and Ioannis Voulgarakis is the successor to a business founded by the same persons in September 1947. References to the "Company" or "Yioula" include, unless the contents indicate otherwise, Yioula Glassworks S.A. and its consolidated subsidiaries (also referred to as the "Group").

The Company's principal activities, in accordance with its Articles of Incorporation, are the production and trading of products manufactured from glass, crystal and plastic material. Its operations commenced in 1947 and expanded into Bulgaria in 1997, Romania in 2003 and the Ukraine in 2005. Currently, the Company is the leading producer of glass containers in the South East European market.

The Company's headquarters are located in Athens at 5, Orizomilon Street, 122 44 Aegaleo. The life of Yioula Glassworks S.A., according to its Articles of Incorporation, is ninety (90) years as of August 5, 1959, with a possible extension permitted following a decision of the General Meeting of its Shareholders.

The Company's average number of employees for the years ended December 31, 2011 and 2010 was 2,362 and 2,238 respectively.

**2. BASIS OF PRESENTATION:**

**(a) Basis of Preparation of Financial Statements:** The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

These consolidated financial statements have been prepared under the historical cost convention except for the valuation of land, available-for-sale financial assets and derivative financial instruments that have been measured at fair value.

The preparation of consolidated financial statements, in accordance with IFRS, requires the use of critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies which have been adopted. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2(e).

All amounts in the financial statements are presented in thousand of Euro ("€") and are rounded to the nearest thousand, unless otherwise stated.

At year end, and as is mentioned in note 23, the Company was not in compliance with certain loan covenants. The relevant waivers were issued by the lending banks subsequent to the year-end but before the approval of the financial statements. IAS 1 states that when a company is not in compliance with any of the covenant required by the loan agreement at the reporting date, then the loan is presented as short term, even if the bank, before the issuance of the financial statements, agrees to waive its rights due to the non-compliance with those covenants. In accordance with the IAS 1, the liability is classified as short term, as the borrower is not retaining the undisputable right to postpone earlier payment before the balance sheet date. As a result the long term portion of the loans amounting to € 12,126 has been presented, under current

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liabilities in the consolidated statement of financial position, as “current portion of interest bearing loans and borrowing”

**(b) Basis of consolidation**

***Basis of consolidation***

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at December 31, 2011.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interest (“NCI”) even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent’s share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

The complete list of the consolidated subsidiaries together with the related effective interests is presented in Note 11.

**(c) Summary of Significant Accounting Policies**

***a. Business combinations and goodwill***

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. 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 incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is

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remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

**b. *Investments in Associates:*** The Company's investment in its associate is accounted for using the equity method. An associate is an entity in which the Company has significant influence.

Under the equity method, the investment in the associate is carried on the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Company's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The Company's share of profit of an associate is shown on the face of the income statement. This is the profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associate.

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The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss on its investment in its associate. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the income statement.

Upon loss of significant influence over the associate, the Company measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

***c. Functional and Presentation Currency and Foreign Currency Translation:***

The consolidated financial statements are presented in Euro which is Yioula Glasswork S.A.'s functional and presentation currency. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. At the reporting dates, monetary assets and liabilities, which are denominated in foreign currencies, are adjusted to reflect the functional currency rate of exchange ruling at that date. Gains or losses resulting from foreign currency remeasurement are reflected in the accompanying consolidated statement of comprehensive income. Gains or losses from transactions are also reflected in the accompanying consolidated statement of comprehensive income.

The functional currency of the Company's foreign subsidiaries is the official currency of the related country in which each subsidiary operates. Accordingly, at each reporting date all balance sheet accounts of these subsidiaries are translated into Euro using the exchange rate in effect at the reporting date. Revenues and expenses are translated at the weighted average rate of exchange prevailing during the year (unless this average 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 rate on the dates of the transactions).

Translation gains/(losses) are reported in "foreign currency translation reserve", a separate component of equity, which balance amounted to € (15,242) and € (14,966), at December 31, 2011 and 2010, respectively. On disposal of a foreign subsidiary (entity) the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated statement of comprehensive income. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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**d. Research and Product Development Costs:** Research costs are expensed as incurred. Development expenditure is mainly incurred for developing products. Costs incurred for the development of an individual project are recognised as an intangible asset only when the requirements of IAS 38 "Intangible Assets" are met.

**e. Revenue Recognition:** Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognised.

**Sale of goods:** Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

**Rendering of services:** Revenue from rendering of services is recognised by reference to the stage of completion. Stage of completion is measured by reference to labour hours worked to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses incurred that are recoverable.

**Interest income:** Revenue is recognised as interest accrues using the effective interest method.

**Dividend income:** Revenue is recognised when the Company's right to receive the payment is established.

**f. Property, Plant and Equipment:** Land is measured at fair value. Buildings and machinery and equipment are stated at cost less accumulated depreciation and any impairment in value. Such cost includes the cost of replacing part of the machinery and equipment when that cost is incurred, if the recognition criteria are met. Transportation equipment and furniture and fixtures are stated at cost less accumulated depreciation and any impairment in value. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the revaluation reserve included in the equity section of the consolidated statement of financial position, net of related deferred taxes, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the consolidated statement of comprehensive income, in which case the increase is recognised in the consolidated statement of comprehensive income (income statement). A revaluation deficit is recognised in the consolidated statement of comprehensive income (income statement), except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the existing surplus in the revaluation reserve.

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Borrowing costs incurred during the period of construction that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset using the related borrowing rate. Certain furnaces need to be partially or completely overhauled approximately every six (6) to fourteen (14) years. At the time of the overhauls, the related cost is recognised in the carrying amount of the plant and machinery as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are expensed as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of comprehensive income in the year the item is derecognised.

Upon disposal or sale of any revalued item of land the respective revaluation surplus which becomes realised is not credited to the consolidated statement of comprehensive income (income statement), but transferred as an equity movement to retained earnings.

**g. Depreciation:** Land is not depreciated. Depreciation is computed based on the straight-line method at rates, which approximate average useful lives. The assets residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

The rates used are as follows:

Classification	Annual Rates
Buildings	2% - 5%
Machinery and equipment	7% - 15%
Transportation equipment	15% - 20%
Furniture and fixtures	15%
Moulds	10% - 20%

**h. Goodwill:** If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured.

Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

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If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. 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 Company'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.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

- i. Intangible Assets:** Intangible assets consist of the acquisition cost of software and any expenses incurred during the development of the software in order to bring it into use as well as trade name, customer relationship and product technology acquired through a business combination (Note 11). Purchased intangible assets are capitalised at cost while those acquired through business combinations are capitalised at fair value at the date of acquisition.

Amortisation of intangible assets is computed based on the straight line method at rates which approximate average useful lives. The rates used are 20%-25% for software, 20%-33% for trade names and 14%-25% for customer relationship and product technology.

After the initial recognition, the Company's management reviews the carrying values of intangible assets for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Where indications of impairment exist, a provision for impairment loss is recognised and the item is measured at its recoverable value.

- j. Impairment of Non-financial Assets:** With the exception of goodwill which is tested for impairment on an annual basis, the carrying values of other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Whenever the carrying value of an asset exceeds its recoverable amount an impairment loss is recognized in the consolidated statement of comprehensive income. The recoverable amount is measured as the higher of fair value and value in use. Fair value is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental selling costs, while value in use is the present value of estimated future cash flows expected to arise from continuing use of the asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. Impairment losses which were accounted for in prior years are reversed only when there is sufficient evidence that the assumptions used in determining the recoverable amount have changed. In these circumstances the related reversal is recognized to income.

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**k. Investments and Other Financial Assets:** Financial assets which fall within the scope of IAS 39 are classified based on their nature and their characteristics in the following four categories:

- financial assets at fair value through profit and loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

**(i) Financial assets at fair value through profit and loss:** Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in statement of comprehensive income. Derivatives are also categorised as held for trading unless they are designated as hedges.

**(ii) Loans and receivables:** Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in statement of comprehensive income (income statement) when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

**(iii) Held-to-maturity investments:** Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to-maturity investments are carried at amortised cost using the effective interest method. For investments carried at amortised cost, gains and losses are recognised in statement of comprehensive income (income statement) when the investments are derecognised or impaired, as well as through the amortisation process.

**(iv) Available-for-sale financial assets:** Available-for-sale financial assets (primary) are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity. On disposal, impairment or derecognition of the investment, the cumulative gain or loss is transferred to the consolidated statement of comprehensive income.

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The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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

***I. Derecognition of Financial Assets and Liabilities***

**(i) *Financial assets:*** A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- 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 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 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 recognised to the extent of 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 and the maximum amount of consideration that the Company 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 Company's continuing involvement is the amount of the transferred asset that 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 Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

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- (ii) **Impairment of financial assets:** The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a Company of financial assets is impaired. A financial asset or a Company of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Company of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

**Financial assets carried at amortized cost**

For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets' original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income (income statement).

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**Available-for-sale financial investments**

For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a Company of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of comprehensive income – is removed from other comprehensive income and recognized in the statement of comprehensive income. Impairment losses on equity investments are not reversed through the statement of comprehensive income; increases in their fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of comprehensive income (income statement).

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

**(iii) Financial liabilities:**

**Initial recognition and measurement**

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification as

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follows:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through income statement.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of comprehensive income.

The Company has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

**Loans and borrowings**

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the effective interest rate (EIR) method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of comprehensive income.

**m. Inventories:** Inventories are stated at the lower of cost and net realisable value. Cost of finished and semi-finished products includes all costs incurred in bringing inventories to their current location and state of manufacture and comprises raw materials, labour, an applicable amount of production overhead (based on normal operating capacity, but excludes borrowing costs) and packaging. The cost of raw materials and finished goods is determined based on the weighted average basis. Net realisable value for finished goods is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. The net realisable value for raw materials is the estimated replacement cost in the ordinary course of business. An appropriate allowance is made for damaged, obsolete and slow moving items. Write-downs to net realisable value and inventory losses are expensed in the period in which the write-downs or losses occur.

Spare parts and servicing equipment are carried as inventory at the lower of cost or market value and are used i) for sale to third parties, ii) for maintenance purposes and, iii) for major overhauls of property, plant and equipment. As the future use of these spare parts is not predefined at the time of purchase, they are treated as inventories. If used for maintenance purposes, the cost of such spare parts is expensed when consumed. When these spare parts are used for major

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overhauls, (i.e. installed in the machinery and equipment or their use as major overhauls is defined), the spare parts are recognised as property, plant and equipment and depreciated over a period not exceeding the useful life of the related asset.

**n. Accounts Receivable Credit and Collection:** The Company has established criteria for granting credit to customers, which are generally based upon the size of the customer's operations and consideration of relevant financial data. Business is generally conducted with such customers under normal terms with collection expected within ninety (90) days after shipment. Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. An allowance for impairment of accounts receivable is established when there is objective evidence that the Company will not be able to collect all of the amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the consolidated statement of comprehensive income (income statement).

**o. Cash and Cash Equivalents:** The Company considers time deposits and other highly liquid investments with original maturity of three months or less, to be cash equivalents.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash at hand and in banks and of cash and cash equivalents as defined above.

**p. Borrowing Costs:** Borrowing costs are recognized as an expense in the period in which they are incurred, except where the Company capitalises borrowing costs on qualifying assets in accordance with IAS, 23 Borrowing Costs.

**q. Staff Retirement Indemnities:** Staff retirement obligations are calculated at the present value of the future retirement benefits deemed to have accrued at year-end, based on the employees earning retirement benefit rights steadily throughout the working period. The provision for retirement obligations is calculated on the basis of financial and actuarial assumptions detailed in Note 25 and are determined using the projected unit credit actuarial valuation method. Net pension costs for the period are included in payroll in the accompanying consolidated statement of comprehensive income and consist of the present value of benefits earned in the year, interest cost on the benefit obligation, past service cost, actuarial gains or losses recognised in the year and any additional pension charges. Past service costs are recognised on a straight-line basis over the average period until the benefits under the plan become vested.

In the event that a defined plan is initiated or modified and the relative benefits have already vested, the corresponding prior period cost is recognised in the current year's consolidated statement of comprehensive income. Actuarial gains or losses are recognised based on the corridor approach over the average remaining service period of active employees and included as a component of net pension cost for a year if, as of the beginning of the year the cumulative unrecognised actuarial gains or losses exceed 10% of the present value of the projected benefit obligation. The retirement benefit obligations are not funded.

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**r. Income Taxes (Current and Deferred):** Current and deferred income taxes are computed based on the separate financial statements of each of the entities included in the consolidated financial statements, in accordance with the tax rules in force in Greece or other tax jurisdictions in which the entities operate. Income tax expense consists of income taxes for the current year based on each entity's profits as adjusted in its tax returns, additional income taxes resulting from tax audits of the tax authorities and deferred income taxes, using substantively enacted tax rates.

Deferred income taxes are provided, using the liability method for all temporary differences at the reporting date arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from goodwill amortisation or the initial recognition 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 investments in subsidiaries, associates and interest in joint ventures, except 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 income tax assets are recognised 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 utilised:

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition 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 investments in subsidiaries, associates and interest in joint ventures, except 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 and there will be available taxable profits which will be used against temporary differences.

Deferred income tax assets are 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 income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

For transactions recognised directly in equity, any related tax effects are also

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recognised directly in equity and not in the consolidated statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

- s. Group as a lessee:** Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

**Group as a lessor:** Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

- t. Provisions and Contingencies:** Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation.

When the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate the risks specific to the liability.

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

- u. Share Capital:** Share capital represents the value of the Parent company's shares in issue. Any excess of the fair value of the consideration received over the par value of the shares issued is recognised as the "share premium" in

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shareholders' equity. Incremental external costs directly attributable to the issue of new shares are shown as a deduction in equity, net of tax, from the proceeds.

- v. **Earnings/(Loss) per Share:** Basic earnings/(loss) per share is computed by dividing net income/(loss) attributable to the shareholders of the parent by the weighted average number of ordinary shares outstanding during each year. Diluted earnings/(loss) per share amounts is calculated by dividing the net income/(loss) attributable to the shareholders of the parent by the weighted average number of ordinary shares outstanding each year as adjusted for the effects of dilutive instruments.
- w. **Segment Reporting:** Operating segments are reported in a manner consistent with the internal reporting provided to the Company CFO and management who are responsible for allocating resources and assessing performance of the operating segments. The Company produces glass containers and tableware and operates in Greece, Romania, Bulgaria and Ukraine. Due to the nature of the products, the business is operated and managed by operating entity. Accordingly, operating results, assets and liabilities by entity are available. No operating results by individual or Company of products are produced and neither are the Company's assets and liabilities analysed by various product Companies.
- x. **Government Grants:** The Company obtains grants from the European Union in order to fund specific projects for the acquisition of tangible and intangible assets. Grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statement of comprehensive income over the expected useful life of the relevant asset by equal annual installments. Amortisation is included in other income/(expenses), net in the consolidated statement of comprehensive income. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.
- y. **Dividend Distribution:** Dividend distribution to the Company's shareholders is recognised as a liability in the Company's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.
- z. **Offsetting of Financial Assets and Liabilities:** Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Company has a legally enforceable right to set off the recognised amounts and intends to either settle such asset and liability on a net basis or to realize the assets and settle the liability simultaneously.
- aa. **Emission Rights:** The Company has been allocated emission rights for the Greek, Romanian and the Bulgarian entities (no such arrangement exists for the Ukrainian entities) covering five consecutive years, beginning 2008. Based on the measurements performed and the modernization of their production equipment, the Company is not expected to exceed these emission rights. The emission rights are recognized on the basis of the net liability for the whole period of five years, that is when the actual emissions exceed the allocated rights, then the Company will provide for the full cost of the liability.

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**(d) Changes in Accounting Policies**

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of January 1, 2011:

- **IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended)**
- **IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments**
- **IAS 24 Related Party Disclosures (Amended)**
- **IAS 32 Classification on Rights Issues (Amended)**
- **Improvements to IFRSs (May 2010)**

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for its standard.

IFRS 3 Business Combinations

IFRS 7 Financial Instruments- Disclosures

IAS 1 Presentation of Financial Statements

IAS 27 Consolidated and Separate Financial Statements

IAS 34 Interim Financial Reporting

IFRIC 13 Customer Loyalty Programmes

The above mentioned new and amended IFRS and IFRIC interpretations did not have an impact on the financial statements or performance of the the Company.

**(e) Significant Accounting Judgements, Estimates and Assumptions**

The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- (i) Allowance for doubtful accounts receivable:** The Company's management periodically reassesses the adequacy of the allowance for doubtful accounts receivable in conjunction with its credit policy and taking into consideration reports from its legal counsel on recent developments of the cases they are handling.
- (ii) Provision for income taxes:** According to IAS 12, income tax provisions are based on estimations as to the taxes that shall be paid to the tax authorities and includes the current income tax for each fiscal year, the provision for additional taxes which may arise from future tax audits and the recognition of future tax benefits. The final clearance of income taxes may be different from the relevant amounts which are included in these consolidated financial statements.
- (iii) Depreciation rates and useful lives:** The Company's assets are depreciated over their estimated remaining useful lives. These useful lives are periodically reassessed to determine whether the original period continues to be appropriate. The actual lives of these assets can vary depending on a variety of factors such as technological innovation and maintenance programs.
- (iv) Goodwill and impairment test:** The Company determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the

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value in use requires the Company to make estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

- (v) **Impairment of property, plant and equipment:** Property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.
- (vi) **Deferred tax assets:** Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are provided in Note 9.
- (vii) **Derecognition of financial assets:** When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, management exercises judgment to determine whether it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, and recognizes a new asset to the extent of 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 and the maximum amount of consideration that the Company could be required to repay. Furthermore management engages in making estimates of the value of the guarantee to determine the amount of the continuing involvement.
- (viii) **Staff retirement indemnities:** The cost of the staff retirement indemnities is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases etc. Due to the long term nature of this plan, such estimates are subject to significant uncertainty. The provision for staff retirement indemnities at December 31, 2011, is € 2,694 (2010: € 2,320). Further details are provided in Note 25.
- (ix) **Measurement of land at fair value:** The Company's policy is to measure land at revalued amounts (estimated fair values), as these are determined by independent appraisal firms, less any impairment losses recognized after the date of revaluation. Valuations are performed frequently enough to ensure that the fair value of the revalued asset does not differ materially from its carrying amount.
- (x) **Valuation of Available-for-sale financial assets:** After initial recognition available-for-sale financial assets are measured at fair value. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions.

**(f) Approval of Consolidated Financial Statements**

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The Company's Board of Directors approved the Company's IFRS consolidated financial statements for the year ended December 31, 2011, on April 27, 2012. These consolidated financial statements are subject to the final approval by the Annual General Assembly of Shareholders.

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**3. STANDARDS ISSUED BUT NOT YET EFFECTIVE:**

The Company has not early adopted any standard, interpretation or amendment that was issued but is not yet effective.

- **IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income**

The amendment is effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 change the Companying of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Company's financial position or performance. This amendment has not yet been endorsed by the EU. The Company is in the process of assessing the impact of this amendment on the financial position or its performance.

- **IAS 12 Income Taxes (Amended) – Recovery of Underlying Assets**

The amendment is effective for annual periods beginning on or after 1 January 2012. The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. This amendment has not yet been endorsed by the EU. The Company does not expect that the amendment will have an impact on the financial position or its performance.

- **IAS 19 Employee Benefits (Amended)**

The amendment is effective for annual periods beginning on or after 1 January 2013. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. Early application is permitted. This amendment has not yet been endorsed by the EU. The Company is in the process of assessing the impact of this amendment on the financial position or its performance.

- **IAS 27 Separate Financial Statements (Revised)**

The Standard is effective for annual periods beginning on or after 1 January 2013. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Earlier application is permitted. This amendment has not yet been endorsed by the EU. The Company is in the process of assessing the impact of this amendment on the financial position or performance of the Company.

- **IAS 28 Investments in Associates and Joint Ventures (Revised)**

The Standard is effective for annual periods beginning on or after 1 January 2013. As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. Earlier application is permitted. This amendment has not yet been

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endorsed by the EU. The Company does not expect that the amendment will have an impact on the financial position or its performance.

- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities**

The amendment is effective for annual periods beginning on or after 1 January 2014. This amendment clarifies the meaning of “currently has a legally enforceable right to set-off” and also clarifies the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments to IAS 32 are to be retrospectively applied. Earlier application is permitted. However, if an entity chooses to early adopt, it must disclose that fact and also make the disclosures required by the IFRS 7 Offsetting Financial Assets and Financial Liabilities amendments. This amendment has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the amendment on the financial position or its performance.

- **IFRS 7 Financial Instruments: Disclosures (Amended) - Enhanced Derecognition Disclosure Requirements**

The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment has only disclosure effects. The Company does not expect that the amendment will have an impact on the financial position or its performance.

- **IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities**

The amendment is effective for annual periods beginning on or after 1 January 2013. The amendment introduces common disclosure requirements. These disclosures would provide users with information that is useful in evaluating the effect or potential effect of netting arrangements on an entity's financial position. The amendments to IFRS 7 are to be retrospectively applied. This amendment has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the amendment on the financial position or its performance.

- **IFRS 9 Financial Instruments - Classification and Measurement**

The new standard is effective for annual periods beginning on or after 1 January 2015. IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. Phase 1 of IFRS 9 will have a significant impact on (i) the classification and measurement of financial assets and (ii) a change in reporting for those entities that have designated financial liabilities using the FVO (Fair value option). In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the first half of 2012. Early application is permitted. This standard has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the new standard on the financial position or its performance.

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- **IFRS 10 Consolidated Financial Statements**

The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the new standard on the financial position or its performance.

- **IFRS 11 Joint Arrangements**

The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard has not yet been endorsed by the EU. The Company does not expect that the amendment will have an impact on the financial position or its performance.

- **IFRS 12 Disclosures of Involvement with Other Entities**

The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the new standard on the financial position or its performance.

- **IFRS 13 Fair Value Measurement**

The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. This standard should be applied prospectively and early adoption is permitted. This standard has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the new standard on the financial position or its performance.

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**4. PAYROLL COST:**

Payroll cost is analysed as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Wages and salaries	28,501	24,197
Social security costs (Note 25)	4,362	5,841
Staff retirement indemnities (Note 25)	539	285
Other staff costs	338	528
<b>Total payroll</b>	<b>33,740</b>	<b>30,851</b>
Less: amounts charged to cost of production	(21,351)	(18,674)
<b>Payroll expense (Note 6)</b>	<b>12,389</b>	<b>12,177</b>

Compensation paid to directors and executive officers for the years ended December 31, 2011 and 2010, included in payroll, amounted to € 1,607 and € 1,647, respectively.

Of these amounts, € 426 and € 591 have been paid to the shareholders in their capacity as directors and executive officers in the years ended December 31, 2011 and 2010, respectively.

**5. DEPRECIATION AND AMORTISATION:**

Depreciation and amortisation is analysed as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Depreciation on property, plant and equipment (Note 12)	28,761	27,492
Amortisation of intangible assets (Note 13)	660	587
Amortisation of government grants (Note 26)	(422)	(427)
<b>Total depreciation and amortisation</b>	<b>28,999</b>	<b>27,652</b>
Less: amounts charged to cost of production	(26,594)	(23,767)
Add: amounts credited to other expenses, net (Note 7)	422	427
<b>Depreciation and amortisation expense (Note 6)</b>	<b>2,827</b>	<b>4,312</b>

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**6. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:**

Selling, general and administrative expenses are analysed as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Payroll and related costs (Note 4)	12,389	12,177
Third party fees	2,308	2,749
Consumables	1,219	948
Depreciation and amortisation (Note 5)	2,827	4,312
Advertising and promotion expenses	244	480
Shipping and handling costs	3,861	3,910
Taxes other than income taxes	541	636
Rentals – buildings (Note 31b)	1,281	1,222
Commissions	1,678	1,751
Utilities	445	664
Travelling expenses	569	568
Accommodation Expenses	199	151
Telecommunications & Postal costs	300	337
Repairs and maintenance	476	541
Insurance	854	740
Donations	233	188
Subscriptions	96	99
Allowance for doubtful receivables (Note 17)	47	1,694
Other	391	498
	<b>29,958</b>	<b>33,665</b>

An analysis of the aforementioned expenses between selling, general and administrative is as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Selling	14,902	15,041
General and administrative	15,056	18,624
	<b>29,958</b>	<b>33,665</b>

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**7. OTHER EXPENSES, NET:**

Other (expenses) / income, net are analysed as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Impairment losses on non-current assets (see below)	111	(69)
Insurance proceeds for loss of profits	96	74
Amortisation of government grants (Notes 5 and 26)	422	427
Income from rendering of services	113	590
Gains / (losses) on disposal of property, plant and equipment	37	(206)
Taxes and penalties	(1,189)	(1,004)
Losses on sale of scrapped finished goods	(1,497)	(622)
Other (expenses) / income, net	(563)	(546)
	<b>(2,470)</b>	<b>(1,356)</b>

The impairment losses on non-current assets are analysed as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Stirom, Reversal of Impairment of idle furnaces	134	(69)
Bucha, Impairment of an idle furnace / machinery	(14)	-
New Glass, Impairment of an idle furnace / machinery	(9)	-
	<b>111</b>	<b>(69)</b>

**8. NET FINANCE COSTS AND NET FOREIGN EXCHANGE GAINS:**

a. Net finance costs are analysed as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Interest on loans and borrowings (Note 23)	(18,395)	(17,051)
Interest on short-term borrowings (Note 28)	(3,364)	(3,140)
Finance charges paid under finance leases (Note 24)	(28)	(15)
Finance charges paid under factoring agreements (Note 17)	(822)	(198)
Other	(832)	(613)
Bank charges and other related costs	(1,060)	(792)
<b>Total finance costs</b>	<b>(24,501)</b>	<b>(21,809)</b>
Interest earned on cash at banks and on time deposits (Note 19)	13	32
Other finance income (relates mainly to the interest on the repurchased part of the bond)	840	1,122
<b>Total finance income</b>	<b>853</b>	<b>1,154</b>
<b>Total net finance costs</b>	<b>(23,648)</b>	<b>(20,655)</b>

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- b. The foreign exchange gains and losses in the accompanying consolidated statement of comprehensive income mainly relate to, among others, the exchange gains and losses arising from the translation at year end rates, the loans held in € by the subsidiaries. These are analysed by consolidated company as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Bio med sklo - Ukraine	143	665
Bucha Glass – Ukraine	706	1,651
Stirom - Romania	(70)	(305)
Drujba – Bulgaria	(62)	(24)
New Glass – Bulgaria	(23)	(12)
Yioula – Greece	11	199
All Other - Cyprus	(4)	-
<b>Total net foreign exchange gains</b>	<b>701</b>	<b>2,174</b>

**9. INCOME TAXES DEFERRED AND CURRENT:**

In accordance with the Greek tax regulations, the corporate tax rate applied by companies for the fiscal year 2010 was 24%. According to the tax law for the year 2011 onwards, the tax rate will be 20%. The rates for the main income generating subsidiaries are as follows: i) Ukraine: 23%; ii) Romania: 16%; and iii) Bulgaria: 10%.

Income tax expense/(benefit) reflected in the accompanying consolidated statement is analysed as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Current income taxes	3,271	1,834
Deferred income taxes	186	(4,510)
<b>Total income tax expense / (benefit) reported in the consolidated income statement</b>	<b>3,457</b>	<b>(2,676)</b>

The reconciliation of the provision for income taxes to the amount determined by the application of the Greek corporate tax rate to pre-tax income is summarised as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>Profit before income taxes</b>	<b>(1,311)</b>	<b>617</b>
Income tax charge calculated at the Company's applicable tax rate of 20% (2010: 24%)	(262)	148
Effect of different tax rates applicable to certain foreign subsidiaries	(285)	(1,035)
Tax effect of change in statutory tax rate	399	75
Originating/reversing temporary differences (tax effect of change in the Ukrainian tax code)	-	(4,316)
Non-deductible expenses	3,605	2,452
<b>Income tax charge / (credit) reported in the consolidated income statement</b>	<b>3,457</b>	<b>(2,676)</b>

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Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time, as the tax authorities in the countries the Company operates in, examine the returns and the records of the taxpayer and a final assessment is issued.

In 2007, the tax authorities audited Yioula Glassworks S.A. for the fiscal years 2005 and 2006.

With respect to Yioula Glassworks S.A.'s subsidiaries, their books and records have not been audited by the tax authorities for the following periods:

<b>Company's Name</b>	<b>Unaudited Periods</b>
Drujba Glassworks A.D.	2006 – 2011
S.C. Stirom S.A.	2003 – 2011
New Glass EAD	2007 – 2011
Ambalaj EOOD	2006 – 2011
Yalos Holdings Overseas Limited	2002 – 2011
Glassinvest Limited	2002 – 2011
Bareck Overseas Limited	2002 – 2011
Mediterranean Glass Limited	2002 – 2011
Berlino Investments Limited	2002 – 2011
Colwick Holdings Limited	2002 – 2011
Gazon Holdings Limited	2002 – 2011
Bitcord Holdings Limited	2002 – 2011
Ivaglass Manufacturers Limited	2010 – 2011
Uglass Holdings Limited	2005 – 2011
Bio med sklo Public Joint Stock Company	2011
Buchansky Glass Containers Plant Limited Liability Company	2011
Buchansky Glasswork Plant Limited Liability Company	2007 – 2011
Alpha Glass Limited	2005 – 2011
Beluxen Enterprises Limited	2009 – 2011
Hellenic Recycling Company Limited	2010 – 2011
Serbian Recycling Industries A.D.	2010 – 2011

Pending the tax examination of the related unaudited tax years, the Company, based upon previous years' tax examinations and past interpretations of the tax laws, believes that adequate provisions for probable future tax assessments have been made in the consolidated financial statements.

The deferred income taxes relate to the temporary differences between the book values and the tax bases of assets and liabilities and are calculated using the applicable statutory income tax rate.

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	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Opening balance	(6,554)	(10,830)
Charged directly to equity (other comprehensive income):		
Foreign currency translation adjustments	(80)	(58)
Tax effect on revaluation reserve	1,277	(176)
	<u>(5,357)</u>	<u>(234)</u>
(Charge) / credit to the consolidated income statement	(186)	4,510
<b>Closing balance</b>	<b><u>(5,543)</u></b>	<b><u>(6,554)</u></b>

Deferred income tax assets and liabilities are recognised in the accompanying consolidated statement of financial position and consolidated statement of comprehensive income as follows:

	<b>Consolidated statement of financial position</b>		<b>Consolidated Income statement</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Deferred income tax liabilities</b>				
— Revaluation of property, plant and equipment to fair value	(8,356)	(10,078)	525	6,783
— Deferred costs	(1,150)	(707)	(443)	(707)
<b>Total deferred income tax liabilities</b>	<b>(9,506)</b>	<b>(10,785)</b>		
<b>Deferred income tax assets</b>				
— Provision for inventories	252	890	(639)	(56)
— Capitalised leases	174	264	(90)	(368)
— Pension	497	408	89	4
— Losses available for offset against future taxable income	1,776	2,503	(727)	(477)
— Provision for accounts receivable	1,264	166	1,099	(669)
<b>Total deferred income tax assets</b>	<b>3,963</b>	<b>4,231</b>		
<b>Deferred income tax credit</b>			<b>(186)</b>	<b>4,510</b>
<b>Deferred tax liabilities net</b>	<b>(5,543)</b>	<b>(6,554)</b>		
Reflected in the consolidated statement of financial position as follows:				
Deferred tax assets	1,973	2,159		
Deferred tax liabilities	<u>(7,516)</u>	<u>(8,713)</u>		
<b>Deferred tax liabilities net</b>	<b><u>(5,543)</u></b>	<b><u>(6,554)</u></b>		

At December 31, 2011, Yioula Glassworks S.A. had accumulated tax carry forward losses of € 17,500 which expire through to 2014. The Company's management estimates that a deferred tax asset of € 1,776 will be recovered through future taxable profits and as such it has been recognised in the consolidated financial statements.

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**10. (LOSS) /EARNINGS PER SHARE:**

Basic earnings per share amounts are calculated by dividing net (loss) / profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

There were no events or conditions that could result in a dilutionary effect and accordingly the basic and the diluted earnings per share is the same figure.

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>Net profit attributable to equity holders of the parent</b>	<b><u>(5,099)</u></b>	<b><u>2,807</u></b>
Weighted average number of ordinary shares for basic and diluted earnings per share (Note 20)	16,108,000	16,108,000
Earnings per share	<u>(0.32)</u>	<u>0.17</u>

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**11. SUBSIDIARIES:**

The consolidated financial statements include the financial statements of Yioula Glassworks S.A. and its subsidiaries listed below:

Entity	Equity interest		Country of incorporation	Principal activities
	December 31, 2011	2010		
Drujba Glassworks A.D. ("Drujba")	99.51%	99.51%	Bulgaria	Production and trading of glass containers.
S.C. Stirom S.A. ("Stirom")	93.41%	93.41%	Romania	Production and trading of glass containers and tableware.
New Glass EAD ("New Glass")	100.00%	100.00%	Bulgaria	Production and trading of glass tableware.
Bio med sklo Public Joint Stock Company ("Bio med sklo")	98.53%	98.53%	Ukraine	Production and trading of glass containers.
Buchansky Glass Containers Plant Limited Liability Company ("Bucha Glass")	100.00%	100.00%	Ukraine	Production and trading of glass containers.
Buchansky Glasswork Plant Limited Liability Company ("Bucha Flat")	100.00%	100.00%	Ukraine	Production and trading of flat glass.
Ambalaj Sofia City EOOD ("Ambalaj")	100.00%	100.00%	Bulgaria	Production of packaging material.
Yalos Holdings Overseas Limited ("Yalos Holdings")	100.00%	100.00%	Cyprus	Holding
Glassinvest Limited ("Glassinvest")	100.00%	100.00%	Cyprus	Holding
Bareck Overseas Limited ("Bareck")	100.00%	100.00%	Cyprus	Holding
M.G.L. Mediterranean Glass Limited ("MGL")	100.00%	100.00%	Cyprus	Holding
Berlino Investments Limited ("Berlino")	100.00%	100.00%	Cyprus	Holding
Colwick Holdings Limited ("Colwick")	100.00%	100.00%	Cyprus	Holding
Gazon Holdings Limited ("Gazon")	100.00%	100.00%	Cyprus	Holding
Bitcord Holdings Limited ("Bitcord")	100.00%	100.00%	Cyprus	Holding
Ivaglass Manufacturers Limited ("Ivaglass")	100.00%	100.00%	Cyprus	Holding
Beluxen Enterprises Limited ("Beluxen")	100.00%	100.00%	Cyprus	Holding
Hellenic Recycling Company Limited ("Hellenic Recycling")	100.00%	100.00%	Greece	Holding
Serbian Recycling Industries A.D. ("SRP")	74.28%	74.28%	Serbia	Processing and trading of glass shiver
Uglass Holdings Limited ("Uglass")	100.00%	100.00%	Cyprus	Holding
Alpha Glass Limited ("Alpha Glass")	100.00%	100.00%	Cyprus	Holding

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**Yalos Holdings Overseas Limited:** Yalos Holdings Overseas Limited ("Yalos Holdings") was incorporated in December 1996. As of the date of incorporation, Yioula Glassworks S.A. held a 50% interest therein. During 2000, Yioula Glassworks S.A. acquired the remaining 50% of the share capital of Yalos Holdings for a consideration of € 19.2 million. A goodwill of € 2.4 million resulted from this acquisition which was at that time charged to equity based on one of the allowed treatments of Corporate Law 2190/1920. On December 22, 2000, the Shareholders at the Extraordinary General Assembly of Yalos Holdings decided on a share capital increase of US\$ 19.5 million. Yioula Glassworks S.A. contributed to half of this share capital increase and waived its right to the remaining half, which was acquired by third parties. As a result, Yioula Glassworks S.A.'s interest stake in Yalos Holdings decreased to 83.3%.

During December 2003, Yioula Glassworks S.A. acquired 16.7% interest in Yalos Holdings from the Euromerchant Balkan Fund, an investment fund controlled by the same manager as Global Capital Investors II Limited Partnership, a minority shareholder of the Company, for a consideration of € 14.6 million which was paid in 2004. The resulting goodwill of € 5.3 million was charged to shareholders equity.

As at December 31, 2011 and 2010, Glassinvest Limited and Ivaglass Manufacturers Limited were wholly owned subsidiaries of Yalos Holdings.

**Glassinvest Limited:** Glassinvest Limited ("Glassinvest") is a wholly owned subsidiary of Yalos Holdings and is the holding company of Bareck Overseas Limited and M.G.L. Mediterranean Glass Limited.

**Bareck Overseas Limited:** Bareck Overseas Limited ("Bareck") was incorporated on January 24, 1998 and is wholly owned by Glassinvest. Bareck is the holding company of Drujba Glassworks A.D.

**M.G.L. Mediterranean Glass Limited:** M.G.L. Mediterranean Glass Limited ("M.G.L.") was incorporated on February 4, 1999 and is wholly owned by Glassinvest. M.G.L. is the holding company of S.C. Stirom S.A. ("Stirom"), Berlino Investments Limited ("Berlino"), Colwick Holdings Limited ("Colwick"), Gazon Holdings Limited ("Gazon") and Bitcord Holdings Limited ("Bitcord").

**S.C. Stirom S.A.:** S.C. Stirom S.A. ("Stirom") is located in Romania and is engaged in the production of glass containers and related products. Stirom is listed on the Alternative Market of the Romanian Stock Exchange (RASDAC).

The Company, through Berlino, Windy and Gazon acquired 25.98% of the share capital of Stirom on December 16, 2002, for a total consideration of approximately € 1.8 million. The resulting negative goodwill that arose from the above acquisition of € 2,151 was recognised in the 2002 consolidated statement of comprehensive income.

In addition, on February 3, 2003, the Company, through M.G.L. acquired 50.99% of the share capital of Stirom for a consideration of approximately € 7.5 million. The negative goodwill that arose from the above acquisition of € 259 was recognized in the 2004 consolidated statement of comprehensive income.

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During 2003, the Company through Colwick and M.G.L., wholly owned subsidiaries, acquired a further 8.62% of the share capital of Stirom for a consideration of approximately € 0.8 million. The resulting goodwill of € 0.2 million was charged to shareholders equity based on one of the allowed treatments of Corporate Law 2190/1920 and was not reconsidered on first time adoption of IFRS's availing the allowable option of IFRS 1.

During 2007, M.G.L. acquired the shares of Stirom owned by Berlino and Windy, (wholly owned subsidiaries) and as such this transaction did not affect the total percentage of shares owned by the Company.

On July 1, 2010, M.G.L. completed the acquisition process of an additional 7.82% interest in its subsidiary Stirom. The difference between the cost of acquisition and the non-controlling interest acquired of € 2,884 was recognized directly in equity (line: "Changes of participation in subsidiaries") as it relates to the acquisition of non-controlling interests in an entity where control already exists. Consequently Yioula Glassworks owns indirectly (through its 100% indirect subsidiary M.G.L. a 93.41% interest in Stirom).

**Drujba Glassworks AD:** Drujba Glassworks AD ("Drujba Glassworks") was incorporated in 1993 in Sofia, Bulgaria, is a public company and its shares are listed on the Bulgarian Stock Exchange. Drujba Glassworks is engaged in the production of glass containers. On January 1, 2002, the Company, through Bareck Overseas and Glassinvest acquired a 99.17% interest in Drujba Glassworks for a consideration of approximately € 58 million. The resulting goodwill amounted to approximately € 12.3 million and was charged to equity based on one of the allowed treatments of Corporate Law 2190/1920 and was not reconsidered on first time adoption of IFRS's availing the allowable option of IFRS 1.

In addition, following the merger of Stind A.D. into Drujba Glassworks, the Company's interest increased to 99.51%.

**Ambalaj Sofia City EOOD:** On April 10, 2003, Drujba Glassworks acquired a 100% interest of Ambalaj Sofia City EOOD ("Ambalaj") for a consideration of € 745. The negative goodwill that arose from the above acquisition of € 15 was recognised in the 2003 consolidated statement of comprehensive income.

**New Glass EAD:** Ivaglass Manufacturers Limited ("Ivaglass"), a wholly owned subsidiary incorporated in 2004, acquired 100% of the share capital of New Glass EAD ("New Glass") on June 15, 2004, for a consideration of € 3 million. Goodwill of € 387 arose from the acquisition of New Glass which is reflected in the accompanying consolidated statement of financial position (see below).

An impairment test was performed on the carrying amount of the goodwill and it was noted that no impairment issue exists.

**Uglass Holdings Limited:** Uglass Holding Limited ("Uglass") is a wholly owned subsidiary of Yalos Holdings Overseas Limited and is the holding company of Bio med sklo Public Joint Stock Company, since October 2005. In February 2006, Uglass also acquired 100% of the share capital of Buchansky Glass Containers Plant Limited Liability Company for a consideration of € 11.2 million.

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**Bio med sklo Public Joint Stock Company:** Bio med sklo Public Joint Stock Company ("Bio med sklo") is engaged in the production of glass containers and is incorporated in the Ukraine. On October 6, 2005, the Company, through Uglass, acquired an 82.56% interest in Bio med sklo for a consideration of approximately € 9.4 million. For the year ended December 31, 2005, the fair value of the identifiable assets and liabilities of Bio med sklo were based on a preliminary assessment as at the above acquisition date. During 2006, the assessment of the fair value of the identifiable assets and liabilities of Bio med sklo was finalised and the purchase price allocation completed.

The foreign currency remeasurement effect on goodwill at December 31, 2011, is as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Goodwill at January 1	812	750
Foreign currency remeasurement	22	62
Goodwill at December 31	<b>834</b>	<b>812</b>

An impairment test was performed on the carrying amount of the goodwill and it was noted that no impairment issue exists.

During December 2005, the Company through Uglass acquired a further 10.19% of the share capital of Bio med sklo for a consideration of approximately € 0.8 million. The resulting negative goodwill of € 145 was charged to shareholders equity.

During the first quarter of 2008, the share capital of Bio med sklo was increased by Yioula Company through Uglass. The minority shareholders resigned from their rights and did not participate in the share offer made. As a result the interest of Yioula Company increased by a further 5.78%.

On August 30, 2010, company's name and legal status changed from Biomedsklo Open Joint Stock Company to Bio med sklo Public Joint Stock Company.

**Alpha Glass Limited:** Alpha Glass Limited ("Alpha Glass") was incorporated in September 2005 as a holding company and is a wholly owned subsidiary of Yalos Holdings Overseas Ltd. In February 2006, Alpha Glass acquired 100% of the share capital of Buchansky Glasswork Plant Limited Liability Company for a consideration of approximately € 1.3 million.

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***Buchansky Glass Containers Plant Limited Liability Company:*** Buchansky Glass Containers Plant Limited Liability Company ("Bucha Glassworks") is engaged in the production of glass containers and is incorporated in the Ukraine. On February 28, 2006, the Company, through Uglass acquired a 100% interest in Bucha Glassworks for a consideration of approximately € 11.2 million. The fair value of the identifiable assets and liabilities of Bucha Glassworks as at the above acquisition date are as follows:

	Fair value recognised on acquisition	Carrying value as at February 28, 2006
Current assets	3,749	4,680
Property, plant and equipment	21,235	6,010
Investment	454	3,329
Intangible and other non-current assets	200	-
Total assets	<u>25,638</u>	<u>14,019</u>
Current liabilities	(2,404)	(2,404)
Non-current liabilities	(9,825)	(5,940)
Total liabilities	<u>(12,229)</u>	<u>(8,344)</u>
<b>Total net assets</b>	<b><u>13,409</u></b>	<b><u>5,675</u></b>
Net assets acquired	13,409	<u>5,675</u>
Negative goodwill arising on acquisition	<u>(2,177)</u>	
<b>Total cash contributed</b>	<b><u>11,232</u></b>	

The cash outflow on the above acquisition was as follows:

Net cash acquired with the subsidiary	31
Cash paid	<u>(8,232)</u>
<b>Net cash outflow</b>	<b><u>8,201</u></b>

The negative goodwill that arose from the above acquisition of € 2,177 was credited to the 2006 consolidated statement of comprehensive income.

Bucha Glassworks investment with a fair value of € 454 reflected in the table above relates to its 26% interest in Buchansky Glasswork Plant Limited Liability Company.

At December 31, 2007, the outstanding balance of the purchase price of approximately € 1.5 million was reflected under current liabilities, as obligations due for purchase of subsidiaries. The balance was fully repaid in 2008.

***Serbian Recycling Industries AD:*** Serbian Recycling Industries A.D. ("SRP") is engaged in the processing of glass shiver in Serbia. On December 15, 2009, the Company, through Drujba Glassworks AD acquired a 100% interest of Beluxen Enterprises Limited, ultimate holding company of SRP, holding 74.28% interest in SRP for a consideration of approximately € 900. The fair value of the identifiable assets and liabilities of SRP being the sole operating entity in the Beluxen Enterprises Limited Company as at the above acquisition date are as follows:

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	<b>Final fair value recognised on acquisition</b>	<b>Preliminary fair value recognised on acquisition</b>	<b>Carrying value as at December 15, 2009</b>
Current assets	115	115	115
Property, plant and equipment	134	184	184
Intangible and other non- current assets	923	-	-
<b>Total assets</b>	<b>1,172</b>	<b>299</b>	<b>299</b>
Current liabilities	(162)	(78)	(78)
<b>Total liabilities</b>	<b>(162)</b>	<b>(78)</b>	<b>(78)</b>
<b>Total net assets</b>	<b>1,010</b>	<b>221</b>	<b>221</b>
Net assets acquired	750	167	221
Goodwill arising on acquisition	150	733	
<b>Total cash contributed</b>	<b>900</b>	<b>900</b>	

The cash outflow on the above acquisition was as follows:

Net cash acquired with the subsidiary	18
Cash paid	(900)
<b>Net cash outflow</b>	<b>882</b>

The fair value adjustments as at December 31, 2009 were provisional as the independent valuer's on tangible and intangible assets had not been finalised. As a result of the finalisation of the assessment of the fair value of the identifiable assets and liabilities of Serbian Recycling Industries A.D. during 2010, therefore the 2009 comparative information in the accompanying consolidated financial statements has been restated accordingly.

These adjustments resulted in a decrease of goodwill by € 583, which mainly related to the valuation of tangible and intangible assets.

The foreign currency remeasurement effect on goodwill at December 31, 2011, is as follows:

	<b>2011</b>	<b>December 31, 2010</b>
Goodwill at January 1	140	150
Foreign currency remeasurement	1	(10)
<b>Goodwill at December 31</b>	<b>141</b>	<b>140</b>

An impairment test was performed on the carrying amount of the goodwill and it was noted that the recoverable amount of such goodwill was higher than its carrying value and, consequently, no impairment issue exists.

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**Beluxen Enterprises Limited:** On December 15, 2009, Drujba Glassworks AD acquired a 100% interest of Beluxen Enterprises Limited, ultimate holding company of SRP by 74.28% for a consideration of € 900.

**Hellenic Recycling Company Limited:** Hellenic Recycling Limited ("Hellenic Recycling") is a 100% subsidiary of Beluxen Enterprises Limited and was acquired on December 15, 2009, through the acquisition of Beluxen Enterprises Limited. Hellenic Recycling Company Limited is the immediate holding company and it has a 74.28% interest in SRP.

**Buchansky Glasswork Plant Limited Company:** Buchansky Glasswork Plant Limited Liability Company ("Bucha Flat Glass") is engaged in the production of flat glass and is incorporated in the Ukraine. On February 28, 2006, the Company, through Alpha Glass acquired a 74% interest in Bucha Flat Glass for a consideration of approximately € 1.3 million. Bucha Glassworks holds the remaining 26% interest in Bucha Flat Glass. Bucha Glassworks is a wholly owned subsidiary and, accordingly, Bucha Flat Glass is also a wholly owned subsidiary. The fair value of the identifiable assets and liabilities of Bucha Flat Glass as at the above acquisition date are as follows:

	Fair value recognised on acquisition	Carrying value as at February 28, 2006
Current assets	399	613
Property, plant and equipment	2,557	661
Intangible and other non-current assets	11	11
Total assets	<u>2,967</u>	<u>1,285</u>
Current liabilities	(739)	(739)
Non-current liabilities	(483)	-
Total liabilities	<u>(1,222)</u>	<u>(739)</u>
<b>Total net assets</b>	<b><u>1,745</u></b>	<b><u>546</u></b>
Net assets acquired	1,291	546
Goodwill on acquisition	26	
<b>Total cash contributed</b>	<b><u>1,317</u></b>	

The cash outflow on the above acquisition was as follows:

Net cash acquired with the subsidiary	28
Cash paid	<u>(1,317)</u>
<b>Net cash outflow</b>	<b><u>1,289</u></b>

In early 2008, the Company decided to terminate the operations of Bucha Flat Glass, which were immaterial to the Company's operations, and to dispose of its plant and equipment, because its operations would not be transferred to another company. The land and building which are situated on Bucha Glassworks' premises will be used by Bucha Glassworks to expand its operations. The fair value of Bucha Flat Glass' tangible assets exceeds the related net book value and, as such, there is no need for any impairment.

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In summary the goodwill carried in the consolidated statement of financial position is in relation to:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Beluxen acquisition of SRP	141	140
Ivaglass acquisition of New Glass	387	387
Uglass acquisition of Bio med sklo	834	812
Goodwill at December 31	<b>1,362</b>	<b>1,339</b>

**12. PROPERTY, PLANT AND EQUIPMENT:**

Property, plant and equipment is analysed as follows:

	<b>Land</b>	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Transportation equipment</b>	<b>Furniture and fixtures</b>	<b>Construction in progress (CIP)</b>	<b>Total</b>
<b>COST</b>							
<b>At January 1, 2010</b>	<b>50,968</b>	<b>72,056</b>	<b>288,086</b>	<b>4,569</b>	<b>7,051</b>	<b>21,779</b>	<b>444,509</b>
Additions	-	471	4,168	74	265	15,768	20,746
Fair value adjustment	-	(68)	4,571	49	1,316	(5,443)	425
Transfers from CIP	19	94	5,988	72	59	(6,232)	-
Disposals	(55)	(11)	(1,973)	(147)	(52)	(517)	(2,755)
Acquisition of subsidiary	-	-	(720)	-	-	-	(720)
Translation adjustment	(174)	822	1,708	45	61	546	3,008
<b>At December 31, 2010</b>	<b>50,758</b>	<b>73,364</b>	<b>301,828</b>	<b>4,662</b>	<b>8,700</b>	<b>25,901</b>	<b>465,213</b>
Additions	-	332	30,838	81	548	15,100	46,899
Fair value adjustment	(5,063)	-	-	-	-	-	(5,063)
Transfers from CIP	22	829	21,307	45	(30)	(22,173)	-
Disposals	-	(53)	(758)	(243)	(67)	(1,692)	(2,813)
Translation adjustment	(107)	246	652	12	52	20	875
<b>At December 31, 2011</b>	<b>45,610</b>	<b>74,718</b>	<b>353,867</b>	<b>4,557</b>	<b>9,203</b>	<b>17,156</b>	<b>505,111</b>
<b>ACCUMULATED DEPRECIATION</b>							
<b>At January 1, 2010</b>	-	<b>(13,682)</b>	<b>(148,368)</b>	<b>(3,469)</b>	<b>(5,582)</b>	-	<b>(171,101)</b>
Depreciation expense	-	(2,479)	(23,939)	(443)	(631)	-	(27,492)
Disposals	-	4	1,160	110	30	-	1,304
Impairment	-	(228)	(153)	(16)	(35)	-	(432)
Translation adjustment	-	(115)	(451)	(49)	(20)	-	(635)
<b>At December 31, 2010</b>	-	<b>(16,500)</b>	<b>(171,751)</b>	<b>(3,867)</b>	<b>(6,238)</b>	-	<b>(198,356)</b>
Depreciation expense	-	(2,238)	(25,655)	(394)	(474)	-	(28,761)
Disposals	-	32	1,799	232	57	-	2,120
Impairment	-	-	111	-	-	-	111
Translation adjustment	-	(75)	(422)	(13)	(54)	-	(564)
<b>At December 31, 2011</b>	-	<b>(18,781)</b>	<b>(195,918)</b>	<b>(4,042)</b>	<b>(6,709)</b>	-	<b>(225,450)</b>
<b>NET BOOK VALUE</b>							
At December 31, 2010	<b>50,758</b>	<b>56,864</b>	<b>130,077</b>	<b>795</b>	<b>2,462</b>	<b>25,901</b>	<b>266,857</b>
At December 31, 2011	<b>45,610</b>	<b>55,937</b>	<b>157,949</b>	<b>515</b>	<b>2,494</b>	<b>17,156</b>	<b>279,661</b>

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Land is measured at fair value. The Company engaged independent firms of appraisers to conduct valuations of its plots of land as at January 1, 2002, December 31, 2004, December 31, 2006, December 31, 2007, December 31, 2009 and December, 2011. The main valuation technique used to value the plots of land was the market approach. The aggregate adjustment to the respective carrying amount of land as at January 1, 2002, December 31, 2004, 2006, 2007 was an increase in value of € 13,152, € 8,809, € 11,516, and € 35,043 respectively. The 2009 valuation resulted in a decrease of the carrying amount of land amounting to € 27,706. For 2010 there were no significant changes between the carrying amount and the fair value of the Land, while for 2011 the aggregated devaluation of the land amounted to € 5,063.

Buildings and machinery and equipment are stated at deemed cost less accumulated depreciation and any impairment in value. During 2005, the Company engaged independent firms of appraisers to conduct valuations of its buildings and machinery and equipment as of January 1, 2002 (transition date of IFRS). The valuations were performed based on various appropriate valuation techniques depending on the nature and usage of the valued items. The main valuation techniques were as follows:

- the market approach and / or income approach for the urban buildings and,
- the depreciated replacement cost method for the industrial buildings and the machinery and equipment.

In addition, the appraisers provided the economic useful lives of the items of property, plant and equipment from the date of acquisition or construction, which are set out in Note 2(c). Depreciation in the accompanying consolidated statement of comprehensive income has been determined after subtracting from the economic useful life of each fixed asset, the years that have elapsed from the date of acquisition through to the IFRS transition date.

The aggregate adjustments to the respective carrying amounts (reported under previous generally accepted accounting principles) of building and machinery and equipment as at January 1, 2002, was € 12,115 and € 18,139, respectively.

The Company has finance leases mainly for machinery and equipment. The net carrying amount of such fixed assets as at December 31, 2011 and 2010 was € 584 and € 719, respectively.

At December 31, 2011 and 2010, the Company had no contractual commitments for the acquisition of property, plant and equipment.

At December 31, 2011 and 2010, the Company had mortgages and pledges on its property, plant and equipment in favour of various banks for the amount of € 73 million and € 67.3 million, respectively. Such mortgages and pledges have been provided as security for the Company's long-term debts (Note 23). Furthermore, the Company's property, plant and equipment have been pledged as security for short-term borrowings in the amount of € 6.2 million and € 7.4 million, as at December 31, 2011 and 2010, respectively (Note 28).

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**13. INTANGIBLE ASSETS:**

Intangible assets are analysed as follows:

	<u>Software</u>	<u>Trade Name</u>	<u>Customer Relationship</u>	<u>Product Technology</u>	<u>Total</u>
<b>Net book value at January 1, 2010</b>	<b>1,170</b>	<b>3</b>	<b>74</b>	<b>990</b>	<b>2,237</b>
Additions	852	-	-	-	852
Amortisation	(466)	(4)	(17)	(100)	(587)
Translation adjustment	37	1	3	(52)	(11)
<b>Net book value at December 31, 2010</b>	<b>1,593</b>	<b>-</b>	<b>60</b>	<b>838</b>	<b>2,491</b>
Additions	111	-	-	-	111
Amortisation	(528)	-	(20)	(112)	(660)
Translation adjustment	9	-	(1)	9	17
<b>Net book value at December 31, 2011</b>	<b>1,185</b>	<b>-</b>	<b>39</b>	<b>735</b>	<b>1,959</b>

**14. AVAILABLE-FOR-SALE FINANCIAL ASSETS:**

Available-for-sale financial assets are analysed as follows:

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
<b>Shares—listed:</b>		
Balansiran Fund (Bulgaria)	6	7
<b>Shares—unlisted:</b>		
Hellenic Recycling Company Ltd.	89	88
	<b>95</b>	<b>95</b>

Available-for-sale financial assets consist of investments in ordinary and preferred shares and, therefore, have no fixed maturity date or coupon rate.

There have not been any material changes in the fair market values of these assets.

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**15. OTHER NON-CURRENT ASSETS:**

Other non-current assets are analysed as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Utility deposits	231	224
	<b>231</b>	<b>224</b>

**16. INVENTORIES:**

Inventories are analysed as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Merchandise at cost	4,956	5,466
Finished and semi-finished products at cost	38,392	34,501
Raw materials and supplies at cost	27,821	26,485
Spare parts at cost	13,824	21,531
	<b>84,993</b>	<b>87,983</b>
Less: allowance for slow moving and obsolete inventories	(1,587)	(4,311)
	<b>83,406</b>	<b>83,672</b>

The total cost of inventories included in cost of sales for the years ended December 31, 2011 and 2010, amounted to € 95.5 million and € 86.9 million, respectively.

As at December 31, 2011 and 2010, inventories of € 29.7 million and € 26.9 million, respectively, have been pledged as security for the Company's short-term borrowings (Note 28).

**17. TRADE ACCOUNTS RECEIVABLE:**

Trade accounts receivable are analysed as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Current trade accounts receivable	51,909	51,687
Post dated cheques receivable	14,454	16,165
Notes receivable	5,360	5,311
	71,723	73,163
Less: allowance for doubtful accounts	(6,161)	(6,193)
	<b>65,562</b>	<b>66,970</b>

The trade accounts receivable are non-interest bearing and are generally 30 to 120 days old.

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The Trade accounts receivable are further analysed by currency as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Euro	40,479	41,311
Bulgarian Leva (BGN)	465	7,715
New Romanian Lei (RON)	15,915	13,409
Ukrainian Hryvnia (UAH)	3,110	2,314
United States Dollars (USD)	5,346	16
Pound Sterling (GBP)	103	2,156
Dinar (RSD)	18	-
Other	126	49
	<b>65,562</b>	<b>66,970</b>

The movement of the allowance for doubtful trade accounts receivable during the years ended December 31, 2011 and 2010, was as follows:

<b>Balance at January 1, 2010</b>	<b>(4,447)</b>
Charge to consolidated statement of comprehensive income (Note 6)	(1,694)
Utilised	583
Translation adjustment	(635)
<b>Balance at December 31, 2010</b>	<b>(6,193)</b>
Charge to consolidated statement of comprehensive income (Note 6)	(47)
Utilised	84
Translation adjustment	(5)
<b>Balance at December 31, 2011</b>	<b>(6,161)</b>

As at December 31, 2011 and 2010, trade accounts receivable of € 35.2 million and € 33.4 million, respectively, have been pledged as security for the Company's short-term borrowings (Note 28).

In 2011 the Company has entered into a factoring agreement with EFG Factors for the amount of € 17.8 million. The agreement is without recourse for invoices outstanding for less than 180 days. During the year the Company has factored receivables to the amount of € 19.8 million and received cash amounting to € 19.4 million. The cost of these transactions amounted to € 822 and € 198 for the years ended December 31, 2011 and 2010, respectively included in interest expense (See note 8).

The ageing analysis of trade accounts receivable is as follows:

	<u>Total</u>	<u>Neither past due nor impaired</u>	<u>Past due but not impaired</u>			
			<u>&lt;30 days</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>&gt;91 days</u>
2011	65,562	33,680	15,534	4,558	1,483	10,307
2010	66,970	40,552	12,882	4,347	3,343	5,846

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**18. PREPAYMENTS AND OTHER RECEIVABLES:**

Prepayments and other receivables are analysed as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Advances to suppliers	2,186	5,054
Sundry debtors	604	927
Value added tax	3,870	2,877
Prepaid expenses	837	809
Prepaid taxes	788	770
Advances to personnel	324	359
Accrued income	201	153
Other	132	271
	<b>8,942</b>	<b>11,220</b>

The Company has not identified any impairment issues relating to the above accounts and balances.

Prepayments and other receivables further analysed by currency as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Euro	2,897	5,968
Bulgarian Leva (BGN)	2,038	2,173
New Romanian Lei (RON)	338	100
Ukrainian Hryvnia (UAH)	3,669	2,961
United States Dollars (USD)	-	8
Pound Sterling (GBP)	-	8
Russian Ruble (RUB)	-	2
	<b>8,942</b>	<b>11,220</b>

**19. CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents are analysed as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Cash in hand	27	42
Cash at banks	7,082	5,269
	<b>7,109</b>	<b>5,311</b>

Cash at banks earns interest at floating rates based on monthly bank deposit rates. Interest earned on cash at banks and time deposits is accounted for on an accrual basis and amounted to € 13 and € 32 for the years ended December 31, 2011 and 2010, respectively and is included in finance income in the accompanying consolidated statement of comprehensive income (Note 8).

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**20. SHARE CAPITAL:**

The Company's share capital consists of 16,108,000 common, registered shares of € 2.01 par value each, totaling € 32,377 (2010: € 32,377) issued at a premium of € 17,902.

**21. LEGAL, TAX DEFERRED AND SPECIAL RESERVES AND FOREIGN CURRENCY TRANSLATION RESERVE:**

Legal, tax deferred and special reserves are analysed as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Legal reserve	5,410	5,410
Tax deferred reserves:		
— Law 1828/1989	3,678	3,678
— Law 1892/1990	3,923	3,923
— Law 3220/2004	684	684
— Reserves established under various laws	11,135	6,706
	24,830	14,991
Special reserves	5,251	5,251
	<b>30,081</b>	<b>25,652</b>

***Legal Reserve:***

Under Greek corporate law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a legal reserve, until such reserve equals one-third of the outstanding share capital. The above reserve cannot be distributed during the existence of the Company.

***Tax Deferred Reserves: (Yioula only)***

- (a) Under the provisions of Law 1892/1990 (Article 20), corporations were allowed to provide tax deferred reserves equal to a certain percentage, as defined therein, of their pre-tax profits, as reflected in their statutory books, after allowing for legal reserve, dividends and Board of Directors fees. According to the provisions of this law, which expired on December 31, 2004, new capital productive investments had to be made during the following three years after the reserve was formed for an amount equal to 130% of the tax free reserve.

At December 31, 2004, the Company had fulfilled all its obligations under this law. According to Greek tax regulations, this reserve is taxed when distributed to shareholders. The Company does not have any intention to distribute this reserve and, accordingly, has not provided for deferred income tax liability that would be required in the event the reserve was to be distributed.

- (b) Under the provisions of Law 1828/1989 (Article 22), corporations were allowed to provide tax free reserves equal to a certain percentage, as defined therein, of their pre-tax profits, as reflected in their statutory books, after allowing for legal reserve, dividends and Board of Directors fees. According to the provisions of this law, which expired on December 31, 2005, new capital productive investments had to

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be made during the following three years after the reserve was formed for an amount equal to the tax free reserve. Based on Law 1892/1990, article 20, which amended Law 1828/1989, the level of new capital productive investments was increased to 130% of the tax free reserve provided. At December 31, 2004, the Company had fulfilled all its obligations under this law. According to Greek tax regulations, this reserve is exempt from income tax provided it is not distributed to shareholders. The Company has no intention of distributing this reserve and, accordingly, has not provided for deferred income tax liability that would be required in the event the reserve is distributed.

- (c) Under the provisions of Law 3220/2004, corporations were allowed to provide tax free reserves equal to 35% of their undistributed annual net profits. According to the provisions of this law, new capital productive investments have to be made during the following three years after the reserve was formed for an amount equal to the tax free reserve provided. At December 31, 2004, the Company established a reserve of € 1,505 and was required to incur new capital productive investments amounting to € 1,957 up to December 31, 2007. As at December 31, 2006, the Company had incurred new capital productive investments of € 1,242 in this regard.

In 2006, the European Commission, following its Directive 2006/C20/05 considered that these tax exempt reserves had the form of government subsidy and affected companies should be obliged to submit to the taxation authorities the applicable income tax. As a result, the Company, at December 31, 2006, decided to account for the applicable tax and, in this respect, provided for additional taxes of € 527 which were charged to the 2006 consolidated statement of comprehensive income.

In late 2007, the tax authorities advised the Company that it was obliged to pay income taxes of approximately € 452 on the tax-free reserve provided in accordance with Law 3220/2004 in previous years. This amount was charged against the provision of € 527 established in 2006 and the remaining balance of the provision of € 75 was reversed to the consolidated statement of comprehensive income.

- (d) Other tax free reserves have been recorded under various laws. According to the tax regulations, these reserves are exempt from income tax, provided they are not distributed to the shareholders. The Company has no intention of distributing these reserves and, accordingly, has not provided for deferred income tax liability that would be required in the event these reserves are distributed.

***Foreign Currency Translation Reserve:***

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operation.

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**Revaluation Reserve:**

This consists of the surplus arising from the revaluation of land owned by Yioula and its subsidiaries, net of related deferred taxes, analysed as follows:

<b>Company</b>	<b>Gross reserve</b>	<b>Deferred taxes</b>	<b>Net reserve</b>
Yioula	11,115	(2,223)	8,892
Drujba	9,547	(955)	8,592
Stirom	12,890	-	12,890
Biomedsklo	606	-	606
	<b>34,158</b>	<b>(3,178)</b>	<b>30,980</b>

The carrying value of the Land of Stirom is the same as the one for statutory purposes, as such no deferred taxes are applicable.

**22. DIVIDENDS:**

Under Greek corporate law, companies are required each year to declare from their profits, dividends of at least 35% of net profit, after allowing for the legal reserve and certain profits from the sale of shares described under par. 1 of art. 3, of Law 148/1967. The above provisions do not apply, if the General Shareholders Meeting by a majority of at least 65% resolves not to distribute profits. In this case, the non distributed profits are transferred to a "special reserves account". The Company is obliged within four years from the formation of reserves to capitalize these reserves by the issuance of new shares which it grants free to the beneficiaries (para. 2 art. 3 of the Law 148/1967). The above provisions of Paras. 1 and 2 do not apply, if approved by the General Shareholders Meeting by a majority of at least 70% of the paid up share capital.

Furthermore, Greek corporate law requires certain conditions to be met before dividends can be distributed, which are as follows:

- (a) No dividends can be distributed to the shareholders as long as a company's net equity, as reflected in its financial statements, is, or after such distribution, will be less than the outstanding capital plus non-distributable reserves and,
- (b) No dividends can be distributed to the shareholders as long as the unamortised balance of "Pre-operating Expenses", as reflected in its financial statements, exceeds the aggregate of distributable reserves plus retained earnings.

No dividends were declared or paid by Yioula Glassworks S.A. during the years ended December 31, 2011 and 2010.

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**23. INTEREST BEARING LOANS AND BORROWINGS:**

Interest bearing loans and borrowings are analysed as follows:

	Bank	Contract amount	Maturity	Repayment Schedule	Effective interest rate	Outstanding balance December 31,	
						2011	2010
a)	Senior Notes	140,000	December 1, 2015	One balloon installment on maturity date	9.73%	132,900	132,900
b)	EFG Eurobank Ergasias S.A.	30,000	December 31, 2013	Two annual installments of € 1,700 each starting on December 30, 2011 and one final installment of € 26,600 on maturity date	Euribor plus 4.1%	30,000	30,000
c)	EFG Eurobank Ergasias S.A.	14,870	December 31, 2014	Eight semi annual installments of € 1,859 each starting on June 30, 2011	Euribor plus 4.0%	13,011	-
d)	European Bank for Reconstruction and Development	10,000	November 7, 2013	Twenty four equal quarterly installments of € 417 each starting on February 7, 2008	Three month Euribor plus 2.65%	3,333	5,000
e)	European Bank for Reconstruction and Development	10,000	July 28, 2014	Twenty four equal quarterly installments of € 417 starting on October 28, 2008	Three month Euribor plus 3.05%	4,583	6,250
f)	Bank of Cyprus	10,000	October 30, 2014	Six semi - annual installments of € 550 each starting on April 30, 2012	Three month Euribor plus 6.0%	3,300	4,800
g)	Piraeus Bank	15,000	January 31, 2012	One balloon installment on maturity date	Three month Euribor plus 6%	14,100	15,000
h)	International Finance Corporation	8,600	September 15, 2015	Twelve equal semi annual installments of € 717 each starting on March 15, 2010	Six month Euribor plus 1.75%	5,733	7,167
i)	International Finance Corporation	2,000	March 15, 2011	Four semi-annual installments of € 500 each starting on September 15, 2009	Six month Euribor plus 1.35%	-	500
j)	International Finance Corporation	15,500	September 15, 2015	Twelve equal semi annual installments of € 1,292 each starting on March 15, 2010	Six month Euribor plus 2.65%	10,333	12,917
k)	Piraeus Bank	1,000	February 29, 2012	Twenty four equal monthly installments of € 42 each starting on March 31, 2010	BBIR plus 0.75%	87	583
l)	EFG Eurobank Ergasias S.A.	2,614	April 14, 2016	One installment of € 63.5 starting on January 16, 2012 and fifty one monthly installments of € 50 each the first payable on February 14, 2012 and the last on maturity date	Euribor plus 5.0%	2,614	-
<b>Total long-term debt</b>						<b>219,994</b>	<b>215,117</b>
Less: Unamortized issuance costs						(3,527)	(4,210)
Less: Current maturities						(44,352)	(27,650)
<b>Long-term portion</b>						<b>172,115</b>	<b>183,257</b>

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The fair value of variable rate loans and borrowings and other long-term liabilities approximate their carrying amounts. The Senior Notes are listed on the Luxembourg Stock Exchange.

**(a) Senior Notes**

In November 2005, Yioula Glassworks S.A. ("Issuer") completed the issuance of debt securities ("Senior Notes") at an aggregate face amount of € 140 million with the maturity date on December 1, 2015.

The net proceeds of the Senior Notes amounted to approximately € 133.5 million of which, an amount of approximately € 104 million was used to redeem certain outstanding debt and the balance was used to fund future capital expenditure.

The Senior Notes bear interest at the nominal rate of 9% per annum (effective rate 9.73% per annum), payable semi-annually on each June 1 and December 1 and commenced on June 1, 2006. The Senior Notes are redeemable in whole or in part, at the option of the Company at any time on or after December 1, 2010, at the redemption prices specified in the related indenture plus accrued and unpaid interest.

The payments of all amounts payable under the Senior Notes, including principal, premium, if any, and interest are guaranteed on a senior basis by Yioula Glassworks S.A.'s indirect subsidiaries Drujba Glassworks, Stiom and Glassinvest (the "Guarantors").

The guarantees will be the Guarantors' unsecured obligations and will:

- a. rank senior in right of payment to any of such Guarantors existing and future indebtedness that is subordinated in right of payment to its guarantee,
- b. rank equally in right of payment with any of such Guarantor's existing and future indebtedness that is not subordinated in right of payment to its guarantee and,
- c. be effectively subordinated in right of payment to any existing and future obligations of the Guarantor that are secured by liens on assets to the extent of the assets securing such obligations.

The indenture governing the Senior Notes also provides that any future significant subsidiary as defined therein, will also guarantee the Senior Notes on the same basis.

The indebtedness evidenced by the Senior Notes constitutes general obligation of Yioula Glassworks S.A. and:

- (i) ranks senior in right of payment to any of the Issuer's existing and future indebtedness that is subordinated in right of payment to the Senior Notes,
- (ii) ranks equally in right of payment with any of the Issuer's existing and future indebtedness that is not subordinated in right of payment to the Senior Notes,
- (iii) be effectively subordinated in right of payment to any existing and future obligations of the Issuer that are secured by liens on assets to the extent of the assets securing such obligations,

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- (iv) be guaranteed on a senior basis by the Guarantors and,
- (v) be effectively subordinated in right of payment to any obligations of the Issuers subsidiaries other than the Guarantors.

The Senior Notes indenture contains certain covenants that, among other things, limit the ability of the Issuer, the Guarantors and the Issuer's other restricted subsidiaries, as defined therein, to incur additional indebtedness, pay dividends or distributions or redeem or repurchase the share capital by the Issuer or any parent company of the Issuer, make certain restricted payments and investments, create certain liens, transfer or sell assets, engage in sale and leaseback transactions, merge or consolidate with other entities and enter into transactions with affiliates.

In 2009, the Company has repurchased, from the open market, part of the bond. The nominal value of the bond purchased back was € 7,100.

**(b) EFG Eurobank Ergasias S.A. - Yioula**

On June 21, 2006, Yioula Glassworks S.A. entered into a bond loan facility agreement with EFG Eurobank Ergasias S.A. which provided it with a facility of up to € 30 million to be used to refinance existing short-term indebtedness.

The bond loan was issued in full in June 2006 and was initially repayable in one balloon installment in June 2011, bearing interest at the Euro interbank borrowing rate ("Euribor") plus 2.1%.

The bond loan was refinanced on December 29, 2010 with an extension of the repayment through to December 31, 2013. The bond loan is now repayable in two annual equal installments of € 1,700 each from December 30, 2011 through December 30, 2012 and one final installment of € 26,600 on December 31, 2013. The bond loan bears interest at the Euro interbank borrowing rate ("Euribor") plus 4.1%. Earlier repayment is permitted on each anniversary date.

The bond loan contains events of default, including, without limitation, failure to make payments under the facility, liquidation, merger, reduction in share capital, transfer of significant assets, voluntary or involuntary bankruptcy or insolvency proceedings, change in the structure of the majority shareholders and cross default under other agreements.

**(c) EFG Eurobank Ergasias S.A. - Yioula**

On December 24, 2010, Yioula Glassworks S.A. entered into a loan facility agreement with EFG Eurobank Ergasias S.A. which provided it with a facility of up to € 14.9 million to be used to refinance existing short-term indebtedness and for general working capital needs. The loan facility was fully disbursed in January 2011.

The loan is repayable in eight semi-annual equal installments of € 1,859 each from June 30, 2011 through December 31, 2014. The loan bears interest at Euro

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interbank borrowing rate ("Euribor") plus 4%.

The 70% of the total amount of the loan facility is guaranteed by the Greek Government. Yioula Glassworks S.A shall pay to the Greek Government 1% annually on the guaranteed amount of the loan facility as insurance commission. As an additional guarantee certain rights have been relinquished, up to the amount of € 17.8 million, derived from the insurance contract between Yioula Glassworks S.A and Interamerican Bulgaria Z.E.A.D. providing compensation in case of production cessation.

The loan facility contains events of default, including, without limitation, failure to make three consecutive payments under the facility, liquidation, merger, reduction in share capital, transfer of significant assets, voluntary or involuntary bankruptcy or insolvency proceedings and cross default under other agreements.

**(d) EBRD Loan - Stirom**

On December 21, 2005, Stirom entered into a loan facility agreement with the European Bank for Reconstruction and Development ("EBRD") for an amount not to exceed € 10 million to finance capital expenditure. The loan was drawn in full during fiscal year 2006.

The loan is repayable in twenty-four equal quarterly installments starting on February 7, 2008, through November 7, 2013. The loan bears interest at three month Euribor plus 2.65%. Earlier repayment in full or part thereof (but, if in part, a minimum amount of € 1 million or integral multiples of € 500 in excess thereof) is permitted.

The loan agreement contains certain covenants that among other things, relate to the corporate structure, compliance with laws and regulations (including environmental health and safety regulations) and the maintenance of insurance. In addition, it also limits the ability of Stirom, as defined therein, to pay dividends, incur capital expenditure in excess of € 1 million, incur additional indebtedness other than that defined therein, create liens on property, plant and equipment, enter into lease agreements in excess of € 500, change its business, capital structure or the entity's charter and the sale of assets subject to the security or are necessary for the project as defined therein, or any assets with an aggregate value exceeding € 2.5 million.

The loan agreement contains events of default, including without limitation, failure to make payments under the agreement, breach of representations, failure to comply with covenants, nationalisation of the borrower, liquidation, voluntary or involuntary bankruptcy or insolvency proceedings and cross default under other agreements as defined therein.

Upon the occurrence of any event of default, EBRD may at its option, by notice to Stirom, declare all or any portion of the principal of and accrued interest on the loan to be either (i) due and payable on demand or, (ii) immediately due and payable without any further notice.

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The EBRD loan also contains covenants including requirements to maintain minimum debt service coverage ratio, leverage ratio, current ratio and quick ratio. Stirom this year has breached certain negative covenants for which waiver has been obtained.

As at year-end the Company was not in compliance with certain covenants of the loan agreements, between Stirom and EBRD. The outstanding current portion amounting to €3,333 has been reclassified as "Current portion of interest bearing loans and borrowings".

According to IAS 1, when a company is not in compliance with any covenant required by the loan agreement at the balance sheet date, then the loan is presented as short term, even if the bank agrees to waive its rights due to non compliance with certain covenants. In accordance with the IAS 1, the liability is classified as short term, as the borrower is not retaining the undisputable right to postpone earlier payment before the balance sheet date.

Subsequent to the reporting date and before the approval of the financial statements the appropriate waiver has been obtained.

**(e) EBRD Loan - Bio med sklo**

On October 20, 2006, Bio med sklo entered into a loan facility agreement with EBRD for an amount not to exceed € 10 million primarily to finance capital expenditure. Through December 31, 2007, the loan facility had been drawn-down in full.

The loan is repayable in twenty four (24) equal quarterly installments starting on October 28, 2008 through July 28, 2014. The loan bears interest at three month Euribor plus 3.05% unless and until the following conditions are met: (i) the project completion date (as defined therein) has occurred or Bio med sklo has repaid 50% or more of the amount of the loan, (ii) no default has occurred or is continuing and, (iii) the National Bank of Ukraine ("NBU") has issued an amended NBU certificate indicating a margin of 2.65% for the loan. Once the conditions are met then, commencing with the first interest payment date, the margin is reduced to 2.65%. Earlier repayment in full or in part thereof (but, if in part, a minimum amount of € 1 million or integral multiples of € 500 in excess thereof) is permitted.

The loan agreement contains certain covenants that among other things, relate to the corporate structure, compliance with laws and regulations (including environmental and social matters) and the maintenance of insurance. In addition, it also limits the ability of Bio med sklo, as defined therein, to pay dividends, incur capital expenditure in excess of € 10 million, incur additional indebtedness other than that defined therein, create liens on property, plant and equipment, enter into lease agreements in excess of € 500, to change its business, capital structure or the entity's charter and the sale of assets subject to the security or are necessary for the project as defined therein, or any asset with an aggregate value exceeding € 500.

The loan agreement contains events of default, including without limitation, failure to make payments under the agreement, breach of representations, failure to comply with covenants, nationalization of the borrower, liquidation, voluntary or involuntary

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bankruptcy or insolvency proceedings and cross default under other agreement as defined therein.

Upon the occurrence of any event of default, EBRD may at its option, by notice to Bio med sklo, declare all or any portion of the principal of and accrued interest on the loan to be either (i) due and payable on demand or, (ii) immediately due and payable without any further notice.

The EBRD loan also contains covenants including requirements to maintain minimum debt service coverage ratio, leverage ratio, current ratio and quick ratio.

As at year-end the Company was not in compliance with certain covenants of the loan agreements, between Bio med sklo and EBRD. The outstanding current portion amounting to €4,583 has been reclassified as "Current portion of interest bearing loans and borrowings".

According to IAS 1, when a company is not in compliance with any covenant required by the loan agreement at the balance sheet date, then the loan is presented as short term, even if the bank agrees to waive its rights due to non compliance with certain covenants. In accordance with the IAS 1, the liability is classified as short term, as the borrower is not retaining the undisputable right to postpone earlier payment before the balance sheet date.

Subsequent to the reporting date and before the approval of the financial statements the appropriate waiver has been obtained.

**(f) Bank of Cyprus - Yioula**

On November 17, 2006, Yioula Glassworks S.A. entered into a bond loan facility with the Bank of Cyprus which provided it with a facility of € 10 million to refinance existing short and long-term indebtedness.

The loan was initially repayable in six equal semi-annual installments of € 1,300 each and one final installment of € 2,200, starting in November 2008 through May 2012 bearing interest at 5%.

On December 23, 2011 the remaining part of the loan amounted to € 3.3 million was refinanced with an extension of the repayment through to October 30, 2014. The loan is now repayable in six equal semi-annual installments of € 550 each starting on April 30, 2012 through October 30, 2014 and bears interest at three month Euribor plus 6%. Early repayment in full or in part thereof (but, if in part, a minimum amount of € 100 or integral multiples of € 100 in excess thereof) is permitted.

The loan agreement contains certain covenants that among other things, relate to the corporate structure, compliance with laws and regulations, representations provided and the maintenance of adequate capitalisation, profitability and cash flows. In addition, it also limits the ability of Yioula Glassworks S.A. among others, to enter into sale and leaseback transactions, distribute dividends over a certain amount, create liens on property, plant and equipment, dispose of assets, change its business,

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capital structure and on the acquisition of treasury shares.

The loan agreement contains events of default, including without limitation, failure to make payments under the agreement, breach of representations, liquidation, voluntary or involuntary bankruptcy or insolvency proceedings, change in the structure of the majority shareholders and cross default under other agreements.

**(g) Bank of Piraeus - Yioula**

On June 23, 2008, Yioula Glassworks S.A. entered into a bond loan facility agreement with Piraeus Bank which provided it with a facility of up to € 15 million to be used to refinance € 10 million existing short-term indebtedness and € 5 million additional funds. The bond loan was issued in full in June 2008.

The bond loan was initially repayable in one balloon installment in June 2011, bearing interest at the Euro interbank borrowing rate ("three month Euribor") plus 5%.

The bond loan was refinanced with by monthly extensions starting from the expiration of the initial agreement with the last extension to be signed off on December 28, 2011 through to January 31, 2012. The bond loan bears interest at three month Euribor plus 6%.

The outstanding part of the loan amounted to € 14.1 million was refinanced on January 25, 2012 with an extension of the repayment through to December 31, 2013. The loan is now repayable in twenty three equal monthly installments of € 200 each starting on January 31, 2012 through to November 30, 2013 and one final installment of € 9.5 million on December 31, 2013. All other terms of the loan remained unchanged.

The bond loan contains events of default, including, without limitation, failure to make payments under the facility, liquidation, merger, reduction in share capital, transfer of significant assets, voluntary or involuntary bankruptcy or insolvency proceedings, change in the structure of the majority shareholders and cross default under other agreements.

The bond loan also contains financial covenants including requirements for the Company to maintain minimum ratio of EBITDA to Interest Expenses and Bank Debt to EBITDA.

**(h) International Finance Corporation - Drujba**

Drujba A.D. entered into a loan facility agreement with IFC for an amount not to exceed € 8.6 million to finance capital expenditure.

The loan is repayable in twelve equal semi-annual installments starting on March 15, 2010 through September 15, 2015. The loan bears interest at six month Euribor plus 1.75% per annum. Earlier repayment in full or part (but, if in part, in a minimum

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amount of € 1 million) is permitted. The Company shall pay a prepayment premium consisting of an amount equal to 1% of the amount to be prepaid.

Drujba A.D. has also given certain undertakings relating to the use of proceeds, restrictions on acquisition and disposals of assets, on investments, on mergers, environmental matters, insurance status, maintenance of the business, compliance with laws and regulations, restriction on mortgages, pledges and other security in favour of other creditors, distribution of dividends, the level of debt, new leasing agreements and the use of derivative instruments.

The loan also contains financial covenants including requirements to maintain minimum current ratio, liabilities to tangible net worth and debt service coverage.

**(i) International Finance Corporation - Drujba**

Drujba A.D. entered into a loan facility agreement with IFC for an amount not to exceed € 2 million to finance capital expenditure.

The loan is repayable in four equal semi-annual installments starting on September 15, 2009 through March 15, 2011. The loan bears interest at six month Euribor plus 1.35% per annum. Earlier repayment in full or part (but, if in part, in a minimum amount of € 1 million) is permitted. The Company shall pay a prepayment premium consisting of an amount equal to 1% of the amount to be prepaid.

Drujba A.D. has also given certain undertakings relating to the use of proceeds, restrictions on acquisition and disposals of assets, on investments, on mergers, environmental matters, insurance status, maintenance of the business, compliance with laws and regulations, restriction on mortgages, pledges and other security in favour of other creditors, distribution of dividends, the level of debt, new leasing agreements and the use of derivative instruments.

**(j) International Finance Corporation - Bucha Glassworks**

Bucha Glassworks entered into a loan facility agreement with IFC for an amount not to exceed € 15.5 million to finance capital expenditure.

The loan is repayable in twelve equal semi-annual installments starting on March 15, 2010 through September 15, 2015. The loan bears interest at six month Euribor plus 2.65%. Earlier repayment in full or part (but, if in part, in a minimum amount of € 1 million) is permitted. The Company shall pay a prepayment premium consisting of an amount equal to 1% of the amount to be prepaid.

Bucha Glassworks has also given certain undertakings relating to the use of proceeds, restrictions on acquisition and disposals of assets, on investments, on mergers, environmental matters, insurance status, maintenance of the business, compliance with laws and regulations, restriction on mortgages, pledges and other security in favour of other creditors, distribution of dividends, the level of debt, new

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leasing agreements and the use of derivative instruments.

The loan also contains financial covenants including requirements to maintain minimum current ratio, liabilities to tangible net worth and debt service coverage.

As at year-end the Company was not in compliance with certain covenants of the loan agreements, between Bucha Glassworks and IFC. The outstanding current portion amounting to €10,333 has been reclassified as "Current portion of interest bearing loans and borrowings".

According to IAS 1, when a company is not in compliance with any covenant required by the loan agreement at the balance sheet date, then the loan is presented as short term, even if the bank agrees to waive its rights due to non compliance with certain covenants. In accordance with the IAS 1, the liability is classified as short term, as the borrower is not retaining the undisputable right to postpone earlier payment before the balance sheet date.

Subsequent to the reporting date and before the approval of the financial statements the appropriate waiver has been obtained.

**(k) Bank of Piraeus - New Glass**

On September 30, 2009, New Glass S.A. entered into a loan facility with Piraeus Bank Bulgaria, which provided it with a facility of € 1 million to refinance existing short-term indebtedness.

The loan is repayable in twenty four equal monthly installments starting on March 31, 2010, through February 29, 2012. The loan bears interest at the Basic Bank Interest Rate for Euro plus 0.75% per annum. Earlier repayment is permitted.

The loan agreement contains pledges on property, plant and equipment, as well as on inventory, whereas Yioula Glassworks S.A. has given its corporate guarantee.

The loan contains events of default, including, without limitation, failure to make payments under the facility, to institute proceedings for satisfaction through forcible execution on any of the provided securities, to assign its claim to third parties or to require a renewal of the obligation.

**(l) EFG Private Bank (Luxemburg) S.A. – Glassinvest**

On November 18, 2011 Glassinvest S.A. entered into a loan facility with EFG Eurobank Ergasias S.A., which provided it with a facility of € 2.6 million to refinance existing short-term indebtedness.

The loan is repayable in one installment of € 63.5 starting on January 16, 2012 and fifty one monthly installments of € 50 each the first payable on February 14, 2012 and the last on April 14, 2016. The loan bears interest at Euribor plus 5% per annum. In

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case of prepayment the Bank reserves the right to charge additional penalty charges.

The loan agreement contains an unconditional and irrecoverable Letter of Guarantee issued by EFG Eurobank Ergasias S.A. in favor of EFG Private Bank (Luxemburg) S.A. for 100% of the principal drawn plus accrued and unpaid interest.

The loan contains events of default, including, without limitation, failure to make payments under the facility, to institute proceedings for satisfaction through forcible execution on any of the provided securities, to assign its claim to third parties or to require a renewal of the obligation.

Interest expense on long-term loans and borrowings for the years ended December 31, 2011 and 2010, totaled € 18,395 and € 17,051, respectively (Note 8).

The Company's interest bearing loans and borrowings are secured by mortgages and pledges on its property, plant and equipment for an amount of € 66.8 million and € 67.3 million as at December 31, 2011 and 2010, respectively (Note 12).

The annual principal payments required to be made on all loans subsequent to December 31, 2011 and 2010, are as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Within one year	44,352	27,650
1 -5 years	175,642	187,467
	<b>219,994</b>	<b>215,117</b>

## **24. FINANCE LEASE OBLIGATIONS:**

The Company has finance lease obligations resulting from the leasing of various items of property, plant and equipment, which have been pledged as securities for the related liabilities. These items relate to machinery, software, hardware and motor vehicles.

The outstanding lease agreements have been entered into from 1997 and mature through to 2018. The repayment terms of these agreements vary from 36 to 84 months and the related finance lease obligations are mainly repayable in quarterly installments. The finance lease obligations bear interest at variable rates as applicable to each lease agreement. The majority of lease agreements include escalation clauses and renewal terms.

The finance lease liabilities as at December 31, 2011 and 2010 are analysed as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Obligation under finance lease	415	191
Less: Current portion	(141)	(94)
<b>Long-term portion</b>	<b>274</b>	<b>97</b>

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The most significant obligations assumed under the lease terms, other than rental payments, are the upkeep and insurance of the facilities, the honouring of the terms of the lease agreement, restrictions on the transfer of 50% of the business as well as restrictions on changes in management.

Future minimum lease payments under the finance lease with the present value of the net minimum lease payments as at December 31, 2011 and 2010, are as follows:

	<b>As at December 31, 2011</b>	
	<b>Minimum payments</b>	<b>Present value of payments</b>
Within one year	152	141
After one year but no more than five years	304	274
<b>Total future minimum lease payments</b>	<b>456</b>	<b>415</b>
Less amounts representing finance charges	(41)	-
<b>Present value of minimum lease payments</b>	<b>415</b>	<b>415</b>

  

	<b>As at December 31, 2010</b>	
	<b>Minimum payments</b>	<b>Present value of payments</b>
Within one year	100	94
After one year but no more than five years	114	97
<b>Total future minimum lease payments</b>	<b>214</b>	<b>191</b>
Less amounts representing finance charges	(23)	-
<b>Present value of minimum lease payments</b>	<b>191</b>	<b>191</b>

Finance charges incurred under finance leases for the years ended December 31, 2011 and 2010, amounted to € 28 and € 15, respectively (Note 8).

**25. PROVISION FOR STAFF RETIREMENT INDEMNITIES:**

- (a) **State Pension:** The Company's employees are covered by several State sponsored pension funds. Each employee is required to contribute a portion of their monthly salary to the fund, with the Company also contributing a portion. Upon retirement, the pension fund is responsible for paying the employees retirement benefits. As such, the Company has no legal or constructive obligation to pay future benefits under these plans. The Company's contributions to the pension funds for the years ended December 31, 2011 and 2010, have been recorded in expenses and were € 4,362 and € 5,841, respectively (Note 4). Of these amounts, € 242 and € 263 have been paid for the directors and executive officers in the years ended December 31, 2011 and 2010, respectively.
- (b) **Staff Retirement Indemnities:** Under Greek labour law, employees and workers are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's or worker's compensation, length of service and manner of termination (dismissed or retired). Employees or workers who resign or are dismissed with cause are not entitled to termination payments. The indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal without cause. Under Bulgarian

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and Ukrainian labour law, employees and workers are entitled to termination payments in the event of retirement with the amount of payment varying in relation to the employees or workers compensation and length of service. In Romania, employees and workers are not entitled to termination payments in the event of retirement.

In Greece, Bulgaria, and the Ukraine, local practice is that pension plans are not funded. In accordance with this practice, the Company does not fund these plans. The Company charges operations for benefits earned in each period with a corresponding increase in pension liability. Benefits payments made each period to retirees are charged against this liability.

The movements in the net liability in the accompanying consolidated statement of financial position have as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>Net liability at beginning of the year</b>	<b>2,320</b>	<b>2,368</b>
Actual benefits paid by the Company	(165)	(333)
Expense recognised in the consolidated income statement (Note 4)	539	285
<b>Net liability at end of the year</b>	<b>2,694</b>	<b>2,320</b>

Independent actuaries evaluated the Company's liabilities arising from the obligation to pay retirement indemnities. The details and principal assumptions of the actuarial studies as at December 31, 2011 and 2010, are as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Present value of unfunded obligations	3,118	3,081
Unrecognised actuarial losses	(424)	(761)
<b>Net liability in consolidated statement of financial position</b>	<b>2,694</b>	<b>2,320</b>
<b>Components of net periodic pension cost:</b>		
Service cost	218	173
Interest cost	370	97
Amortisation of unrecognised actuarial losses	58	8
Regular charge to operations	646	278
Additional cost of extra benefits	(107)	7
<b>Total charge to operations</b>	<b>539</b>	<b>285</b>
<b>Reconciliation of benefit obligation:</b>		
Net liability at start of period	3,083	2,576
Service cost	218	173
Interest cost	370	97
Benefits paid	(165)	(333)
Additional cost of extra benefits	(107)	7
Actuarial loss / (gain)	(281)	561
<b>Present value of obligation at the end of period</b>	<b>3,118</b>	<b>3,081</b>
<b>Principal assumptions:</b>		
Discount rate	7.32%	4.15%
Rate of compensation increase	6.33%	4.50%

Additional cost of extra benefits relate to benefits paid to employees who became redundant. Most of these benefits were not expected within the terms of this plan

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and, accordingly, the excess of benefit payments over existing reserves have been treated as an additional pension charge. The additional pension charge for the years ended December 31, 2011 and 2010 amounted to € (107) and € 7, respectively.

**26. GOVERNMENT GRANTS:**

Government grants are analysed as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Cost	6,410	6,407
Accumulated amortisation	(4,804)	(4,382)
Translation adjustment	(41)	(46)
<b>Net book value</b>	<b><u>1,565</u></b>	<b><u>1,979</u></b>

Amortisation of government grants for the years ended December 31, 2011 and 2010 amounted to € 422 and € 427, respectively (Note 7) and is included in other expenses, net in the accompanying consolidated statements of comprehensive income (income statement).

**27. RELATED PARTIES:**

Trade accounts receivable and trade accounts payable at December 31, 2011 and 2010, include balances due to / from a related company, El Pack S.A., of € 300 (receivable) and € 930 (payable), respectively. The Company's major shareholders and members of their family have a 60% interest in El Pack S.A., an entity which manufactures packaging materials. Purchases from El Pack S.A. for the years ended December 31, 2011 and 2010, amounted to € 359 and € 398, respectively.

The Company has also obtained interest bearing loans and borrowings from EFG Eurobank Ergasias S.A., a minority shareholder, and its related entities, Bancpost S.A., Universal Bank S.A. and Bulgarian Retail Services S.A. Details of such loans are provided in Note 23. Furthermore, the Company has also obtained short-term borrowings from EFG Eurobank Ergasias S.A. and its related entities. The balance of such loans at December 31, 2011 and 2010 amounted to € 23 million and € 32.3 million, respectively. For the years ended December 31, 2011 and 2010. Such short-term borrowings bore interest at 6.95% and 6.38%, respectively. At December 31, 2011 the aforementioned borrowings were secured by pledges on the Company's property, plant and equipment of approximately € 3.7 million (2010: € 3.7 million) and corporate guarantees provided by Yioula Glassworks of approximately € 11.0 million (2010: € 12.3 million).

Purchases from El Pack S.A. are made at normal market prices. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received to/from El Pack S.A. The loans and borrowings from EFG Eurobank and its related entities are obtained at normal market terms and conditions as further disclosed above and in Note 23.

The above loans are reviewed annually by the above mentioned loans institutions and their related parties through examining its financial position and the market in which they operate.

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**28. SHORT-TERM BORROWINGS:**

Short-term borrowings are draw-downs under various lines of credit maintained by the Company with several banks. The use of these facilities is presented below:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Credit lines available	92,988	90,426
Unused portion	(15,500)	(16,925)
<b>Used portion</b>	<b>77,488</b>	<b>73,501</b>

The used portion is analysed as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>Currency</b>		
Euro	71,662	67,929
Bulgarian Leva (BGN)	3,331	3,323
United States Dollars (USD)	2,253	2,187
Other	242	62
	<b>77,488</b>	<b>73,501</b>

The weighted average interest rates on short-term borrowings for the years ended December 31, 2011 and 2010, were 4.64% and 4.58%, respectively.

Interest on short-term borrowings for the years ended December 31, 2011 and 2010, totaled € 3,364 and € 3,140 respectively, and is included in the interest expense in the accompanying consolidated income statements (Note 8).

As at December 31, 2011 and 2010, the Company's short-term borrowings were secured by pledges on its trade accounts receivable and inventories which amounted to € 64.9 million and € 60.3 million, respectively (Notes 16 and 17). In addition, the Company's short-term borrowings are secured by pledges on its property, plant and equipment amounting to € 6.2 million and € 7.4 million, respectively (Note 12).

**29. ACCRUED AND OTHER CURRENT LIABILITIES:**

The amount reflected in the accompanying consolidated statement of financial position is analysed as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Sundry creditors	4,080	4,071
Advances from customers	1,234	1,814
Accrued interest	1,778	1,443
Salaries payable	1,514	1,421
Social security funds payable	2,015	1,080
Taxes, other than income taxes, payable	1,302	1,486
Other	1,796	636
<b>Total</b>	<b>13,719</b>	<b>11,951</b>

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**30. SEGMENT INFORMATION:**

The Company produces glass containers and tableware and operates in Greece, Romania, Bulgaria and the Ukraine. Due to the nature of the products, the business is operated and managed by operating entity. Accordingly, the accompanying segment information is analysed by each entity engaged in the production of glass containers and tableware namely, Yioula Glassworks, Drujba, Stirom, New Glass, Bio med sklo, Bucha Glass and Bucha Flat; while the subsidiaries listed in Note 11 which are mainly used as holding companies or are below the thresholds for separate segment reporting are classified as "All Other".

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

All transactions between business units are on an arms length basis in a manner similar to transactions with third parties.

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Segment information for the years ended December 31, 2011 and 2010, is analysed as follows:

**Year ended December 31, 2011**

	<b>GREECE</b>	<b>BULGARIA</b>			<b>ROMANIA</b>	<b>UKRAINE</b>						
	<b>Yioula Glassworks</b>	<b>Drujba Glassworks</b>	<b>New Glass</b>	<b>Total</b>	<b>Stirom</b>	<b>Bio med sklo</b>	<b>Bucha Glassworks</b>	<b>Total</b>	<b>All Other</b>	<b>Total</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Revenues</b>												
Net sales to external customers	52,905	88,083	10,779	98,862	43,741	9,426	12,898	22,324	1	217,833	-	217,833
Inter-segment sales	4,347	15,634	9,197	24,831	4,703	1,792	4,277	6,069	578	40,528	(40,528)	-
Segment revenues	<u>57,252</u>	<u>103,717</u>	<u>19,976</u>	<u>123,693</u>	<u>48,444</u>	<u>11,218</u>	<u>17,175</u>	<u>28,393</u>	<u>579</u>	<u>258,361</u>	<u>(40,528)</u>	<u>217,833</u>
<b>Results</b>												
Gross profit	12,230	23,844	4,167	28,011	11,233	1,795	299	2,094	(90)	53,478	586	54,064
Selling, general and administrative expenses	(12,700)	(8,584)	(2,522)	(11,106)	(4,848)	(1,030)	(2,293)	(3,323)	(1,537)	(33,514)	3,556	(29,958)
Other (expense) / income, net	3,064	(2,092)	(238)	(2,330)	287	(301)	(363)	(664)	8	365	(2,835)	(2,470)
Finance (costs) / income, net	(11,582)	(2,286)	(1,263)	(3,549)	(1,262)	(598)	(1,400)	(1,998)	14,244	(4,147)	(19,501)	(23,648)
Foreign exchange gains / (losses), net	11	(63)	(23)	(86)	(70)	143	706	849	(3)	701	-	701
Profit / (loss) before income taxes	(8,977)	10,819	121	10,940	5,340	9	(3,051)	(3,042)	12,622	16,883	(18,194)	(1,311)
Income taxes	(793)	(1,374)	(35)	(1,409)	(808)	(182)	(25)	(207)	(229)	(3,446)	(11)	(3,457)
<b>Net profit / (loss) for the year</b>	<u><b>(9,770)</b></u>	<u><b>9,445</b></u>	<u><b>86</b></u>	<u><b>9,531</b></u>	<u><b>4,532</b></u>	<u><b>(173)</b></u>	<u><b>(3,076)</b></u>	<u><b>(3,249)</b></u>	<u><b>12,393</b></u>	<u><b>13,437</b></u>	<u><b>(18,205)</b></u>	<u><b>(4,768)</b></u>
<b>Attributable to:</b>												
Equity holders of the parent	(9,770)	9,399	86	9,485	4,233	(170)	(3,076)	(3,246)	12,404	13,106	(18,205)	(5,099)
Minority interest	-	46	-	46	299	(3)	-	(3)	(11)	331	-	331
	<u><b>(9,770)</b></u>	<u><b>9,445</b></u>	<u><b>86</b></u>	<u><b>9,531</b></u>	<u><b>4,532</b></u>	<u><b>(173)</b></u>	<u><b>(3,076)</b></u>	<u><b>(3,249)</b></u>	<u><b>12,393</b></u>	<u><b>13,437</b></u>	<u><b>(18,205)</b></u>	<u><b>(4,768)</b></u>

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**Year ended December 31, 2010**

	<b>GREECE</b>	<b>BULGARIA</b>			<b>ROMANIA</b>	<b>UKRAINE</b>						
	<b>Yioula Glassworks</b>	<b>Drujba Glassworks</b>	<b>New Glass</b>	<b>Total</b>	<b>Stirom</b>	<b>Bio med sklo</b>	<b>Bucha Glassworks</b>	<b>Total</b>	<b>All Other</b>	<b>Total</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Revenues</b>												
Net sales to external customers	60,868	73,223	11,909	85,132	42,484	10,238	11,378	21,616	1	210,101	-	210,101
Inter-segment sales	2,762	9,376	8,744	18,120	3,536	1,086	2,670	3,756	1,090	29,264	(29,264)	-
Segment revenues	<u>63,630</u>	<u>82,599</u>	<u>20,653</u>	<u>103,252</u>	<u>46,020</u>	<u>11,324</u>	<u>14,048</u>	<u>25,372</u>	<u>1,091</u>	<u>239,365</u>	<u>(29,264)</u>	<u>210,101</u>
<b>Results</b>												
Gross profit	15,898	18,147	4,673	22,820	10,861	2,548	958	3,506	77	53,162	957	54,119
Selling, general and administrative expenses	(12,941)	(8,370)	(2,874)	(11,244)	(5,293)	(1,530)	(2,399)	(3,929)	(1,936)	(35,343)	1,678	(33,665)
Other (expense) / income, net	3,469	(601)	(405)	(1,006)	329	116	(264)	(148)	(14)	2,630	(3,986)	(1,356)
Finance (costs) / income, net	(8,701)	(1,934)	(1,236)	(3,170)	(942)	(236)	(1,206)	(1,442)	11,833	(2,422)	(18,233)	(20,655)
Foreign exchange gains / (losses), net	199	(24)	(12)	(36)	(305)	665	1,651	2,316	-	2,174	-	2,174
Profit / (loss) before income taxes	(2,076)	7,218	146	7,364	4,650	1,563	(1,260)	303	9,960	20,201	(19,584)	617
Income taxes	614	(963)	(42)	(1,005)	(800)	2,191	2,050	4,241	(198)	2,852	(176)	2,676
<b>Net profit / (loss) for the year</b>	<u><b>(1,462)</b></u>	<u><b>6,255</b></u>	<u><b>104</b></u>	<u><b>6,359</b></u>	<u><b>3,850</b></u>	<u><b>3,754</b></u>	<u><b>790</b></u>	<u><b>4,544</b></u>	<u><b>9,762</b></u>	<u><b>23,053</b></u>	<u><b>(19,760)</b></u>	<u><b>3,293</b></u>
<b>Attributable to:</b>												
Equity holders of the parent	(1,462)	6,224	104	6,328	3,596	3,699	790	4,489	9,756	22,707	(19,900)	2,807
Minority interest	-	31	-	31	254	55	-	55	6	346	140	486
	<u><b>(1,462)</b></u>	<u><b>6,255</b></u>	<u><b>104</b></u>	<u><b>6,359</b></u>	<u><b>3,850</b></u>	<u><b>3,754</b></u>	<u><b>790</b></u>	<u><b>4,544</b></u>	<u><b>9,762</b></u>	<u><b>23,053</b></u>	<u><b>(19,760)</b></u>	<u><b>3,293</b></u>

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Assets and liabilities at December 31, 2011 and 2010, are analysed as follows:

**At December 31, 2011**

	<b>GREECE</b>	<b>BULGARIA</b>			<b>ROMANIA</b>	<b>UKRAINE</b>						
	<b>Yioula Glassworks</b>	<b>Drujba Glassworks</b>	<b>New Glass</b>	<b>Total</b>	<b>Stirom</b>	<b>Bio med sklo</b>	<b>Bucha Glassworks</b>	<b>Total</b>	<b>Other</b>	<b>Total</b>	<b>Eliminations</b>	<b>Consolidated</b>
Tangible and intangible fixed assets	87,710	82,923	23,121	106,044	49,002	12,195	25,729	37,924	2,288	282,968	(1,348)	281,620
Investments	61,750	907	-	907	-	-	-	-	-	62,657	(62,562)	95
Other assets	166,415	90,649	19,676	110,325	35,535	6,954	8,175	15,129	305,387	632,791	(464,206)	168,585
<b>Total segment assets</b>	<b>315,875</b>	<b>174,479</b>	<b>42,797</b>	<b>217,276</b>	<b>84,537</b>	<b>19,149</b>	<b>33,904</b>	<b>53,053</b>	<b>307,675</b>	<b>978,416</b>	<b>(528,116)</b>	<b>450,300</b>
 Segment liabilities	 <b>265,655</b>	 <b>86,230</b>	 <b>30,900</b>	 <b>117,130</b>	 <b>27,677</b>	 <b>9,775</b>	 <b>30,090</b>	 <b>39,865</b>	 <b>160,030</b>	 <b>610,357</b>	 <b>(238,940)</b>	 <b>371,417</b>

**At December 31, 2010**

	<b>GREECE</b>	<b>BULGARIA</b>			<b>ROMANIA</b>	<b>UKRAINE</b>						
	<b>Yioula Glassworks</b>	<b>Drujba Glassworks</b>	<b>New Glass</b>	<b>Total</b>	<b>Stirom</b>	<b>Bio med sklo</b>	<b>Bucha Glassworks</b>	<b>Total</b>	<b>Other</b>	<b>Total</b>	<b>Eliminations</b>	<b>Consolidated</b>
Tangible and intangible fixed assets	68,663	88,395	22,190	110,585	50,482	12,574	26,408	38,982	2,360	271,072	(1,724)	269,348
Investments	61,750	907	-	907	-	-	-	-	-	62,657	(62,562)	95
Other assets	195,716	94,935	16,521	111,456	28,678	7,644	8,840	16,484	317,935	670,269	(499,374)	170,895
<b>Total segment assets</b>	<b>326,129</b>	<b>184,237</b>	<b>38,711</b>	<b>222,948</b>	<b>79,160</b>	<b>20,218</b>	<b>35,248</b>	<b>55,466</b>	<b>320,295</b>	<b>1,003,998</b>	<b>(563,660)</b>	<b>440,338</b>
 Segment liabilities	 <b>261,328</b>	 <b>101,680</b>	 <b>26,858</b>	 <b>128,538</b>	 <b>26,614</b>	 <b>11,505</b>	 <b>28,308</b>	 <b>39,813</b>	 <b>169,370</b>	 <b>625,563</b>	 <b>(273,166)</b>	 <b>352,497</b>

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Other segment information for the years ended December 31, 2011 and 2010, is analysed as follows:

**At December 31, 2011**

	<b>GREECE</b>	<b>BULGARIA</b>			<b>ROMANIA</b>	<b>UKRAINE</b>						
	<b>Yioula Glassworks</b>	<b>Drujba Glassworks</b>	<b>New Glass</b>	<b>Total</b>	<b>Stirom</b>	<b>Bio med sklo</b>	<b>Bucha Glassworks</b>	<b>Total</b>	<b>Other</b>	<b>Total</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Capital expenditure:</b>												
Tangible fixed assets	(32,084)	(10,389)	(4,109)	(14,498)	(2,610)	(572)	(1,849)	(2,421)	(38)	(51,651)	4,625	(47,026)
Intangible fixed assets	(44)	(15)	-	(15)	(52)	-	-	-	-	(111)	-	(111)
<b>Total</b>	<b>(32,128)</b>	<b>(10,404)</b>	<b>(4,109)</b>	<b>(14,513)</b>	<b>(2,662)</b>	<b>(572)</b>	<b>(1,849)</b>	<b>(2,421)</b>	<b>(38)</b>	<b>(51,762)</b>	<b>4,625</b>	<b>(47,137)</b>
Depreciation	4,458	13,847	3,043	16,890	3,473	1,534	2,526	4,060	48	28,929	(590)	28,339
Amortisation	42	89	75	164	46	50	269	319	89	660	-	660
<b>Total</b>	<b>4,500</b>	<b>13,936</b>	<b>3,118</b>	<b>17,054</b>	<b>3,519</b>	<b>1,584</b>	<b>2,795</b>	<b>4,379</b>	<b>137</b>	<b>29,589</b>	<b>(590)</b>	<b>28,999</b>

**At December 31, 2010**

	<b>GREECE</b>	<b>BULGARIA</b>			<b>ROMANIA</b>	<b>UKRAINE</b>						
	<b>Yioula Glassworks</b>	<b>Drujba Glassworks</b>	<b>New Glass</b>	<b>Total</b>	<b>Stirom</b>	<b>Bio med sklo</b>	<b>Bucha Glassworks</b>	<b>Total</b>	<b>Other</b>	<b>Total</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Capital expenditure:</b>												
Tangible fixed assets	(5,198)	(9,992)	(936)	(10,928)	(2,183)	(1,089)	(4,336)	(5,425)	-	(23,734)	2,988	(20,746)
Intangible fixed assets	(80)	(16)	(1)	(17)	(34)	-	(721)	(721)	-	(852)	-	(852)
<b>Total</b>	<b>(5,278)</b>	<b>(10,008)</b>	<b>(937)</b>	<b>(10,945)</b>	<b>(2,217)</b>	<b>(1,089)</b>	<b>(5,057)</b>	<b>(6,146)</b>	<b>-</b>	<b>(24,586)</b>	<b>2,988</b>	<b>(21,598)</b>
Depreciation	3,922	12,603	3,356	15,959	3,492	1,515	2,758	4,273	46	27,692	(627)	27,065
Amortisation	31	119	94	213	125	26	104	130	88	587	-	587
<b>Total</b>	<b>3,953</b>	<b>12,722</b>	<b>3,450</b>	<b>16,172</b>	<b>3,617</b>	<b>1,541</b>	<b>2,862</b>	<b>4,403</b>	<b>134</b>	<b>28,279</b>	<b>(627)</b>	<b>27,652</b>

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**31. CONTINGENCIES AND COMMITMENTS:**

**(a) Litigation and claims:**

The Company is a party to various lawsuits and arbitration proceedings in the normal course of business. According to the Company's management and its legal advisors, all of the lawsuits are expected to be settled without any material adverse effect on the Company's consolidated financial position or results of operations.

**(b) Commitments:**

**(i) Operating Lease Commitments:**

As of December 31, 2011 and 2010, the Company has entered into a number of operating lease agreements relating to the rental of buildings which expire on various dates through to 2014.

Rental expense included in the accompanying consolidated statements of income for the years ended December 31, 2011 and 2010, amounted to € 1,281 and € 1,222, respectively (Note 6).

Future minimum rentals payable under non-cancellable operating leases as of December 31, 2011 and 2010, are as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Within one year	1,186	929
1-5 years	2,714	590
	<b>3,900</b>	<b>1,519</b>

**(ii) Guarantees:**

At December 31, 2011 and 2010, Yioula Glassworks S.A. had outstanding corporate guarantees in favour of various banks amounting to € 81.0 million and € 83.5 million, respectively. Such guarantees have been provided as security for short and long-term borrowings obtained by the Company's subsidiaries.

Furthermore, at December 31, 2011 and 2010, the Company had outstanding bank letters of guarantee in favour of various parties amounting to € 0.2 million and € 0.2 million, respectively. Such guarantees have been provided for the good execution of agreements and for the participation in biddings.

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**32. FINANCIAL RISK MANAGEMENT:**

- (i) **Fair Value:** The carrying amounts reflected in the accompanying consolidated statement of financial position for cash and cash equivalents, trade and other receivables, trade and other payables and accrued and other current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of available-for-sale financial assets in the accompanying consolidated statement of financial position reflect their fair value. The fair value of variable rate loans and borrowings and other long-term liabilities approximate their carrying amounts. The fair value of the Company's Senior Notes at December 31, 2011 and 2010, amounted to € 129 million and € 129 million, respectively.
- (ii) **Credit Risk:** The Company's maximum exposure to credit risk, due to the failure of counter parties to perform their obligations as at December 31, 2011 and 2010, in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the accompanying consolidated statement of financial position. Concentrations of credit risks are limited with respect to receivables due to the large number of customers comprising the Company's customer base. At December 31, 2011 and 2010, approximately € 47,779 and € 50,997, respectively (44.8% and 23.5% of net trade accounts receivable, respectively) of accounts receivable were due from the ten largest customers as determined by entity level. The Company generally does not require collateral or other security to support customer receivables. For the years ended December 31, 2011 and 2010, the Company derived 23% and 26.6%, respectively, of its consolidated net sales from its ten largest customers as determined by entity level. No one customer represents more than 10% of the Company's consolidated revenues. However, for the years ended December 31, 2011 and 2010, Yioula Glassworks S.A. derived 24.5% and 26.9%, respectively, of its net sales from two of its customers.
- (iii) **Interest Rate Risk:** The Company's exposure to market risk for changes in interest rates relates primarily to the Company's interest bearing loans and borrowings. As of December 31, 2011 and 2010, of the total loans and borrowings of € 293,955 and € 284,408, loans and borrowings of € 90,825 and € 81,920, respectively bear interest at variable rates (or in percentage terms, of 30.9% and 28.8% respectively, to total loans and borrowings). The Company does not use derivative financial instruments to hedge the interest rate risk on its debt obligations. The following table demonstrates the sensitivity to reasonably possible change in the variable interest rates, with all other variables held constant, of the Company's profit before tax. There is no material impact on the Company's equity.

	<u>Increase/ decrease in basis points</u>	<u>Effect on profit before tax</u>
2011	+5	(160)
	-5	160
2010	+5	(114)
	-5	114

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- (iv) **Foreign Currency Risk:** The Company enters into transactions denominated in foreign currencies related to the sales and purchases of goods. Therefore, the Company is exposed to market risk related to possible foreign currency fluctuations, which is however, mitigated to a certain extent by the set-off of credit and debit balances in the same currencies. In addition, certain of its subsidiaries which are incorporated in Romania and the Ukraine are affected by significant foreign exchange losses due to the fluctuation of the Romanian and the Ukrainian currencies. A substantial part of their liabilities are denominated in Euro. Therefore, the Company is exposed to market risk related to possible foreign currency fluctuations.

The following table demonstrates the sensitivity to a reasonably possible change in the Romanian (RON) and the Ukrainian (UAH) currencies with all other variables held constant, of the Company's profit before tax. There is no material impact on the Company's equity.

		<u>Increase / decrease in foreign currency rate</u>	<u>Effect on profit before tax</u>
2011	UAH	+6%	(1,536)
		-6%	1,536
2011	RON	+3%	(579)
		-3%	579
2010	UAH	+6%	(1,521)
		-6%	1,521
2010	RON	+3%	(556)
		-3%	556

- (v) **Capital Management:** The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade accounts payable, less cash and cash equivalents, excluding discontinued operations. The Company's development for the past years has been financed by bank debt. The Company's target is to improve the gearing ratio every year. The Company funds its operating costs through cash from operations and short-term borrowings under various lines of credit maintained with several banks. On December 31, 2011, a total of approximately € 88.9 million (2010: € 90.4 million) was available under these lines of credit, of which an amount of € 73.4 million (2010: € 73.5 million) had been drawn.

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
Interest bearing loans and borrowings	216,467	210,907
Short-term borrowings	77,488	73,501
Trade accounts payable	47,177	38,989
Less cash and cash equivalents	(7,109)	(5,311)
Net debt	<u>334,023</u>	<u>318,086</u>
Total equity	<u>78,883</u>	<u>87,841</u>
<b>Equity and net debt</b>	<b><u>412,906</u></b>	<b><u>405,927</u></b>
Gearing ratio	80.9%	78.4%

**YIOULA GLASSWORKS S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

(Amounts in all tables and notes are presented in thousands of Euro except share and per share data and unless otherwise stated)

- (vi) **Financial Instruments:** Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the consolidated financial statements:

	Carrying amount		Fair value	
	December 31,		December 31,	
	2011	2010	2011	2010
<i>Financial assets</i>				
Cash	7,109	5,311	7,109	5,311
Available-for-sale investments	95	95	95	95
<i>Financial liabilities</i>				
Short-term borrowings	77,488	73,501	77,488	73,501
Interest-bearing loans and borrowings:				
Variable rate borrowings	86,825	81,920	86,825	81,920
Fixed rate borrowings	129,642	128,987	129,000	129,000

Market values have been used to determine the fair value of and listed available-for-sale financial assets. The fair value of interest-bearing loans and borrowings and short-term borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of loan notes and other financial assets have been calculated using market interest rates offered to the Company this year.

- (vii) **Liquidity Risk:** The Company manages liquidity risk by monitoring forecasted cash flows and ensuring that adequate banking facilities and reserve borrowing facilities are maintained. The Company has sufficient undrawn committed and uncommitted borrowing facilities that can be utilised to fund any potential shortfall in cash resources.

Prudent liquidity risk management implies the availability of funding through adequate amounts of committed credit facilities, cash and marketable securities and the ability to close out those positions as and when required by the business or project.

The table below summarizes the maturity profile of financial liabilities at December 31, 2011 and 2010, respectively, based on contractual undiscounted payments.

The table below also includes the interest which will be incurred by the Company on all its outstanding loans and borrowings (short and long-term) as at December 31, 2011 and 2010, based on the interest rates applicable to the loans and borrowings as at each year-end.

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Year ended December 31, 2011	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest bearing loans and borrowings	20,750	23,809	175,435	-	219,994
Short-term borrowings	-	77,488	-	-	77,488
Trade accounts payable	20,201	26,976	-	-	47,177
Other financial liabilities	13,719	-	-	-	13,719
Interest on loans and borrowings	1,084	18,988	41,386	-	61,458
	<u>55,754</u>	<u>147,261</u>	<u>216,821</u>	<u>-</u>	<u>419,836</u>

  

Year ended December 31, 2010	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest bearing loans and borrowings	3,467	24,183	187,467	-	215,117
Short-term borrowings	-	73,501	-	-	73,501
Trade accounts payable	18,382	20,607	-	-	38,989
Other financial liabilities	11,951	-	-	-	11,951
Interest on loans and borrowings	1,016	18,456	55,288	-	74,760
	<u>34,816</u>	<u>136,747</u>	<u>242,755</u>	<u>-</u>	<u>414,318</u>

### 33. SUBSEQUENT EVENTS:

#### Loan Agreement

On January 21, 2012, Drujba entered into a loan facility agreement with MKB Unionbank for an amount not to exceed € 4 million to refinance existing short term indebtedness.

The loan is repayable in forty-six equal monthly installments starting on March 25, 2012, through December 25, 2015 and one final installment of € 90 payable on January 25, 2016. The loan bears interest at three month Euribor plus 4,88% (Euribor plus margin should not be less than 6% and should not exceed 8%). Earlier repayment in full or part thereof is permitted.

#### Waiver letters

As also presented in note 2a and note 23, subsequent to the reporting date and before the approval of the financial statements the appropriate waivers have been obtained.

#### Currency issues

The Ukrainian local currency Hryvnia exchange rate to Euro is currently devalued by 2.4% versus December 31, 2011.

The Romanian local currency Ron exchange rate to Euro is currently devalued by 1.3% versus December 31, 2011.