ELMEC SPORT S.A.

ANNUAL BULETTIN & REPORT 2005

PURSUANT TO ARTICLE 8 OF RESOLUTION 5/204/14-11-2000
OF THE CAPITAL MARKET COMMISSION

ATHENS, JUNE 2006

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CONTENTS

1. INTRODUCTION

Elmec Sport S.A. (from now on the "Company") was founded in 1981 (Government Gazette 3801/19-10-1981) and its term was fixed to one hundred (100) years. The Company is a Societe Anonyme which operates under the Greek legislation. The full name is "Elmec Sport SA Trading & Industrial Company". The company is registered with Societe Anonyme Register of Ministry of Development with No 6357/06/B/86/59. Its headquarters are in Municipality of Glyfada Attica, at 96 of Vouliagmenis Avenue. The company has listed its shares on Athens Stock Exchange since 1991.

Elmec Sport S.A. is the parent company of a Group of companies (from now on the "Group") which operates mainly in the countries of Southeastern Europe, and in particular in Greece, in Cyprus, in Romania and in Bulgaria.

This annual bulletin was elaborated pursuant to the provisions of applicable laws (resolution 5/204/14.11.2000 of Capital Market Commission, as applies today). Responsible for the preparation of the bulletin and for the accuarcy of its data are Mrs Lucy Fais, Chairperson of the Company's Board of Directors, Mr. Christos Hatziyakoumis, CFO and Member of the Company's Board of Directors and Mr. Nikos Zacharatos, Head of Finance.

Responsible for giving information on this bulletin are Mr. Christos Hatziyakoumis and Mr. Nikos Zacharatos. Those interested may contact the above persons during the working days and hours at the offices of the Company in 96 Vouliagmenis Avenue, 16674 Glyfada, Athens, GREECE, or call them at +30.210.9699.300.

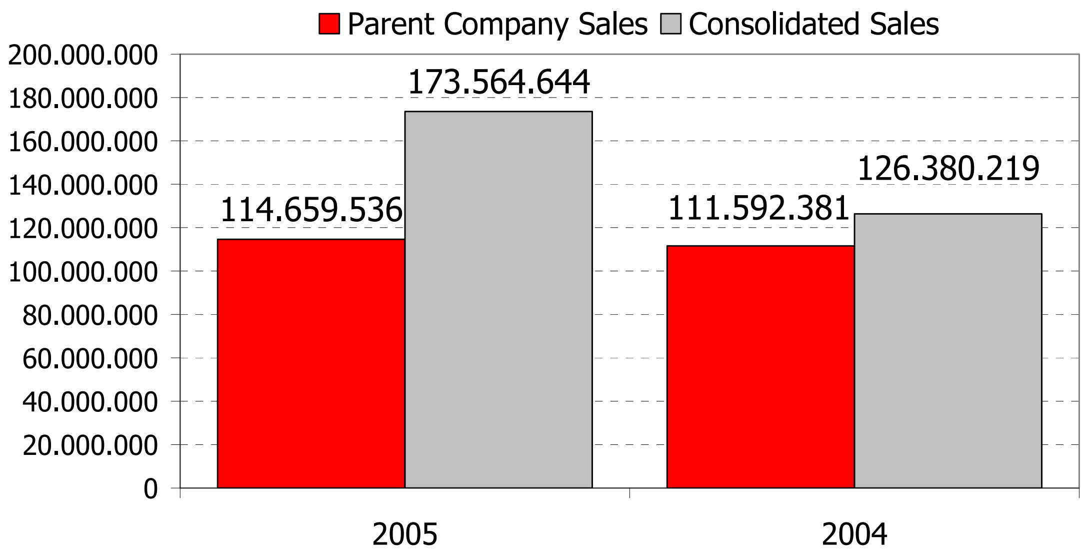
This bulletin is available only in electronic means, both in Greek and in English, from the website of the Company, www.elmec.gr, or via e-mail after the submission of an application by the interested party. The relevant applications should be mailed to the above postal address or sent to the fax no +30.210.9648.336 or to the e-mail address investor.relations@elmec.gr.

2. ELMEC SPORT IN NUMBERS

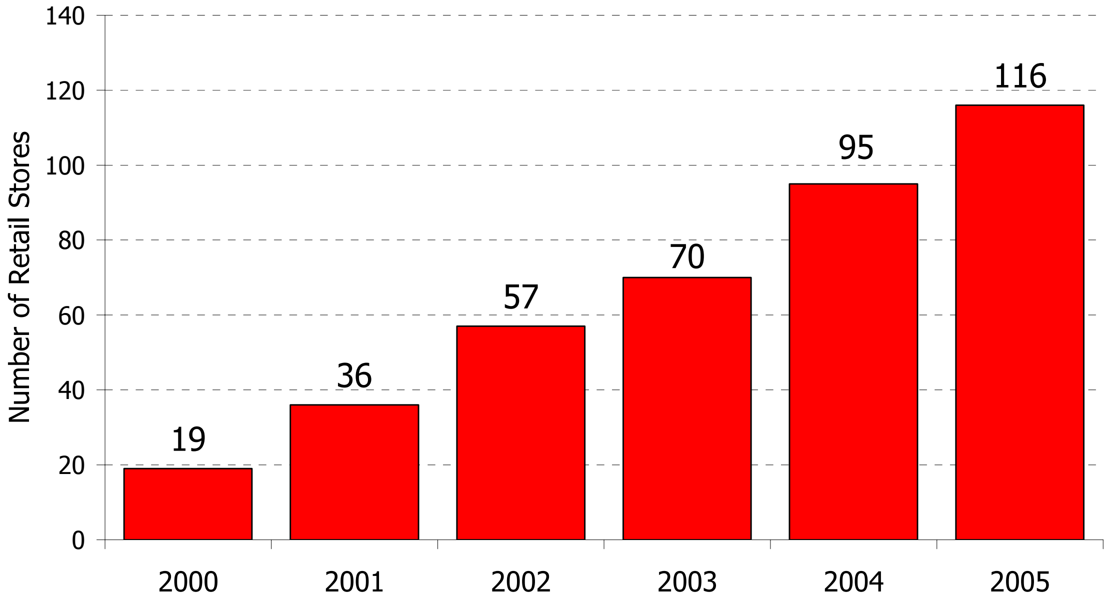
With consolidated turnover over 173 million euros in 2005, Elmec Sport S.A. is one of the biggest Greek commercial enterprises. Moreover, with annual growth sales of 37% against 2004, the Group of Elmec Sport is an exponentially developing group of companies.

During recent years Elmec Sport focused on retail sales and is already a major retailer of Southeastern Europe. It has developed its own distribution network in 3 countries, which includes 116 retail shops extending in over 20.000 m^2, and operates the biggest department store in Southeastern Europe, "attica, the department store", with a total surface area 25.000 m^2, as well as the discount department store "Factory Outlet", with a total surface area 13.000 m^2. At the same time the group is constructing one more outlet department store which will operate in Fall of 2006 and two more department stores, one in Athens and another in Bucharest, with a total surface area of around 40.000 m^2.

The evolution of the turnover of the Company and its Group is depicted in the following graph:

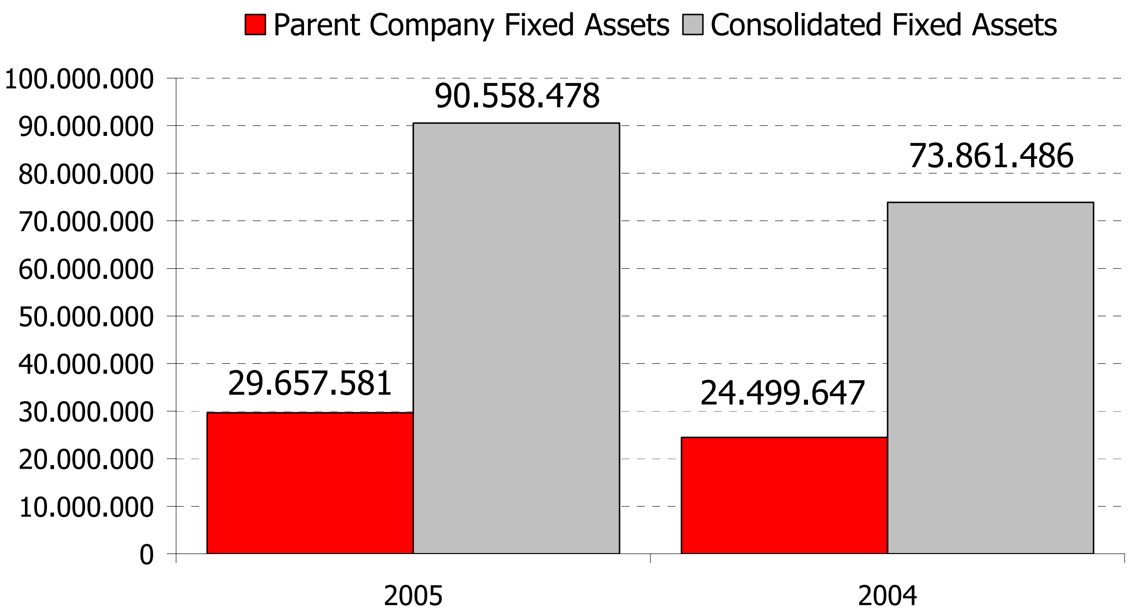


The focus of the Group to its retail activities is depicted in the following graph, which exhibits the development of the total number of the retail shops:



The high investments of the Group in real property and other fixed assets support the commitment of the Group's Administration to the Group's further growth and development within Southeastern Europe's retail sector.

The evolution of the fixed assets is illustrated in the following table. All values are stated at cost less accumulated depreciation.



3. ACTIVITIES

3.1. Brief background

3.1.1. Onset with Nike

Elmec Sport S.A. was founded in 1981 by the Fais family with the individuals and Elmec Ino Fais S.A. participating therein by 50% each. Elmec Ino Fais S.A. had the exclusive distribution rights in Greece and Cyprus of NIKE, the American company of sportswear, which were then assigned to Elmec Sport. The new company folloewed an upward course, constantly increasing its turnover and profits and soon the sales of NIKE products reached the top of the market, a position they still hold today.

3.1.2. Expansion to the markets of fitness equipment and motorcycles

In 1988 Elmec Sport established a department of fitness equipment for fitness centres and household use, initially dealing with the representation of famous American brands. Since 1995, this department obtained the exclusive dealership of the Italian firm TECHNOGYM for Greece. Today, Elmec Sport supplies fitness equipment to the biggest fitness centres operating in Greece, private fitness facilities, sports clubs fitness facilities, hotels etc.

In December 1994 Elmec Sport acquired 100% of the shares of Smash S.A. and then merged with her, thus undertaking the representation of the American company Harley-Davidson (motorcycles, accessories and related apparel). The Company promoted Harley-Davidson succesfully by setting up showrooms and garages and by co-operating with Harley Owners Group (HOG).

3.1.3. Expansion to other Southeastern European countries

In 1996 Elmec Sport obtained the exclusive distribution rights of Nike in Bulgaria, and in 1998 founded an affiliated company in Bulgaria under the name Balkan ES Team Ltd, which had as its initial activity the distribution of Nike footwear, apparel and accessories in Bulgaria.

In 1999 Elmec Sport assumed the exclusive representation of Nike in Romania and founded an affiliated company in Romania under the corporate name Elmec Romania SRL, which undertook the distribution of Nike products in the Romanian market.

3.1.4. Turn to retail

In 1999, the Administration of the Company, considering thoroughly the evolutions in the sportswear and casualwear sectors all over Europe, set as strategic goal of the Group the development of its retail activities, with two main strategic elements: (a) the creation of a strong retail stores chain and (b) the entry to the sector of department stores.

Network of retail stores

Until 1999, the Company operated a retail store selling NIKE products in its headquarters in Glyfada (Athens), and also two outlets for its seasoned stock in Paleo Faliro (Athens) and Komotini. Since then, Elmec Sport developed and continues to develop with fast and stable pace the chain "exclusive sports", which sells exclusively Nike sportswear. Today, 56 "exclusive sports" shops are in operation, 33 in Greece, 19 Romania, and 4 in Bulgaria.

In addition, the Group develops a mono-brand and multi-brand chain of retail stores selling casual apparel and footwear, which embraces today 46 shops, 29 in Greece, 16 in Romania and 1 in Bulgaria.

In the same time, the Company started the operation of 3 shops of super-trendy women fashion under the name "Ice Cube", with apparel, jewellery and accessories of renowned Greek and international designers.

In the beginning of 2006 the Company signed a franchise contract with the fashion house "Women'Secret", which gives the Company the right to create a retail chain to sell exclusively the famous homonym women underwear and accessories. Three points of sale are already in operation, while the Company's goal is to open 10 stores in total during the next 5 years.

Department stores

In 1999 Elmec Sport Group entered in the department stores' sector by opening the "Factory Outlet" at Pireos street, Neo Faliro, Athens. Factory Outlet operates in a privately-owned building expanding in 13 thousand square meters and is the first Greek department store selling exclusively seasoned stock.

In the summer of 2000, Elmec Sport acquired 50% of the company Ipirotiki Emporiki S.A., owner of part of the buildings that used to host the famous department store "Minion", at Patission street, in the centre of Athens. Ipirotiki was used as a vehicle for the acquisition of additional properties in the same building complex. Today, 84,29% of Ipirotiki belongs to Elmec Sport, and this company owns almost all buildings used by "Minion" in the past (expanding to over 21.000 m^2 approximately) and intends to create a modern department store in these premises.

In 2002 Elmec Romania SRL, an 100% subsidiary of the Company, purchased a multi-storey (5.000 m^2) building on the main commercial road of Bucharest, which is currently under refurbishment in order to be converted into a modern department store.

In December 2003 Elmec Sport, together with a team of efficient entrepreneurs from the apparel sector, undertook the exploitation of 25.000 m^2 in 8 levels within the Army's Pension Fund Building in Panepistimiou street. The Group operates since April 2005 in these premises "attica, the department store", the biggest and most comprehensive department store in the Greek market, hosting 800 well-known firms with apparel, footwear, cosmetics, household products and similar goods. For the operation of "attica", Elmec Sport and its associates founded the company "Attica Department Store SA", which is controlled by Elmec Sport and is included in the consolidated financial statements.

In September 2004 the Group entered into an agreement with the company "Athens International Airport SA" to build and operate a new discount department store in the Commercial Park of Eleftherios Venizelos Airport, with a total surface area of 13.000 m^2. This discount department store will operate in the same way as the existing "Factory Outlet" in Pireos street, offering a variety of branded apparel and footwear products at prices at least 30% lower than the original. For the operation of the new outlet department store, Elmec Sport founded a subsidiary company with the name "Factory Outlet Airport S.A.".

3.1.5. New contracts for representation and distribution

3.1.5.1. Contracts for distribution of clothes and footwear

During the past few years, as the Group materializes step by step its investment program by developing the retail chain and the department stores, a third element was added to the Group's expansion strategy: the representation and distribution of new well known brands of apparel and footwear. The stronger the retail network of the Group becomes, the more renowned brands trust the Group to promote their goods in the markets of Southeastern Europe.

The starting point was few years ago, in 2001, when the Company acquired the rights to design, produce and distribute the casual apparel collection of the brand "Harley-Davidson".

During the next years Elmec Sport developed an autonomous commercial department for children's apparel and distributes exclusively the collections of the firms Levi's, Cacao, Papermoon, MonnaLisa and Lego.

In 2004 the Group added to its portfolio the collections of unisex casual apparel of the Italian firm Gas Jeans (for Greece) as well as the casual apparel of Dockers, a subsidiary of Levi's (for Greece, Romania and Bulgaria).

In 2005 the group acquired the rights to produce and distribute the apparel and footwear of the firm Converse (for Romania and Bulgaria). Moreover, the Group undertook the distribution in Greece of the casual apparel and footwear of the firms Helly-Hansen, 40-Weft, Lucky Brand Jeans, Sweet Years, Redskins, Crazy Duck και Pirelli, as well as of the trendy women apparel Patrizia Pepe and Joseph.

Moreover, the Group acquired the distribution rights in the Romanian market of well known brands for apparel and footwear: Calvin Klein, Miss Sixty, Energie, Ralph Lauren Polo, Killah, Camper, Marlboro Classics.

3.1.5.2. Distribution contracts for other goods

Since the end of 2001 the Company sells exclusively to the Greek market the watches collection of Nike, through its subsidiary "Chronosport S.A.", which was founded on October 2001 to this end.

Towards the end of 2003 the Company developed a new commercial department which deals with the import and distribution of surveillance and security systems. Besides, the Company offers services for the installation and maintenance of these systems.

Moreover, since the end of 2003, the Group has undertaken the exclusive distribution of fitness equipment of the brand "TechnoGym" to the Romanian market as well.

In 2005 Elmec Sport undertook the exclusive distribution of the "Polaris" all-terrain vehicles.

Finally, in 2005 the Company began to distribute in Greece the electronic devices and gadgets of "Oregon Scientific".

3.2. Brief description of Elmec Sport Group of Companies

The Elmec Sport Group of Companies, apart from the parent company ELMEC SPORT S.A., consists of the following companies:

Company	Registered offices	Percentage of participation
A&A Holdings SA	Luxemburg	61,16%
Factory Outlet SA	Greece	60,24%
Factory Outlet Airport Sa	Greece	99,60%
Elmec Romania Srl	Romania	100,00%
Elmec Sport Bulgaria EOOD	Bulgaria	100,00%
Chronosport SA	Greece	50,00%
Moustakis Sa	Greece	100,00%
Elmel E Ltd	Greece	51,00%
Attica Department stores SA	Greece	46,07%
Ipirotiki Emporiki Ktimatiki SA	Greece	84,29%

Elmec Sport SA is the parent company, that elaborates the consolidated financial statements pursuant to the Law.

The company Planet Footwear SA, affiliate of Factory Outlet S.A. by 100% and member of our Group until 2003, was absorbed on 31/10/2003 by Factory Outlet S.A. (Piraeus' prefect resolution No. 2647/04). Balkan ES Team EOOD was renamed to Elmec Sport Bulgaria EOOD in September 2005. The total of the participation to the company Elmel Commercial Ltd (51%) was sold to third parties on 18/11/2005.

For more information regarding the activities, share composition and the administration of the above affiliates of Elmec Sport, as well as the web site to which are included their financial statements please consult to chapter 5 with the title, "Affiliated Companies".

3.3. Business segments

The Group is divided in five big business segments, each one of them develops different products or/and category of customers:

- Department stores
- Retail sales of apparel, footwear & accessories
- Wholesale provision of apparel, footwear & accessories
- Fitness equipment
- Other business segments

This section presents briefly the activities of each of the above business segments. Detailed financial data for each sector are presented in Note 10 of the financial statements (see chapter 9).

3.3.1. Department Stores

In 1999, the Group entered the department stores' sector by opening "Factory Outlet" at Pireos street, Neo Faliro, the first discount department store in Greece. Since April 2005 the Group operates "attica, the department store", the largest department store of the Greek market. Three more department stores are under construction:

3.3.1.1. Attica, the department store

On April 9, 2005, "attica, the department store" opened its doors - the biggest, most comprehensive and most modern department store in Greece (total investment 25 million euros), which sets new standards in the commercial sector of Athens.

Located at a privileged site besides Syntagma square, with major historical importance, within the Army's Participial Society House, this new department store extends over 25.000m^2 on eight levels, characterized by modern aesthetics and unique architectural elements. It has been constructed with the most modern engineering specifications (rolling stairs, five elevators, air-conditioning, lighting system, fire safety system and security systems) and the most modern materials, creating an exceptionally pleasant shopping environment, equal to the best European department stores. Attica occupies more than 1000 employees and includes departments of women, men and children fashion, house equipment, sports goods, accessories and cosmetics, restaurant and cafeteria, and offers - among others – purchases with no-interest instalments, free shipping at home, free modification of clothes, lockers to keep objects for more comfortable shopping and a special VIP services room with the help of a personal shopper.

The organization that implemented this unique Greek project is Attica Department Stores SA. The founders and major shareholders of Attica Department Stores SA are, besides Elmec Sport, five more well-known entrepreneurs from the apparel and department stores sectors of the market. The new department store operates mainly under the system shops-in-a-shop. More than 300 corners, hosting more than 800 brands, cover fully the needs of today's consumers.

3.3.1.2. Factory Outlet

In 1999, our Group acquired - via Factory Outlet S.A. - a three-level real estate with total surface area of 10.691 m^2 on a building lot extending over 9.525 m^2 on 76 Pireos street, Neo Faliro, which functioned as a factory previously, and converted it into the FACTORY OUTLET, the famous discount department store that has been operating for eight years. During 2003 an extra floor was added extending the department store over 13.000 m^2.

At this point Factory Outlet accommodates about 100 enterprises representing approximately 140 firms that manufacture or trade branded apparel for men, women and children, footwear, sports goods and accessories. These firms sell within Factory Outlet's premises, old seasons' stock at prices at least 30% lower than the retail ones.

3.3.1.3. Factory Outlet Airport

In September 2004, Factory Outlet SA acquired the use of a building lot in the Commercial Park of El. Venizelos Airport, where it constructs a building with total surface area 13.000m^2 that will host the second Factory Outlet. The operation of the new department store will be undertaken by the new company of the Group named Factory Outlet Airport SA. By operating the second discount department store in a hub of Attica region, our Group aims to service even more consumers seeking branded apparel and footwear products at affordable prices.

3.3.1.4. Bucharest

The Group already constructs a modern commercial department store at the place of an owned beautiful listed building 5.000 m^2 on the central commercial road of Bucharest.

3.3.1.5. Omonia

With stable pace goes on the reconstruction of the buildings which hosted in the past the "Minion" located in Patission street expanding to over 21.000 m^2 approximately and were acquired almost in total by the Group using Ipirotiki as vehicle.

3.3.2. Retail sales of apparel, footwear and accessories

This sector constitutes the second main "pylon" (the first is the department stores) of the strategic development plan of the Group which runs from 1999 (see also paragraph 3.1.4).

"Flagship" of this segment is the chain of retail stores called "exclusive sports", which sell exclusively products of Nike. This chain counts today 56 stores, 33 in Greece, 19 in Romania and 4 in Bulgaria.

In addition, our Group develops mono-brand and multi-brand chain of retail stores selling casual apparel and footwear, which includes today 46 shops, 29 in Greece, 16 in Romania and 1 in Bulgaria.

Moreover, Elmec Sport develops from 2002 the model of stores "Ice Cube" which belongs to the category super trendy women fashion boutiques, with apparel, jewellery and accessories of renowned Greek and international designers. Today, operate three point of sales with the model "ice cube".

In February of 2006 the Company signed franchise contract with the fashion house "Women'Secret", which gives the chance to create in Greece and Bulgaria a chain of retail stores selling the famous homonym women underwear and accessories. Already the Company operates 3 stores and the goal is to develop 10 stores in total during the next 5 years.

3.3.3. Wholesale provision of apparel, footwear and accessories

This sector deals with the wholesale of sport and casual apparel, footwear and accessories. With this sector, and particularly with the distribution of the products of Nike to the Greek market, the company started its activities in 1981. Today, the Group distributes exclusively the products of Nike in Romania and Bulgaria, while until May 31, 2006 distributed in wholesale these goods in Greece and Cyprus, as well.

Since the beginning of 2005, our Group acquired the exclusive right to produce and trade apparel with the brand marks of Converse in Romanian and Bulgarian markets. In addition, our Group is the exclusive distributor of Converse footwear in the above-mentioned countries.

For the sector of casual apparel and footwear, the Group holds a considerable portfolio of distribution and representation agreements. The beginning was in 2001 when the Company acquired the rights of designing, producing, and distributing to countries of Europe and Middle East the collection of casual apparel with the brand of Harley-Davidson. The design is done by designers of Elmec Sport in Greece and in Italy with the approval of Harley-Davidson USA. The choice of textiles and auxiliary items is responsibility of Elmec Sport's department of production coordination. Throughout all phases of the collection's creation, inspections are carried out by the Quality Control Department of Elmec Sport.

Furthermore, our Group imports and offers exclusively the collections of casual unisex clothes of Italian firm Gas in Greece, as well the clothes of Dockers, an affiliated company of Levi's in Greece, Romania and Bulgaria, the collection of the firms Helly-Hansen, Redskins, 40-Weft, Lucky Brand Jeans, Crazy Duck, SweetYears and Pirelli (in Greece), also the collections of the brands Calvin Klein, Miss Sixty, Energie, Ralph Lauren Polo, Killah, Camper and Marlboro Classics (in Romania).

Moreover, the Group undertook the distribution of women apparel of super trendy fashion with the brands Patrizia Pepe and Joseph (in Greece), and the children apparel and footwear of Levi's, Cacao, Papermoon, MonnaLisa and Lego.

Finally, to the activities of this sector is included the wholesale of the Nike clocks collection in Greece. This collection is sold in jewellery shops and relevant shops through Chronosport SA.

3.3.4. Fitness equipment

Having a long-term tradition in fitness equipment, Elmec Sport represents, in Greece and Romania, the Italian firm TechnoGym, a renowned manufacturer of fitness equipment and official supplier of 2004 Athens Olympics. Utilizing specialized salesmen and technicians, Elmec Sport instigates studies and fully equips, with conventional and electronic devices, modern fitness, cosmetic and training centres, hotels, hospitals, physiotherapy centres and private training & fitness rooms. In addition, the company provides technical support and maintenance services to its clients.

Furthermore, Elmec Sport represents the American firm Icon (Proform, Weslo and Weider) and offers in the Greek market this firm's electronic fitness equipment for household use, mainly through stores that sell gymnastics and fitness equipment and accessories for household use.

3.3.5. Other activities

To the other activities of the Group belong the motorcycles, the spares and accessories of Harley-Davidson and Buell, the all terrain vehicles Polaris, the electronic gadgets of Oregon Scientific, the security and control systems and other activities of minor importance.

3.3.5.1. Motorcycles

The legendary Harley-Davidson motorcycles, manufactured in USA and worshipped all around the world, are sold in Greece through Elmec Sport's showrooms (located at Glyfada, Marousi and in Thessaloniki). Buell motorcycles are also sold in these showrooms along with the respective spare parts and accessories. In order to serve better its clients, the Company runs three repair centres for Harley-Davidson and Buell motorcycles at the above places.

3.3.5.2. All-terrain vehicles

Since 2005 the Company sells in Greece the all-terrain vehicles of the company Polaris.

3.3.5.3. Control & Security Systems

Since the end of 2003 the Company developed a new autonomous commercial department which deals with the import and distribution of control and security systems. Besides, offers services for the installation and service of these systems.

3.3.5.4. Electronic devices

Since 2005 the company sells in Greece the electronic devices and gadgets of the company Oregon Scientific.

4. ADMINISTRATION & AUDITORS

4.1. Board of Directors

The board of Directors of the Company, which was elected by the Ordinary General Meeting of Shareholders on June 28th, 2002, consists of the following persons:

Name & Surname	Position in BoD
Lucy Ino Fais	Chairperson
Sam Ino Fais	Chief Executive Officer
Pavlos Milt. Kalamaridis	Executive Officer
Christos Stil. Hatjigiakoumis	Executive Officer
Lila Minoos Mordohae	Independent non-executive director
Ilias Solomon Mordehae	Independent non-executive director

Mr Sam Fais of Ino and Mrs Lucy Fais of Ino are also shareholders of Elmec Sport S.A. kin of first degree (siblings).

4.2. Internal audit

Under the principles of corporate governance that the Company implements, 1/3 of the members of BoD, and in particular Mrs. Lila Mordohae and Mr. Elias Mordehae, have been elected by the General Meeting of Shareholders as independent members, pursuant to article 4 of Law 3016/2002 about corporate governance. The above-mentioned members of the BoD constitute the Auditing Committee, which supervises the Internal Audit Service.

The task of both the Auditing Committee as well as Internal Audit Service is to audit the implementation of the procedures provided for the Internal Operation Procedures, the Articles of Association, and the Company's compliance with the provisions of applicable laws. In addition, they submit proposals about the improvement of Company's procedures, they inform the Board of Directors and shareholders (via Annual General Meeting) about the results of their audits and they also have other competences provided for by Law 3016/2002 and by other provisions of applicable laws.

Internal Audit Service not only protects the Company's shareholders interests, and especially the less powerful shareholders, but also contributes (through the reports frequently submitted by BoD) to the improvement of procedures and the effectiveness of Company's departments.

Mr. Elias Dimitrakopoulos is the supervisor of Internal Audit Service.

4.3. Audit of the financial statements

The financial statements of the Company, plain of the parent company and consolidated, are audited by the company BKR PROTIPOS ELEGTIKI S.A., 81st Patission str & Heyden, Athens and more specific by the chartered auditors Mr. Grigoris Koutras with registration number ICAA (Greek) 13601 (regular auditor), Mr. Panagiotis Damilakos, with registration number ICAA (Greek) 10431 (substitute auditor) and Mr. Andreas Tsamakis, with registration number ICAA (Greek), 17101 (substitute auditor).

5. SUBSIDIARY COMPANIES

This section presents in summary the activities, the shareholders and the administration of Elmec Sport's subsidiary companies included in the consolidated financial statements of 31/12/2005.

5.1. A&A Holdings SA

A&A Holdings S.A. is a holding company founded on 1997. Its sole purpose is to own shares of Factory Outlet SA, and controls the 98,5% of this company's share capital. The company's registered offices are at 19 Aldringen street, Luxembourg.

The annual financial statements of A&A Holdings S.A. for the fiscal year 2005 (1/1-31/12/2005) and the report of auditors are presented in the website of Elmec Sport (www.elmec.gr) at the position Home: Financial section: Financial statements of affiliates.

5.2. Factory Outlet S.A.

Factory Outlet SA was founded on 1961 under the name Elmec Ino Fais SA, with scope to trade electrical products, to represent foreign and domestic firms and to execute technical projects. On 1998, Elmec Ino Fais SA, that was dormant since 1992, was renamed to "Factory Outlet S.A." and changed its scope of operation. Today, Factory Outlet's activity is the operation of discount department stores and the trading of products that are sold in department stores.

Factory Outlet owns a thee-level building with total surface area 13.000m^2 located at a plot extending over 9.525m^2 at 76 Pireos street in Neo Faliro. The company's registered offices are at the above-mentioned address and its personnel numbers 54 employees. The president of the company is Mr Elias Koukoutsas.

The annual financial statements of Factory Outlet SA for the fiscal year 2005 (1/1-31/12/2005) and the report of auditors are presented in the website of Elmec Sport (www.elmec.gr) at the position Home: Financial section: Financial statements of affiliates.

5.3. Factory Outlet Airport S.A.

Factory Outlet Airport S.A. was founded in 9/2/2005. Its scope is the operation of discount department stores and the commerce of goods which are sold in department stores. The registered offices are in the Commercial park of Athens International Airport in Spata. President of the company is Mr. Elias Koukoutsas. The share capital of the Company amounts to 3.060.000 € and is divided to 3.060.000 shares of 1 Euro. Elmec Sport holds the 99% of its share capital and the remaining 1% is controlled by Factory Outlet S.A.

Factory Outlet Airport S.A. will manage the new discount department store which is constructed in the Commercial park of Athens International Airport "El. Venizelos", will be extended to 13.000 m^2 and will operate in the same way of the already successful discount department store "Factory Outlet" in Pireos str.

Factory Outlet Airport S.A. has not completed the first fiscal year. Brief financial statements of Factory Outlet Airport S.A. for the period 9/2-31/12/2005) are presented in the website of Elmec Sport (www.elmec.gr) at the position Home: Financial section: Financial statements of affiliates.

5.4. Elmec Romania SRL

Elmec Romania SRL was founded by Elmec Sport, on 1999. The company's registered offices are at 138-144 Progresului street, Bucharest, Romania. Elmec Romania employs 419 persons, its Administrator is Mr. Pavlos Kalamaridis and General Manager is Mr. Solomon Mordehae. Elmec Sport holds the 100% of the shares of Elmec Romania SRL.

Elmec Romania's main activity is the retail sales of footwear and apparel through the 19 "exclusive sports" shops and 16 mono-brand and multi-brand stores with casual apparel that operates in Bucharest and other cities of Romania.

In addition, the company distributes the collection of the brands Dockers, Miss Sixty, Energie, Calvin Klein, Camper, Killah, Marlboro Classics and Ralph Lauren Polo.

The annual financial statements of Elmec Romania SRL for the fiscal year 2005 (1/1-31/12/2005) and the report of auditors are presented in the website of Elmec Sport (www.elmec.gr) at the position Home: Financial section: Financial statements of affiliates.

5.5. Elmec Sport Bulgaria EOOD

This company was founded 1998 by Elmec Sport, on 1998, with the name Balkan ES Team Ltd, and was renamed to Elmec Sport Bulgaria EOOD in September of 2005. Balkan ES Team was founded. The company's registered offices are at Sofia, Bulgaria, 22 Zlaten Rog street. Elmec Sport Bulgaria EOOD employs 40 persons, its Administrator is Mr. Pavlos Kalamaridis and General Manager is Mr. Michalis Katsimpiris. Elmec Sport holds the 100% of its shares.

The company's main activities are wholesale of clothes, footwear and accessories of Nike and Converse to local clients (sports shops); wholesale of Dockers clothes (an affiliated company of Levi's); expansion in Bulgarian market of the "exclusive sports" shops that offer exclusively Nike products; and operation of retail shops selling branded casual clothes and the development of the chain of retail stores

Women'Secret which sell exclusively the homonym women underwear and accessories .

The annual financial statements of Elmec Sport Bulgaria EOOD for the fiscal year 2005 (1/1-31/12/2005) and the report of auditors are presented in the website of Elmec Sport (www.elmec.gr) at the position Home: Financial section: Financial statements of affiliates.

5.6. Chronosport S.A.

Chronosport S.A. was founded on 2001 with its registered offices at Athens, 48 Stadiou street. The company's scope is to import and trade any kind and type of watches and related products. Its main activity is the wholesale of NIKE's collection of watches. Chronosport's President and CEO is Mr Pavlos Mosse. Chronosport's share capital is € 234.784,00 and is divided to 14.674 shares of nominal value € 16. Its total amount of equity on 31/12/2004 came to € 238.006,10. Elmec Sport owns 50% of Chronosport's capital. Diahroniki SA owns the remaining 50%.

The annual financial statements of Chronosport S.A. for the fiscal year 2005 (1/1-31/12/2005) and the report of auditors are presented in the website of Elmec Sport (www.elmec.gr) at the position Home: Financial section: Financial statements of affiliates.

5.7. Moustakis S.A.

Moustakis S.A. was founded on 1962 and its registered offices are at 24 Agiou Nikolaou street, at Patra. The company's scope is to sell clothes, footwear and household products, as well as general trading activities. Moustakis' President and CEO is Mr. Christos Hatjigiakoumis.

Elmec Sport bought out 30% of this company's capital share in the beginning of 2002, and in the beginning of 2003 acquired the rest 70%, with the purpose to extend its retail sales network in the capital city of Achaia. Today, Moustakis SA operates in its registered offices a shop of the exclusive sports chain, offering exclusively Nike products.

The annual financial statements of Moustakis S.A. for the fiscal year 2005 (1/1-31/12/2005) and the report of auditors are presented in the website of Elmec Sport (www.elmec.gr) at the position Home: Financial section: Financial statements of affiliates.

5.8. Elmel E. Ltd

Elmel E. Ltd was founded in 11/3/2003 with offices in 109 Omonia str. in Kavala. Its scope is to trade clothes and footwear.

Elmel was founded in a joint venture with Mr. Meleloudis, a businessman operating in Northern Greece, with the purpose to extend our Group's retail sales network in this area. Today, Elmel operates a shop of the "exclusive sports" chain, offering exclusively Nike products in the market of Kavala city.

In 18/11/2005 Elmec Sport sold the total of its shares, that is 51% of share capital of Elmel, to the company of Mr. Meleloudis. Thus, Elmel was included in the consolidated financial statements of 2005 until that date.

The annual financial statements of Moustakis S.A. for the fiscal year 2005 (1/1-31/12/2005) and the report of auditors are presented in the website of Elmec Sport (www.elmec.gr) at the position Home: Financial section: Financial statements of affiliates.

5.9. Ipirotiki Emporiki Ktimatiki S.A.

Ipirotiki Emporiki Ktimatiki SA was founded on 1962 with the name Ipirotiki Emporiki S.A. Its scope is the exploitation of department stores, commercial and entertainment centres It has the possession of important real estate in whole at the centre of Athens, in the building plot that is surrounded by Patision, Veranzerou, Dorou and Satovriandou streets. Ipirotiki's registered offices are at 61a Katehaki street, Athens. At the present, Ipirotiki is inactive. President and General Manager of the company is Mr. Elias Koukoutsas.

Elmec Sport bought off 50% of Ipirotiki's share capital on June 2000. Through successive Increases of Share Capital, came to own 84,29% of Ipirotiki's share capital on 31/12/2005. The other shareholders of Ipirotiki are: Eikon Invest VII S.A. holding company (10,45%), Mr. Konstantinos Lambropoulos (5,15%) and bank EFG Eurobank Ergasias S.A. (0,11%).

The annual financial statements of Ipirotiki S.A. for the fiscal year 2005 (1/1-31/12/2005) and the report of auditors are presented in the website of Elmec Sport (www.elmec.gr) at the position Home: Financial section: Financial statements of affiliates.

5.10. Attica Department Stores S.A.

Attica Department Stores was founded on 23/1/2004, having as a scope the management and exploitation of department stores. Its registered offices are at 9 Panepistimiou street, Athens. The President of the company is Mr. Sam Fais and the CEO is Mr. Konstantinos Lambropoulos.

Attica Department Stores S.A. is the organization that implemented "attica, the department store", the biggest and most modern department store of the Greek market, that commenced its operations on April 2005, in an eight-level place extending over 25.000 m^2, in the Military Pension Fund Mall at Panepistimiou street.

Elmec Sport owns 25% of Attica's capital. The other shareholders of this company are: Ipirotiki Emporiki Ktimatiki SA (25%), Amsterdam Water Holdings SARL (5%), Mr. Konstantinos Lambropoulos (5%), Ridenco S.A. (10%), Benalex S.A. (10%), Soreal S.A. (10%), Mrs. Vasiliki Foka (5%) and Mr. Asterios Oikonomidis (5%).

The annual financial statements of Ipirotiki S.A. for the fiscal year 2005 (1/1-31/12/2005) and the report of auditors are presented in the website of Elmec Sport (www.elmec.gr) at the position Home: Financial section: Financial statements of affiliates.

6. REPORT OF TRANSACTIONS WITH SUBSIDIARY COMPANIES

ANNUAL REPORT OF THE TRANSACTIONS OF ELMEC SPORT S.A. WITH ITS SUBSIDIARY COMPANIES FOR THE FISCAL YEAR 1/1 - 31/12/2005

Ladies and Gentlemen,

Elmec Sport S.A. (the "Company"), is the parent company of a Group of Companies that conducts business activities in South-Eastern Europe and includes, in addition to the parent company, the companies mentioned in the following table.

These companies are affiliated to Elmec Sport S.A. under the provisions of paragraph 5, Article 42e of Law 2190/1920, "on Societe Anonymes". On 31/12/2005, there are no other, apart from the below mentioned, companies affiliated to Elmec Sport, under the provisions of the above mentioned clause.

The following table also presents Elmec Sport S.A.'s transactions with its affiliated companies for the last two fiscal years:

TRANSACTIONS WITH AFFILIATED COMPANIES

(amounts in Euro)

		Buys/ Reception of Services		Sales/ Delivery of Services	
Affiliated Company	**Head Offices**	**2005**	**2004**	**2005**	**2004**
A&A Holdings SA	Luxembourg				
Factory Outlet SA	Greece	684.297	646.754	271.884	63.450
Factory Outlet Airport SA	Greece				
Elmec Romania SRL	Romania		2.790	7.925.106	5.725.864
Elmec Sport Bulgaria EOOD	Bulgaria			1.481.458	1.183.291
Chronosport AE	Greece	23.097	44.861	137.975	152.586
Moustakis SA	Greece			926.267	901.838
Elmel Emporiki Ltd	Greece			48.646	8.776
Attica Dept. Stores SA	Greece	386.638		2.537.999	
Ipirotiki SA	Greece				
		1.094.032	**694.405**	**13.329.335**	**8.035.805**

Elmec Sport SA's transactions with its affiliated company Elmec Bulgaria EOOD pertain to sales of Nike, Converse and Dockers products, traded by Elmec Bulgaria EOOD in the Bulgarian market. In the same way, Elmec Sport S.A.'s transactions with its affiliated company Elmec Romania SRL pertain to Nike, Converse, Harley-

Davidson, Gas Jeans and Dockers products, traded by Elmec Romania SRL in the Romanian market.

Elmec Sport S.A.'s sales to its affiliated companies Moustakis SA and Elmel E Ltd. pertain to sales of Nike products, offered by these two companies through the retail stores that operate in the cities of Patra and Kavala, respectively.

[As of 18/11/2005 Elmec Sport S.A. sold the shares of Elmel E Ltd that owned. Therefore, Elmel E Ltd will not be included in the affiliate companies.]

Elmec Sport SA's transactions with Chronosport S.A. pertain to Nike's watches, which Chronosport S.A. wholesales to its clientele all over Greece.

Factory Outlet S.A. receives income from its parent company Elmec Sport S.A. in return for_the facilities provided by the former to the latter, to sell old seasons' stock within the discount department store Factory Outlet in Neo Faliro.

The transactions of the Company with Attica Department Stores S.A. refer to wholesale sale of merchandise from Elmec Sport to Attica Department Stores, which then sell this merchandise to retail customers within the premises of the department store. Moreover, Attica Department Stores provide services, such as advertisement and telephone connections to the Company.

Coming to the commercial transactions the Company regards Elmec Sport Bulgaria EOOD and Elmec Romania as major foreign wholesale clients; for them, Elmec Sport follows a particular invoicing policy, decided by Elmec Sport's Board of Directors at least once per year. The terms governing Elmec Sport's commercial transactions with the remaining companies (Moustakis, Elmel, Chronosport, Factory Outlet and Attica Department Stores) are regulated via bilateral private agreements.

Glyfada, May 19, 2006

The Board Of Directors of Elmec Sport S.A.

7. CORPORATE ANNOUNCEMENTS OF FISCAL YEAR 2005

During 2005 (1/1 - 31/12/2005) the company made 8 announcements. Their titles are presented in the following table. These announcements are also available from the Company's website, www.elmec.gr, in the unit "Financial section - Announcements", and more specifically at the positions in the last right column of the table. Moreover, they were submitted to Stock Exchange according to the legislation.

Corporate Announcement

Publication Date	Announcement	Internet Address
29/12/2005	Explanations regarding the interim financial statements of 2005-Q1	http://www.elmec.gr/LHCMshowArticle.asp?AID=89
9/11/2005	BoD decisions regarding the decease of the Founder of Elmec Sport SA	http://www.elmec.gr/LHCMshowArticle.asp?AID=88
4/10/2005	Agreement between Elmec Romania and Fashion Box Hellas	http://www.elmec.gr/LHCMshowArticle.asp?AID=83
29/6/2005	Decisions of Annual General Meeting 24/6/2005	http://www.elmec.gr/LHCMshowArticle.asp?AID=82
9/6/2005	The annual report 2004 is now available	http://www.elmec.gr/LHCMshowArticle.asp?AID=81
2/6/2005	Invitation to Annual General Meeting on 24/6/2005	http://www.elmec.gr/LHCMshowArticle.asp?AID=77
8/4/2005	Opening of the largest Greek department store	http://www.elmec.gr/LHCMshowArticle.asp?AID=75
28/2/2005	Corporate Schedule 2005	http://www.elmec.gr/LHCMshowArticle.asp?AID=74

Moreover, during the same year, the Company submitted to the supervisory authorities, and published to the Press and to the website the expected interim and annual financial statements. These statements are presented in the unit "Financial sector – Financial statements", and specifically to the last right column of the next table:

Financial Statements' Announcements

Publication Date	Announcement	Internet Address
26/2/2005	Interim Financial Statements of the Company for the 12-month period 1/1- 31/12/04	http://www.elmec.gr/OikonomikaStoixeia/EN/2004BS.htm
26/2/2005	Cash flow of the Company for the 12-month period 1/1- 31/12/04	http://www.elmec.gr/OikonomikaStoixeia/EN/2004CF.htm
26/2/2005	Interim Financial Statements of Group for the 12-month period 1/1- 31/12/04	http://www.elmec.gr/OikonomikaStoixeia/EN/2004ConsolBS.htm
26/2/2005	Cash flow of Group for the 12-month period 1/1- 31/12/04	http://www.elmec.gr/OikonomikaStoixeia/EN/2004ConsolCF.htm
26/2/2005	Additional data for the period 1/1- 31/12/04	http://www.elmec.gr/OikonomikaStoixeia/EN/MoreInfo_26_02_2005.doc
2/6/2005	Annual Financial Statements of the Company for the period 1/1- 31/12/04	http://www.elmec.gr/OikonomikaStoixeia/EN/Elmec_EN.htm
2/6/2005	Cash flow of the Company for the period 1/1- 31/12/04	http://www.elmec.gr/OikonomikaStoixeia/EN/ElmecCF_EN.htm
2/6/2005	Annual Financial Statements of Group for the period 1/1- 31/12/04	http://www.elmec.gr/OikonomikaStoixeia/EN/ElmecCon_EN.htm
2/6/2005	Cash flow of Group for the period 1/1- 31/12/04	http://www.elmec.gr/OikonomikaStoixeia/EN/ElmecCFCon_EN.htm
30/6/2005	Interim Financial Statements, according to IAS, for the period 1/1- 31/3/05	http://www.elmec.gr/pdfs/2005-Q1-EN.pdf
30/9/2005	Interim Financial Statements, according to IAS, for the period 1/1- 30/06/05	http://www.elmec.gr/pdfs/IFRS-2005-Q2-EN.pdf

8. BRIEF FINANCIAL FIGURES OF THE YEAR 2005

In March 31st 2006, according to the clauses of paragraph 4 of article 135 of Law 2190/1920 and the relevant resolution of the Ministers of Finance and Commerce, the Company published the following brief financial figures to two nation-wide newspapers and one local newspaper. This figures come out from the annual financial statements of the Company for the fiscal year 2005 (1/1 - 31/12/2005) which are presented in chapter 9.

ELMEC SPORT S.A.

BRIEF FINANCIAL FIGURES AND INFORMATION OF THE FISCAL YEAR FROM JANUARY 1st, 2005 UNTIL DECEMBER 31st, 2005

(published according to Law 2190, article 135,
for companies which prepare annual financial statements, consolidated or not, pursuant to IFRS)

The following figures and information provide general information for the financial position and results of Elmec Sport SA. The reader who wants to have a complete picture of its financial position and results should seek access to the annual financial statements prepared in accordance to the IFRSs and to the statutory auditor's report. For instance, the reader may visit the website of the Company.

COMPANY DETAILS

Address of registered office:	96 Vouliagmenis Avenue, 16674 Glyfada
Registered No of S.A.:	6357/06/B/86/59
Competent prefecture:	Ministry of development
Composition of BoD:	Lucy Fais, Chairperson Sam Fais, Managing Director Pavlos Kalamaridis, Executive Director Christos Hatjigiakoumis, Executive Director Lila Mordohae, Independent non-executive Director Ilias Mordehae, Independent non-executive Director
Date of approval of the financial statements from which the brief figures have been drawn out:	March 20th, 2006

Certified auditor accountant:	Grigoris Koutras, Register No 13601
Audit company:	BKR Protypos Elegktiki S.A.
Type of auditors' report :	Un-qualified opinion
Website of the company:	www.elmec.gr

CONDENSED BALANCE SHEET – Amounts in Euro(€)

	Consolidated		Company	
Assets	**31/12/2005**	**31/12/2004**	**31/12/2005**	**31/12/2004**
Fixed assets	103.025.758	85.955.780	75.150.409	62.237.611
Inventories	52.300.417	29.665.795	24.236.922	23.515.014
Receivables from customers	59.202.483	44.928.712	59.888.463	49.822.499
Other assets	39.249.067	37.644.942	14.794.861	22.126.073
TOTAL ASSETS	253.777.725	198.195.229	174.070.655	157.701.197

	Consolidated		Company	
Equity & liabilities	**31/12/2005**	**31/12/2004**	**31/12/2005**	**31/12/2004**
Long term liabilities	26.513.957	13.956.166	13.424.162	1.178.279
Short term bank liabilities	46.096.876	40.974.777	40.006.535	35.936.749
Other short term liabilities	68.371.888	38.534.482	23.656.033	29.981.264
Total liabilities (a)	140.982.721	93.465.425	77.086.730	67.096.292
Share capital	33.240.000	33.240.000	33.240.000	33.240.000
Other equity accounts	64.539.142	58.714.158	63.743.925	57.364.905
Total shareholders' equity (b)	97.779.142	91.954.158	96.983.925	90.604.905
Minority interest (c)	15.015.862	12.775.646		
Total equity (d) = (b) + (c)	112.795.004	104.729.804	96.983.925	90.604.905
TOTAL EQUITY AND LIABILITIES (e) = (a) + (d)	253.777.725	198.195.229	174.070.655	157.701.197

CONDENSED INCOME STATEMENT – Amounts in euro

	Consolidated		**Company**	
	1/1 - 31/12/2005	**1/1 - 31/12/2004**	**1/1 - 31/12/2005**	**1/1 - 31/12/2004**
Revenues	173.564.644	126.380.219	114.659.536	111.592.381
Gross profit	78.104.617	66.441.634	52.745.576	55.600.049
EBITDA	23.745.673	28.850.752	19.012.591	24.075.896
EBIT	20.408.343	26.600.798	16.915.787	22.419.221
EBT	18.501.506	25.180.674	16.294.771	21.509.117
Minus: Income Tax Expense	(6.966.951)	(9.750.247)	(5.466.086)	(8.078.987)
Net earnings	11.534.555	15.430.427	10.828.685	13.430.130
Distributed to:				
Equity holders interest	10.125.883	14.893.271		
Minority interest	1.408.672	537.156		
Basic Earnings Per Share	0,18	0,27	0,20	0,24
Proposed dividend per share	0,065	0,075	0,065	0,075

CONDENSED STATEMENT OF CHANGES IN EQUITY
Amounts in euro (€)

	Consolidated		**Company**	
	31/12/2005	**31/12/2004**	**31/12/2005**	**31/12/2004**
Equity on 1/1/2005	104.336.912	87.403.193	90.212.013	80.853.268
Net profits	11.534.555	15.430.427	10.828.685	13.430.130
	115.871.467	102.833.620	101.040.698	94.283.398
Increase in share capital	884.350	5.392.750		
Dividend payment	(4.189.773)	(3.928.310)	(4.155.000)	(3.878.000)
Income recognised in equity	228.960	431.744	98.227	199.507
Equity on 31/12/2005	112.795.004	104.729.804	96.983.925	90.604.905

CONDENSED CASH FLOW STATEMENT – Amounts in euro (€)

	Consolidated		Company	
	1/1 - 31/12/2005	**1/1 - 31/12/2004**	**1/1 - 31/12/2005**	**1/1 - 31/12/2004**
Operating Activities				
Earnings Before Taxes	18.501.506	25.180.674	16.294.771	21.509.117
Plus/(minus) adjustments for:				
Depreciation and amortisation	3.337.330	2.249.954	2.096.804	1.656.675
Provisions	1.835.799	741.006	1.223.751	643.899
Foreign exchange differences	233.487	108.833	0	0
Results of investment activities	(1.228.052)	(1.969.302)	(1.139.411)	(1.793.516)
Interest & related expenses	3.094.812	2.372.370	1.743.302	1.478.543
Plus changes in Working Capital:				
Decrease/(increase) in inventories	(22.634.622)	(4.290.390)	(721.908)	(1.652.099)
Decrease/(increase) receivables	(19.440.598)	(613.642)	(9.067.604)	353.159
Increase/(decrease) in liabilities	35.419.168	582.878	(1.232.485)	(2.888.564)
Minus:				
Interest and other bank expenses paid	(3.094.812)	(2.372.370)	(1.743.302)	(1.478.543)
Taxes paid	(11.650.450)	(7.463.833)	(9.610.738)	(6.327.603)
Net cash provided by operating activities (a)	4.373.568	14.526.178	(2.156.820)	11.501.068
Investing activities				
Acquisition of subsidiaries & other inv.	269.356	12.802.328	(7.292.421)	8.176.581
Purchase of plant & intangible assets	(21.897.702)	(19.784.557)	(7.894.002)	(7.029.776)
Inflows from sale of tangible and intangible assets	1.666.257	2.316.489	655.789	522.401
Interest received	299.039	690.205	192.414	513.472
Dividends received	147.657	284.273	148.680	287.634
Other inflows from investments (net)	(2.067)	(83.026)	(2.067)	(82.826)
Total inflows (outflows) from investing activities (b)	(19.517.460)	(3.774.288)	(14.191.607)	2.387.486
Financing Activities				
Inflows from increase in capital	830.836	5.199.728		
Loan payments	4.476.535	(3.021.255)	3.460.311	(5.543.832)
Payments of financial leases	11.848.968	(734.054)	11.875.462	(36.147)
Dividends paid	(4.181.680)	(3.808.837)	(4.141.479)	(3.808.837)
Total of inflows (outflows) from financing activities (c)	12.974.659	(2.364.418)	11.194.294	(9.388.816)
Net increase/(decrease) in cash flow (a+b+c)	(2.169.233)	8.387.472	(5.154.133)	4.499.738
Cash at beginning of fiscal year	22.318.597	13.931.125	11.690.156	7.190.418
Cash at end of fiscal year	20.149.364	22.318.597	6.536.023	11.690.156

Additional figures and information

1. The consolidated financial statements include, except from the parent company, Elmec Sport S.A., the following companies:

Company	Registered Offices	Participation Percentage Direct	Indirect	Total
A&A Holdings SA	Luxemburg	61,16%		61,16%
Factory Outlet SA	Greece		60,24%	60,24%
Factory Outlet Airport SA	Greece	99,00%	0,60%	99,60%
Elmec Romania Srl	Romania	100,00%		100,00%
Elmec Sport Bulgaria EOOD	Bulgaria	100,00%		100,00%
Chronosport SA	Greece	50,00%		50,00%
Moustakis SA	Greece	100,00%		100,00%
Elmel E.LTD	Greece	51,00%		51,00%
Attica Department Stores SA	Greece	25,00%	21,07%	46,07%
Ipirotiki SA	Greece	84,29%		84,29%

2. The subsidiary in Bulgaria, "Balkan ES Team Ltd", was renamed to "Elmec Sport Bulgaria EOOD" in September 2005.

3. The company sold the total of its interest in Elmel E. Ltd in November 18th, 2005 to third parties outside the group. Elmel E. Ltd is included in the consolidated financial statements until that date.

4. All the companies of the above table were included in the consolidated financial statements with the method of total consolidation. Factory Outlet Airport SA is consolidated for the first time in the current fiscal year (she was founded in February 2005).

5. In the above figures of the balance sheet of 31.12.2004, an amount of 508.425 € in the consolidated balance sheet and an amount of 449.215 € in the company balance sheet, which represent liabilities for personnel defined benefit plans, was re-allocated from the account "other short term liabilities" to the more suitable account "long term liabilities".

6. Fiscal years for which the companies of the Group have not undergone a regular tax audit have as follows: for Elmec Sport SA and Factory Outlet SA the fiscal years 2004 and 2005, for Attica Department Stores SA and Elmec Romania SRL the fiscal year 2005, for Chronosport SA and Ipirotiki Emporiki Ktimatiki SA the fiscal years from 2003 to 2005, for Moustakis SA the fiscal years from 2002 to 2005, and finally for Elmec Sport Bulgaria EOOD the fiscal years from 2001 to 2005. Factory Outlet Airport has not yet completed its first fiscal year. A&A Holdings SA is not subject to income tax. A regular tax audit of Elmec Sport SA for the fiscal year 2004 is under way. The companies of the Group have formed the necessary allowances for additional taxes to arise from the tax audit for the above fiscal years.

7. There are no pledges on the fixed assets of the Group.

8. The Company has outstanding litigations against the Greek state. The probable effect of them on the financial figures of the Company has been recognised in the above financial statements.

9. The Company employed 674 employees at 31.12.2005, while the whole Group employed 1.556 employees. The relevant figures for 31.12.2004 were 681 and 991 employees.

10. The amounts of sales and purchases of the Company to/from its IAS 24 related parties (basic shareholders, directors of BoD and related companies), come up to, cumulatively from 01.01.2005, 13.909.688 € and 1.448.961 € respectively. The relevant amounts for the Group are 580.353 € and 376.347 €. The balance of the receivables and liabilities of the Company from/to the above parties amounted to 14.115.783 € and 493.777 € respectively at 31/12/2005. The relevant amounts for the Group are 694.203 € and 394.514 €.

11. Attica Department Stores SA was founded in 12.02.2004 and began its commercial activity in 09.04.2005.

12. Ipirotiki Emporiki Ktimatiki SA and Factory Outlet Airport SA had no income from commercial activities neither during the current year nor the previous one.

Glyfada, March 20th, 2006

The Chairperson of the BoD	The Managing Director	The Chief Accountant
Lucy Fais ID X091336	Sam Fais ID X091240	Theodora Kaloplastou ID T542192

9. FINANCIAL STATEMENTS OF 31.12.2005

The present section presents the financial statements of the Company, both the "plain" and the consolidated, for the fiscal year 2005 (1/1 - 31/12/2005), as well as the relevant reports of the Board of Directors and the Auditor.

To the readers' convenience a table of contents is provided:

Report of the Board of Directors

We have the honour to present to you the report of activities of the company Elmec Sport ABETE and its subsidiaries for its 23rd fiscal year, which covers the period from January 1 until December 31, 2005.

Our report examines the following topics that are interconnected:

Operating activities

The Group consists of five distinct business segments. Each one deals with different products and/or categories of customers. These segments are the following:

Department stores

The Group operates from April 2005 "Attica, the department store", the biggest department store in the Greek market that is located at 9 Panepistimiou Street at the centre of Athens and covers an area of 25.000 m^2. In addition, the Group operates since 1999 the discount department store "Factory Outlet" at 76 Piraeus Street in Neo Faliro.

Moreover, there is a second discount department store "Factory Outlet" at the construction process at the commercial park of the International Airport of Athens. In addition, the Group has a reconstruction program in two groups of buildings. The Group reconstructs a privately-owned building of 5000 m^2 at the centre of Bucharest in Romania, as well as the buildings that have accommodated in the past the department store "Minion" at Patision street, at the centre of Athens.

Wholesale of apparel and footwear

This sector deals with the wholesale of apparel and footwear of Nike, Converse, Harley-Davidson, Gas Jeans, Dockers, Replay, Levi's (child) and other brands that the Group trades exclusively in its markets.

Retail sales of apparel and footwear

This sector deals with the operation of the retail chain "exclusive sports", which sells exclusively Nike products and with the operation of mono-brand and multi-brand shops selling casual apparel. In addition this sector deals with the operation of shops selling children's apparel under the brand name "kidz" and with the operation of shops selling exclusively "Women'Secret" underwear.

Gym equipment

This sector deals with sale of gym equipment to gyms training centres etc, in Greece and Romania, with "TechnoGym" machines. The sector also sells exclusively in Greece the “Icon” machines for home use.

Remaining Sectors

The remaining activities of the Group include a variety of products. These are motorcycles and relevant accessories, spare parts and apparel of Harley-Davidson and Buell, Polaris all-terrain vehicles, surveillance systems and other products.

Buildings

The main buildings of the Group are:

- The offices of the Administration of the Company at 96 Vouliagmenis Avenue in Glyfada, where also most of the show rooms is accommodated, which cover a total area 3.255 m^2. The 620 m^2 are privately owned whereby the rest are leased.
- The central warehouse of the Company at 49 Ifestou Street in Koropi, an area of 12.000 m^2, built by the Company in privately owned land and then sold and leased back.
- The privately owned department store Factory Outlet at 76 Piraeus street in N. Faliron, covering an area of 13.000 m^2.
- The department store "Attica”, at 9 Panepistimiou street in Athens, assigned to the Group at the basis of a contract of services, by the trustee company of the Army Pension Fund.
- The privately-owned buildings of roughly 21.000 m^2 in the block encompassed by Patision, Satovriandou, Dorou and Veranzerou streets in the Omonia Square, which used to accommodate the "Minion" department store.
- The privately owned building at the junction of Magheru and Campineanu street in Bucharest, with an area of roughly 5.000 m^2, which is being reconstructed to a modern commercial department store, the first in the Romanian market.
- A building of roughly 13 thousand m^2 in the Commercial Park of International Airport of Athens, in a land assigned on the basis of a long-term convention with "International Airport Athens SA", the construction of which is expected to be completed in 2006, and to house the second Factory Outlet.
- There are more than 110 retail shops in Greece, Romania and Bulgaria, from which the privately owned ones are the shops at 54 Ermou street and at 421 Aharnon street in Athens, at 268 Kifisias Avenue in Psyhikon, as well as three shops in Romania.

Personnel

The personnel of the Group totalled 1.556 employees on 31/12/2005, as opposed to 991 employees on 31/12/2004. This important increase is mainly due to the commencement of operations of "Attica, the department store", which occupies 369 employees paid by the Group, but also due to the expansion of network of shops of retail sales in Greece and Romania.

Market conditions during the fiscal year under examination

Our Group is active today in the following markets:

- Department stores
- Athletic footwear and apparel
- Apparel and footwear of fashion
- Gym equipment
- Motorcycles

With regard to the sector of Department stores, the European tendency of retail concentration and the creation of large spaces that provide the consumer with a wide range of products and services has continued at the examined period. The tendency became obvious in our country during 2005 and is proved by the successful results of large shops in various sectors of trade.

An important positive development is the completion of the large transportation projects that were in progress in Athens during the last five-year period: underground, tram, suburban railway, modern roads. These projects link the centre of city with the neighbour urban regions and contribute to the reinforcement of markets in the centre against the local ones. Equally important is the engagement that the state undertook for the further development of modern transportation means, and particularly the underground network expansion in other regions of Attica.

More generally, in all the markets that the Group is active, with the exception perhaps of Gym equipment market, the conditions of demand were developed positively. As a result, the turnover of department stores and shops of athletic products and casual apparel was increased with a higher growth rate than the GNP's growth rate. With regard to department stores, this tendency is expected to continue, since the market continues to present a small degree of concentration in our country, and there exists a large potential of growth for department stores and multi-store buildings. With regard to in the wider sector of athletic products and casual apparel products, an intense growth rate is expected in Romania and Bulgaria, while for Greece there is same evidence that these markets will be developed roughly with the average rate of increase of the Greek economy.

On the other hand, the overall Greek economy has slowed down at the examined period in relation to the years before 2004. The deficit of national budget has increased; the inflation rate rose, and generally the indices of economy have deteriorated. These facts had a negative impact in the total demand for goods and services.

With regard to the retail activities of the Company in Greece, the appearance of competitive department stores that did not exist in the beginning of examined period is also included in the negative developments.

Finally, with regard to the regulatory framework (labour, market, customs, tax, urban etc.) in which the Group operates, only a few steps have been taken at the examined period in order to alleviate the legal and bureaucratic obstacles that the enterprises of our sector face. Undoubtedly, the extension of the time-schedule of commercial stores was a positive development.

Administrative and financial review of the examined fiscal year

Year 2005 was a year of growth and restructuring for our Group. Sales increased at a rate of 37,3% in relation to 2004 and exceeded 173 million Euros, against 126 million Euros in 2004, which makes our Group one of the largest and most profitable Greek commercial groups.

During the examined period the Group implemented many essential projects for the reinforcement of its position in its basic markets, i.e. the market of department stores, athletic and casual apparel & footwear and gym equipment.

At the same time, it strengthened considerably its retail activities, a strategic objective of the Group since year 2000, but also in view of the interruption of wholesale distribution of products of Nike in Greece and Cyprus from 1st June of 2006.

Succinctly, in 2005 our Group:

- Reconstructed a space of 25 thousand of square metres, in the premises of the Army Pension Fund Building in 9 Panepistimiou street in the supermodern department store "Attica, the department store", the biggest and the most complete department store in the Greek market, which began operating on April 2005.
- Began the construction of a second discount department store under the name "Factory Outlet Airport" in the commercial park of Airport "Eleftherios Venizelos". The new department store will cover an area of roughly 13 thousand m^2.
- Added 32 new points of sale, 19 in Greece, 11 in Romania and 2 in Bulgaria, in its retail chain.
- Began the production of apparel bearing the brand name of Converse and the exclusive distribution of Converse athletic apparel and footwear in Romania and Bulgaria.
- Undertook the exclusive distribution in the Greek market of the collections of underwear of the Spanish brand “Women'Secret” and began the creation of a network of shops selling exclusively these products.
- Acquired the right of exclusive distribution in Romania of the Replay Jeans collections of men and women’s casual apparel.

- Created the bigger and most modern gym in Bucharest, which is equipped with the leading machines of gymnastics of TechnoGym, which the Group represents exclusively in Greece and Romania.

The consolidated financial statements of Elmec Sport for the fiscal year 2005 were drawn-up for the first time according to the International Financial Reporting Standards (IFRS) adopted by the European Union.

The consolidated sales amounted to 2005 in 173,6 million Euros, exhibiting a 37,3% increase versus 2004. The gross profit margin dropped from 52,5% to 45%, mainly as a result of "attica's" operation, which produces a gross profit of roughly 32%, which is considerably lower than the average gross profit of the Group.

The operating expenses (excluding depreciation) for 2005 amounted to 33,9% of the sales against 29,9% in 2004. This rise is attributed to the increased expenses, mainly payroll expenses, to support the Group's new operations, and particularly the 32 new shops, as well as "attica" and the three department stores under construction. More generally, the important increase of the expenses of the Group as a percentage of sales is the result of the restructuring of activities the Group is carrying out and the emphasis given to the growth of retail activities.

The earnings before taxes and minority interest, dropped to 18,5 million Euros, compared to 25,2 million Euros in 2004, mainly because of the aforementioned increase in the expenses.

The income tax payable for the total of companies of the Group for the fiscal year under examination amounts to 5,7 million Euros, which is 30,8% over the earnings before taxes against 8,8 million Euros in 2004, or 34,9% over the earnings before taxes. The total tax, that is the sum of tax payable, deferred tax and additional taxes imposed by tax authorities, amounted to 7 million Euros, against 9,8 million Euros in 2004. Thus, effective tax rate for the examined fiscal year was 37,8% against 38,9% in 2004.

As part of its development program, the Group invested 21,9 million Euros in fixed equipment and software, as opposed to 19,8 million Euros in 2004.

Proposed distribution of profits

The net profit after taxes of the parent Company was 10,8 million Euros in 2005, as opposed to 13,4 million Euros in 2004.

On the basis of commercial legislation, 5% of profits after taxes form a "Regular Reserve", while the remaining profit was credited in the account of retained earnings.

The Board of Directors proposes to the Annual General Meeting of the Shareholders the distribution of a total dividend of 3.601.000 €, that is 0,065 € per share from the profits of the fiscal year under examination.

The proposed dividend implies a payout ratio of 35% of profits (after taxes and mandatory reserves), as opposed to a payout ratio of 32,3% implied by the dividend of 2004.

Risk management

Credit Risk exposure

The credit risk is limited because of the high dispersion of the accounts receivable.

Credit risk management is run by the Credit Department of the Group and includes a detailed control of the financial data of each customer before the credit limit of the customer is established. The credit policy of all the companies of the Group is decided by the Board of Directors of the parent company.

Moreover, the parent company has entered into credit insurance contracts with Euler Hermes and Atradius, which cover part of the credit risk of the major part of customers in Greece and abroad respectively.

Fair value

The amounts presented in the balance sheets of the Group and the parent Company for cash at the banks and at hand, the accounts receivable and the short-term liabilities, approach their relevant fair values because of their short-term expiry.

The fair values of the securities that are publicly traded in the Stock Exchange markets are based on their Stock Exchange prices at the balance sheet date.

The fair values of derivatives are based on market valuation. For all the derivatives, the fair values are confirmed by the financial institutions with which the Group has contracted the relative conventions.

Exchange risk

This risk arises from the fact that the Group purchases a significant part of its merchandise in prices that are expressed in US dollars and sells this merchandise in Greece, Romania and Bulgaria in prices expressed in local currency, and in particular from the fact that these prices are determined roughly 9 months before the Group imports, settles and sells the merchandise in question.

This risk management is run by the Treasury Department of the Group in collaboration with the responsible Commercial Directors. The decision whether and to which degree the Group will cover the exchange risk is taken by the Board of Directors of the parent Company. The commercial Directors take into consideration the foreign exchange risk in determining the prices of the merchandise.

Liquidity Risk

Liquidity risk refers to the probability of the Group failing to meet its current obligations.

A great part of the activities of the Group, and especially those that are related with retail sales, have high positive cash flows, ensuring in this way a satisfactory liquidity for the Group. The activities, however, related with wholesale sales, whose greatest part runs on credit, require the existence of working capital.

The Treasury Department is the one dealing with this risk and generally with ensuring liquidity to the companies of the Group. The management of the Company evaluates the liquidity risk as being low, since: (a) the Group has high positive cash flows from its operating activities, as this is exhibited in the consolidated statement of cash flows, (b) the liquidity ratios are relatively high, (c) the Group uses only a portion of the credit lines provided from the banks, (d) the Group has a relatively low Debt over Equity ratio and generally has a strong finance position and high financial reliability and (e) the continuous increase of the retail sales portion of total consolidated sales strengthens the liquidity of the Group.

Objectives and strategies

The objective of our group is to be at the top of all the sectors in which it develops its activities and to produce satisfactory profits and investment returns for its shareholders.

In particular, the strategic objectives per sector of activity that our Group will aim at in the following years are the following:

Department stores

The first objective of our Group is to support, reinforce and promote "Attica, the department store", the bigger and most complete department store that has ever existed in Greece, with a total surface of 25 thousand square metres, that started its operations in April 2005 and has all the pledges in order to become not only the first store of this type in both sales and profitability, but also a reference point for the department stores in South-eastern Europe and not only.

Second, the introduction of the new discount department store Factory Outlet, which is already in construction process at the commercial park of Athens Airport and covers an area of 13 thousand square metres. Having as basic advantages the easy access, the impressive internal and external architecture, and certainly the variety of branded apparel and footwear, and the low prices, but also all the remaining elements that made the Factory Outlet of Piraeus street so successful, the new Factory Outlet will be loved by all the residents of Attica and not only.

Third, we have the completion of the department store that our group constructs in a privately-owned exceptionally beautiful building, covering a 5.000 m^2 in the most central commercial street of Bucharest, as well as the exploitation of the buildings that accommodated in the past the "Minion” department store at Patision street, which cover a total surface of roughly 21 thousand square metres.

Retail sales network

Our group possesses one of the biggest networks of retail stores in South-eastern Europe with 116 points of sale at the end of 2005.

Our Group intends to increase the stores of the "exclusive sports" chain, which bear the labels of Nike and are spread over Greece, Romania and Bulgaria, from 58 at the end of 2005 to roughly 70 until 2008.

At the same time, it intends to extend the chain of stores that sell branded casual apparel and to create a new chain, of at least 10 points of sale, for the underwear of the brand Women'Secret, of which our Group recently undertook the exclusive distribution of products in Greece.

Commercial portfolio

Up to now the contracted agreements with foreign brands, have already set up a portfolio of collaborations that is developed in six main directions:

- athletic apparel and footwear
- casual apparel and footwear
- children apparel
- "super-trendy" ladies wear
- gym equipment
- surveillance systems

With its 25-year experience, its reliable network of customers, its powerful capital structure, its commercial and financing reliability, and its network of 110 points of retail sales and a total area of retail sale (in operation or under construction) that exceeds 90 thousand m^2, the Group negotiates to undertake the representation and distribution of other brands in the countries that it operates.

The Management of the Group will emphasize and pursue the authorisation of production of branded collections of apparel, as recently the Converse, since these agreements ensure to the Group high gross margins and operating profits.

The Group creates and will continue to create exclusive corners inside the department stores for the promotion of its apparel collections. Moreover, it creates modern show rooms where the customers may experience all the collections of the Group in a single visit.

Conclusion

As it was announced last year, the Group began applying at the examined fiscal year an integrated restructuring schedule, which includes, among others, new activities, mostly in the retail sector, upgrade of computer systems and personnel transfers.

The completion of this program will ensure long-term growth and profitability for the Group.

Athens, March 20, 2006

President of the Board of Directors	Managing Director
Lucy Fais Identification Number X 091336	Sam Fais Identification Number X 091240

Statutory Auditors' Report

To the Shareholders of «ELMEC SPORT S.A.»

We have audited the accompanying financial statements as well as the consolidated financial statements of «ELMEC SPORT S.A.» as of and for the year ended 31 December 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Greek Auditing Standards, which are based on the International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, evaluating the overall financial statement presentation as well as assessing the consistency of the Board of Directors' report with the aforementioned financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of the Company and that of the Group (of which this Company is the holding company), as of 31 December 2005, and of the results of its operations and those of the Group and their cash flows and changes in shareholders' equity of the Company and the Group for the year then ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union and the Board of Directors' Report is consistent with the aforementioned financial statements.

Athens, 30 March 2006
The Certified Auditor Accountant

Gregory El. Koutras
S.O.E.L. Registration Number 13601
BKR PROTYPOS ELEGKTIKI S.A.
Certified Auditors – Accountants – Business Consultants
Independent Member of BKR International

Consolidated Income Statement

	Note	1/1 – 31/12/2005	1/1 - 31/12/2004
Revenues		173.564.644	126.380.219
Cost of sales	5	(95.460.027)	(59.938.585)
Gross Profit		**78.104.617**	**66.441.634**
Other operating Income	7	6.056.385	967.436
Administrative Expenses	6,36	(8.800.173)	(6.502.846)
Distribution Expenses	6,36	(49.969.390)	(31.229.707)
Other Operating Expenses	8	(1.645.766)	(825.765)
EBITDA		**23.745.673**	**28.850.752**
Depreciation	6	(3.337.330)	(2.249.954)
EBIT		**20.408.343**	**26.600.798**
Financial Income	9	2.321.959	3.806.300
Financial Expenses	9	(4.228.796)	(5.226.424)
EBT		**18.501.506**	**25.180.674**
Income Tax Expense	11	(6.966.951)	(9.750.247)
Net Earnings		**11.534.555**	**15.430.427**
Equity holders interest		10.125.883	14.893.271
Minority interest	32	1.408.672	537.156
		11.534.555	**15.430.427**
Basic Earnings Per Share	12	0,18	0,27

The Notes in pages 58 to 121 form an integral part of these financial statements

Income Statement of the Company

	Note	1/1 – 31/12/2005	1/1 - 31/12/2004
Revenues		114.659.536	111.592.381
Cost of sales	5	(61.913.960)	(55.992.332)
Gross Profit		**52.745.576**	**55.600.049**
Other Operating Income	7	982.834	763.235
Administrative Expenses	6,36	(4.593.103)	(4.476.871)
Distribution Expenses	6,36	(29.874.355)	(27.401.075)
Other Operating Expenses	8	(248.361)	(409.442)
EBITDA		**19.012.591**	**24.075.896**
Depreciation	6	(2.096.804)	(1.656.675)
EBIT		**16.915.787**	**22.419.221**
Financial Income	9	2.102.432	3.412.017
Financial Expenses	9	(2.723.448)	(4.322.121)
EBT		**16.294.771**	**21.509.117**
Income Tax Expense	11	(5.466.086)	(8.078.987)
Net Earnings		**10.828.685**	**13.430.130**
Basic Earnings Per Share	12	0,20	0,24

The Notes in pages 58 to 121 form an integral part of these financial statements

Consolidated Balance Sheet

ASSETS	Note	31/12/2005	31/12/2004
Fixed assets			
Tangible assets	13	88.165.452	72.268.177
Intangible assets	15	2.393.026	1.593.309
Goodwill	14	10.502.554	10.502.554
Investments available for sale	26	570.537	515.704
Deferred tax assets	11	631.461	496.707
Other long-term receivables	16	762.728	579.329
		103.025.758	85.955.780
Current assets			
Inventories	17	52.300.417	29.665.795
Trade and other receivables	18	75.068.217	57.097.058
Investments at fair value through profit & loss	27	3.158.966	3.157.999
Derivatives	28	75.003	
Cash & cash equivalents	19	20.149.364	22.318.597
		150.751.967	112.239.449
TOTAL ASSETS		**253.777.725**	**198.195.229**

EQUITY AND LIABILITIES	Note	31/12/2005	31/12/2004
Equity			
Issued capital	29	33.240.000	33.240.000
Share premium (Capital issued above par)		11.730	11.730
Reserves	30	17.537.387	16.191.052
Foreign exchange translation differences	31	(497.239)	(677.446)
Retained earnings		43.886.264	39.033.822
Proposed dividend	33	3.601.000	4.155.000
		97.779.142	91.954.158
Minority interests	32	15.015.862	12.775.646
		112.795.004	104.729.804
Non-current liabilities			
Loans and financial leases	20	24.351.727	13.148.323
Employee defined benefit plans	36,23	722.602	508.425
Deferred taxes	11	997.828	299.418
Provisions for additional taxes	11	441.800	
		26.513.957	13.956.166
Current liabilities			
Trade and other payables	21	59.715.136	24.627.936
Current tax liabilities	11	5.611.652	11.375.821
Loans and financial leases	20	46.096.876	40.974.777
Provisions for extraordinary expenses and risks	22	3.045.100	2.530.725
		114.468.764	79.509.259
TOTAL EQUITY AND LIABILITIES		**253.777.725**	**198.195.229**

The Notes in pages 58 to 121 form an integral part of these financial statements

Balance Sheet of the Company

ASSETS	**Note**	**31/12/2005**	**31/12/2004**
Fixed assets			
Tangible assets	13	27.614.209	23.221.134
Intangible assets	15	2.043.372	1.278.513
Investments in associates	24,25	44.488.432	36.806.011
Investments available for sale	26	486.795	486.795
Other long-term receivables	16	517.601	445.158
		75.150.409	62.237.611
Current assets			
Inventories	17	24.236.922	23.515.014
Trade and other receivables	18	64.913.332	57.100.417
Investments at fair value through profit & loss	27	3.158.966	3.157.999
Derivatives	28	75.003	
Cash & cash equivalents	19	6.536.023	11.690.156
		98.920.246	95.463.586
TOTAL ASSETS		**174.070.655**	**157.701.197**

EQUITY AND LIABILITIES		**31/12/2005**	**31/12/2004**
Equity			
Issued capital	29	33.240.000	33.240.000
Share premium (Capital issued above par)		11.730	11.730
Reserves	30	15.764.204	15.463.556
Retained earnings		44.366.991	37.734.619
Proposed dividend	33	3.601.000	4.155.000
		96.983.925	90.604.905
Non-current liabilities			
Loans and financial leases	20	11.817.330	551.343
Employee defined benefit plans	36,23	565.719	449.215
Deferred taxes	11	641.113	177.721
Provisions for additional taxes	11	400.000	
		13.424.162	1.178.279
Current liabilities			
Trade and other payables	21	17.159.499	18.378.463
Current tax liabilities	11	3.965.809	9.072.076
Loans and financial leases	20	40.006.535	35.936.749
Provisions for extraordinary expenses and risks	22	2.530.725	2.530.725
		63.662.568	65.918.013
TOTAL EQUITY AND LIABILITIES		**174.070.655**	**157.701.197**

The Notes in pages 58 to 121 form an integral part of these financial statements

Consolidated Statement of Changes in Equity

	Note	Share Capital	Share Premium	Reserves	FX Differences	Retained Earnings	Minority Interest	Total
Equity on 31/12/2003		33.240.000	11.730	6.976.498	(758.471)	25.574.331	3.997.029	69.041.117
IFRS Adjustments	34			7.256.530		8.245.362	2.860.184	18.362.076
Equity on 1/1/2004		33.240.000	11.730	14.233.028	(758.471)	33.819.693	6.857.213	87.403.193
Deferred taxes recognised in equity	11					401.293	132.423	533.716
Capital issue expenses	24					(99.436)	(93.586)	(193.022)
Foreign exchange translation differences					81.025	27.808		108.833
Other Income/(Expenses) recognised in equity						(17.783)		(17.783)
Total Profits/(Losses) recognised in equity					81.025	311.882	38.837	431.744
Net earnings				1.819.717		13.073.554	537.156	15.430.427
Total Profits/(Loss) of fiscal year				1.819.717	81.025	13.385.436	575.993	15.862.171
Capital issue	24						5.392.750	5.392.750
Reserves	30			138.307		(138.307)		
Dividend payment						(3.878.000)	(50.310)	(3.928.310)
Equity on 31/12/2004		33.240.000	11.730	16.191.052	(677.446)	43.188.822	12.775.646	104.729.804
Adoption of IAS 32 and IAS 39	28					(392.892)		(392.892)
Equity on 1/1/2005		33.240.000	11.730	16.191.052	(677.446)	42.795.930	12.775.646	104.336.912
Deferred taxes recognised in equity	11					99.596	(8.171)	91.425
Capital issue expenses	24					(85.664)	(9.862)	(95.526)
Foreign exchange translation differences				4.120	180.207	49.163		233.490
Other Income/(Expenses) recognised in equity						(429)		(429)
Total Profits/(Losses) recognised in equity				4.120	180.207	62.666	(18.033)	228.960
Net earnings				623.630		9.502.253	1.408.672	11.534.555
Total Profits/(Loss) of fiscal year				627.750	180.207	9.564.919	1.390.639	11.763.515
Capital issue	24						884.350	884.350
Reserves	30			959.372		(959.372)		
Reserves dissolution & transfer to retained earnings	30			(240.787)		240.787		
Dividend payment	33					(4.155.000)	(34.773)	(4.189.773)
Equity on 31/12/2005		33.240.000	11.730	17.537.387	(497.239)	47.487.264	15.015.862	112.795.004

The Notes in pages 58 to 121 form an integral part of these financial statements

Statement of Changes in Equity of the Company

	Note	Share Capital	Paid-in Capital	Reserves	Retained Earnings	Total
Equity on 31/12/2003		33.240.000	11.730	13.818.522	24.004.761	71.075.013
IFRS Adjustments	34				9.778.255	9.778.255
Equity on 1/1/2004		33.240.000	11.730	13.818.522	33.783.016	80.853.268
Deferred taxes recognised in equity	11				199.507	199.507
Total Profits/(loss) recognised in equity					199.507	199.507
Net earnings				1.645.034	11.785.096	13.430.130
Total Profits				1.645.034	11.984.603	13.629.637
Dividend payment					(3.878.000)	(3.878.000)
Equity 31/12/2004		33.240.000	11.730	15.463.556	41.889.619	90.604.905
Adoption of IAS 32 and IAS 39	28				(392.892)	(392.892)
Equity 1/1/2005		33.240.000	11.730	15.463.556	41.496.727	90.212.013
Deferred taxes recognised in equity	11				98.227	98.227
Total Profits/(loss) recognised in equity					98.227	98.227
Net earnings				541.435	10.287.250	10.828.685
Total Profits				541.435	10.385.477	10.926.912
Reserves dissolution and transfer to retained earnings	30			(240.787)	240.787	
Dividend payment	33				(4.155.000)	(4.155.000)
Equity 31/12/2005		33.240.000	11.730	15.764.204	47.967.991	96.983.925

The Notes in pages 58 to 121 form an integral part of these financial statements

Consolidated Cash Flow Statement

	1/1 – 31/12/2005	1/1 - 31/12/2004
Operating Activities		
Earnings Before Taxes	18.501.506	25.180.674
Plus Adjustments for:		
Depreciation and Amortization:	3.337.330	2.249.954
Provisions	1.835.799	741.006
Asset Impairment Loss	31.415	302.749
Financial Expenses	3.096.879	2.455.396
Loss on Sale of fixed Assets	95.135	70.357
Divestitures Loss	600	60.621
Foreign Exchange Differences	233.487	108.833
Less Adjustments for:		
Assets Impairments	(789.801)	(17.782)
Financial Income	(446.696)	(974.478)
Gain on Sale of fixed Assets	(63.708)	(148.427)
Divestitures Gain	(57.064)	(1.345.368)
Plus changes in Working Capital:		
Decrease (Increase) in Inventories	(22.634.622)	(4.290.390)
Decrease (Increase) in Receivables	(19.440.598)	(613.642)
Increase (Decrease) in liabilities (Except Loans-Debt)	35.419.168	582.878
Less:		
Interest and other bank expenses paid	(3.094.812)	(2.372.370)
Taxes Paid	(11.650.450)	(7.463.833)
Net cash provided by operating activities	4.373.568	14.526.178

The Notes in pages 58 to 121 form an integral part of these financial statements

	1/1 - 31/12/2005	1/1 - 31/12/2004
Investing Activities		
Proceeds from Sale of Investments	350.604	12.802.328
Proceeds from Sale of plant assets	1.666.257	2.316.489
Interest Received	299.039	690.205
Dividends Received	147.657	284.273
Other investment inflows (Net)	(2.067)	(83.026)
Less:		
Acquisition of Subsidiaries	(81.248)	
Purchases of plant assets	(20.836.982)	(19.375.186)
Purchases of intangible assets	(1.060.720)	(409.371)
Net cash used in investing activities	(19.517.460)	(3.774.288)
Financing Activities		
Plus or Less:		
Increase (Decrease) in borrowings	4.476.535	(3.021.255)
Increase (Decrease) in minority interest	926.362	5.392.750
Costs for new share issues	(95.526)	(193.022)
Increase/(Decrease) in financial leases	11.848.968	(734.054)
Dividends Paid	(4.181.680)	(3.808.837)
Net cash provided by financing activities	12.974.659	(2.364.418)
Cash and cash equivalents at beginning of fiscal year	22.318.597	13.931.125
Plus: Net Increase (Decrease) of cash and equivalents	(2.169.233)	8.387.472
Cash and Cash Equivalents at end of fiscal year	20.149.364	22.318.597

The Notes in pages 58 to 121 form an integral part of these financial statements

Cash Flow Statement of the Company

	1/1 - 31/12/2005	1/1 - 31/12/2004
Operating Activities		
Earning before Taxes	16.294.771	21.509.117
Plus Adjustments for:		
Depreciation and Amortization	2.096.804	1.656.675
Provisions	1.223.751	643.899
Asset Impairment Loss	5.000	302.749
Financial Expenses	1.745.369	1.561.369
Loss on Sale of fixed Assets	47.034	57.126
Divestitures Loss	600	57.116
Less Adjustments for:		
Assets Impairments	(789.459)	
Financial Income	(341.094)	(801.106)
Gain on Sale of fixed Assets	(63.559)	(147.471)
Divestitures Gain		(1.344.756)
Plus changes in Working Capital:		
Decrease (Increase) Inventories	(721.908)	(1.652.099)
Decrease (Increase) Receivables	(9.067.604)	353.159
Increase (Decrease) liabilities (Except Loans-Debt)	(1.232.485)	(2.888.564)
Less:		
Interest and other bank expenses paid	(1.743.302)	(1.478.543)
Tax Paid	(9.610.738)	(6.327.603)
Net cash provided by operating activities	(2.156.820)	11.501.068

The Notes in pages 58 to 121 form an integral part of these financial statements

	1/1 - 31/12/2005	1/1 - 31/12/2004
Investing Activities		
Proceeds from Sales of Investments	481.800	12.783.833
Proceeds from Sale of plant assets	655.789	522.401
Interest Received	192.414	513.472
Dividends Received	148.680	287.634
Other investment inflows (Net)	(2.067)	(82.826)
Less:		
Acquisition of Subsidiaries	(7.774.221)	(4.607.252)
Purchases of plant assets	(6.900.533)	(6.908.565)
Purchases of Intangible assets	(993.469)	(121.211)
Net cash used in investing activities	(14.191.607)	2.387.486
Financing Activities		
Plus or Less:		
Increase (Decrease) long-term borrowings (Not overdrafts)	3.460.311	(5.543.832)
Increase/(Decrease) financial leases	11.875.462	(36.147)
Dividends paid	(4.141.479)	(3.808.837)
Net cash provided by financing activities	11.194.294	(9.388.816)
Cash and cash equivalents at beginning of fiscal year	11.690.156	7.190.418
Plus: Net Increase (Decrease) of cash and equivalents	(5.154.133)	4.499.738
Cash and Cash Equivalents at end of fiscal year	6.536.023	11.690.156

The Notes in pages 58 to 121 form an integral part of these financial statements

1. Description of the company

Elmec Sport S.A (from now on the "Company") was founded in 1981 (Official Journal Of The Hellenic Republic 3801/19-10-1981) and her duration was set to 100 years. It is a Societe Anonyme that operates under the Greek legislation. Its full name is "Elmec Sport S.A Industrial Commercial and Technical ". It is registered with Ministry of Commerce under the number 6357/06/B/86/59. Its Headquarters are located in the Municipality of Glyfada Attica, in 96 Vouliagmenis Avenue.

Elmec Sport S.A is the parent company of a group of enterprises active in the countries of South-eastern Europe, and more specifically in Greece, Cyprus, Romania and Bulgaria.

The Company is listed in the Athens Stock Exchange since 1991 and its stock included in the EPSI -50 Index.

The attached financial statements include the corporate ("plain") financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (henceforth the "Group").

1.1. Activities

The Group is separated in five big sectors of activities (segments), each one of which deals with different products and/or categories of customers. These sectors are the following:

1.1.1. Department Stores

The Group operates from April 2005 on "Attica, the department store", the largest department store in the Greek market, which covers 25.000 square metres at 9 Panepistimiou Street, in the centre of Athens. In addition, the Group operates the discount department store "Factory Outlet" at 76 Piraeus Street in Neo Faliron, since 1999.

Moreover, there is a second discount department store "Factory Outlet" at the construction process at the commercial park of International Airport of Athens, but also the Group has a reconstruction program in two groups of buildings, a privately-owned building of 5 thousands of m^2 at the centre of Bucharest in Romania, and finally the buildings that have accommodated in the past the department stores "Minion" at Patision street, at the centre of Athens.

1.1.2. Wholesale of apparel and footwear

This sector deals with the wholesale of apparel and footwear Nike, Converse, Harley-Davidson, Gas Jeans, Dockers, Replay, Levi's (child) and other brands that the Group trades at exclusivity in the markets of its activation.

1.1.3. Retail sales of apparel and footwear

This sector deals with the operation of the retail chain "exclusive sports", which sells exclusively Nike products and with the operation of mono-brand and multi-brand shops of casual apparel. In addition this sector deals with the operation of shops of children's apparel with the brand name "kidz" and with the operation of shops of exclusive sale of underwear "Women'Secret".

1.1.4. Gym equipment

This sector supplies gyms, training centres etc, in Greece and Romania, with the Gym equipment "TechnoGym". The sector also distributes exclusively in Greece the Gym equipment “Icon” for home use.

1.1.5. Remaining sectors

The remaining activities of the Group include a variety of products. These are the sales of motorcycles and relevant accessories, spare parts and apparel of Harley-Davidson and Buell, the sales of Polaris all-terrain vehicle, the sales of area-surveillance systems and other activities.

1.2. Publicity

The web page of the Company is to be found at the address www.elmec.gr. The financial statements of the Company are published in the above-mentioned web page and are available for at least two years after their publication. A short summary of the financial statements is published in the daily press, according to the current legislation.

1.3. Approval of financial statements

The Board of Directors of the Company approved the attached financial statements at its meeting on Monday of March 20, 2006.

2. Basis of preparation

The attached financial statements of the Group and of the Parent Company (from now on referred as “financial statements") are reported for the 23rd fiscal year, which covers the period from 1st of January 2005 until 31st of December 2005.

The financial statements have been prepared in accordance with the International Accounting Standards (from now on referred as "IAS") and the International Financial Reporting Standards (from now on referred as "IFRS") that have been approved by the European Union. The first are based on the principal of historical cost, with the exception of the available for sale financial assets that are valued at market value, the investments that are valued at fair value through income statements and the derivatives financial instruments.

As it is further described in the next section, the attached financial statements are the first to be prepared according to the IFRS and IFRS 1 has been applied "First Application of International Financial Reporting Standards" with date of transition the 1st of January 2004.

A summary table with the changes applied in the equity at January 1, 2004 and December 31, 2004, as well as in the results of the fiscal year 1/1 - 31/12/2004, resulting from the application of IFRS, is mentioned in note 34.

2.1. First Application of the IFRS

On the basis of the European Legislation 1606/2002 and based on the Law 3229/04 (as it was modified by the Law 3301/04) the Greek companies that have been publicly traded in any Exchange market (local or foreign) are obliged to prepare their institutional financial statements, for the fiscal years that begin from 1st January 2005 and onwards, according to the IFRS. According to IFRS 1 and the aforementioned Greek legislation, the companies mentioned above are obliged to present comparative financial statements according to the IFRS, for at least one fiscal year.

Consequently, the date of transition of the Company in the IFRS is January 1, 2004. The first complete financial statements of the Company based on the IFRS are attached and relate to the fiscal year from January 1 until December 31, 2005. The comparative elements in the attached financial statements relate to the fiscal year from January 1 until December 31, 2004.

The Company applied IFRS 1 " First-time Adoption of International Financial Reporting Standards" in the preparation of attached financial statements. Based on the corresponding provisions of IFRS 1, the following exceptions were adopted:

- The Company decided not to apply retroactively IFRS 3 " Business Combinations" for the mergers of companies that were made prior to the date of transition in the IFRS (January 1, 2004).
- The Company restated its previous consolidated financial statements to include the subsidiary company "Ipirotiki S.A", which had not been included previously because it had not commenced activities.

Accordingly, and based on IFRS 1 in regard to the previous mergers of companies the Company:

i. Maintained the same classification as in the previous financial statements based on Greek Accounting Standards,

ii. Recognized all the receivables and the obligations at the date of transition to the IFRS, that were acquired or incorporated in the merger of companies except for:

- Specific financial assets and financing liabilities that had not been recognized according to Greek Accounting Standards, and
- Elements of assets, including the goodwill, and liabilities that had not been recognized in the consolidated balance-sheet of the Company based on

Greek Accounting Standards and that also do not fulfil the criteria of recognition according to the IFRS in the standalone balance-sheet of the target company.

iii. It excluded from the first consolidated balance-sheet based on the IFRS, each element that was recognized according to Greek Accounting Standards and which did not fulfil the criteria of recognition as element of asset or Equity/ liability based on the IFRS.

At the date of transition to the IFRS, the Company realized impairment audits, according to the provisions of IAS 36 "Impairment of Assets", to the premium that is represented in the financial statements of December 31, 2003 that had been set up based on the Greek Accounting Standards. There were no impairment losses. However, an additional affiliated company was incorporated in the consolidated financial statements altering the total sum of premium already reported. The above impairment audit was based on the conditions that existed at the date of transitions to the IFRS.

- With regard to the provision of Employee Benefits at retirement (Pension Benefits), the total of accumulated actuarial losses and profits were recognized at the date of transition in the IFRS, while for the proportional losses and profits that resulted in 2004, the method of margin ("corridor approach") was used. This exception was used for all the relative programs that existed at the date of transition.
- The estimates of the Company based on the IFRS at the date of transition to the IFRS were in accordance with the estimates that were based on the Greek Accounting Standards (after any adjustments for the presentation of differences in the accountant principles), unless there existed explicit evidence that these estimates were wrong.

2.2. Newly-issued accounting standards and interpretations (SIC)

The Company, according to IAS 39 requirements, applied IAS 32 "Financial Instruments: Disclosure and Presentation" (revised in 2003) and IAS 39 "Financial Instruments: Recognition and Measurement" (revised in 2003) by January 1, 2005.

On December 18, 2003 some revisions were published that concerned the following:

- IAS 1 "Presentation of Financial Statements",
- IAS 2 "Inventories",
- IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors ",
- IAS 10 "Events After the Balance Sheet Date",
- IAS 16 "Property Plant and Equipment",
- IAS 17 "Leases",
- IAS 21 "The effects of changes in Foreign Exchange Rates",
- IAS 24 "Related Party Disclosures",
- IAS 27 "Consolidated and Separate Financial Statements",
- IAS 28 "Investments in Associates",
- IAS 31 "Interests In Joint Ventures",

- IAS 33 "Earnings Per Share",
- IAS 40 "Investment Property".

The date of application of all the revised standards is the January 1, 2005. The revised standards also replace the following interpretations that are withdrawn:

- SIC 1 "Consistency – Different Cost Formulas for Inventories ",
- SIC 2 "Consistency – Capitalization of Borrowing Costs",
- SIC 3 "Elimination of Unrealized Profits and Losses on Transactions with Associates",
- SIC 5 "Classification of Financial Instruments - Contingent Settlement Provisions",
- SIC 6 "Costs of Modifying Existing Software",
- SIC 11 "Foreign Exchange – Capitalization of Losses Resulting from Severe Currency Devaluations"
- SIC 14 "Property, Plant and Equipment – Compensation for the Impairment or Loss of Items"
- SIC 16 "Share Capital – Reacquired Own Equity Instruments (Treasury Shares)",
- SIC 17 "Equity – Costs of an Equity Transaction",
- SIC 18 "Consistency – Alternative Methods",
- SIC 19 "Reporting Currency – Measurement and Presentation of Financial Statements under IAS 21 and IAS 29",
- SIC 20 "Equity Accounting Method – Recognition of Losses",
- SIC 23 "Property, Plant and Equipment – Major Inspection or Overhaul Costs",
- SIC 24 "Earnings Per Share – Financial Instruments that May Be Settled in Shares",
- SIC 30 "Reporting Currency – Translation from Measurement Currency to Presentation Currency" and
- SIC 33 "Consolidation and Equity Method – Potential Voting Rights and Allocation of Ownership Interests".

IFRS 2 " Share-based Payment" (that also replaced specific requirements of notifications of IAS 19 " Employee Benefits") was published on the 19th of February 2004. IFRS 2 is in effect for Annual Reports that begin from 1st of January 2005.

On March 31, 2004 IFRS 3 " Business Combinations" was published (that replaced IAS 22 " Business Combinations"), IFRS 4 "Insurance Contracts" and IFRS 5 " Non-current Assets Held for Sale and Discontinued Operations" (that replaced IAS 35 " Discontinuing Operations"). On March 31, 2004 revisions of IAS 36 "Impairment of Asset" and IAS 38 "Intangible Assets" were also published and in both cases related with IFRS 3. IFRS 3 was applied in all the mergers of companies that were held by March 31, 2004 and later. Special transitory provisions have application in the previously recognized Goodwill, in the negative Goodwill, in the intangible assets and investments that are estimated with the method of net Financial Position. IFRS 5 should be applied in annual financial statements that cover periods that begin from January 1, 2005 and later. Previous application is allowed, provided that the essential information on the application of the standard was received the moment where the relative mergers of companies initially were estimated. Revised IAS 36 and IAS 38 should be applied for annual periods that begin at or after March 31, 2004 (or the date of adoption of IFRS 3 for the Goodwill and the intangible assets that were acquired in a merger of companies).

According to IFRS 1, all the revised or newly issued standards that were mentioned above were used for the preparation of the attached financial statements, for both the accounts of fiscal year 2005, and the accounts of the fiscal year 2004 and transition balance-sheet (1st of January 2004).

2.3. Use of estimates

The preparation of the financial statements according to the IFRS requires that the management makes estimates and assumptions that influence the level of assets, equity and liabilities, the level of potential receivables and liabilities at the date of financial statements, as well as the amount of income and expenses during the fiscal year. The actual results could probably differ from these estimates.

3. Significant accounting policies

The main accounting policies that were adopted at the preparation of the attached financial statements are the following:

3.1. Basis of consolidation

The attached consolidated financial statements include the financial statements of the Company as well as all of its controlling subsidiaries. The control exists when the Company through direct or indirect possession maintains the voting majority or has the power of exercising control in the Board of Directors of subsidiary companies. The subsidiary companies are consolidated by the date that the essential control is transferred to the Group and they cease their consolidation by the day at which this control ceases to exist.

The consolidated financial statements include the financial statements of the subsidiary company "Attica Department Stores SA", in which the parent company, even if it directly possesses less than 50% of the voting rights, it exercises the control in combination with the rights of vote that it possesses in "Attica Department Stores SA" the completely controlled affiliated company "Ipirotiki SA".

All the intra-group transactions and their respective balances have been eliminated in the attached consolidated financial statements. Wherever it was required, the accounting policies of the subsidiary companies have been modified in order to ensure the consistency with the accounting policies adopted by the Group.

The following table presents the consolidated subsidiary companies with the relative percentages of Group and the registered office of each subsidiary:

Company	Registered Offices	Participation Percentage		
		Direct	Indirect	Total
A&A Holdings SA	Luxemburg	61,16%		61,16%
Factory Outlet SA	Greece		60,24%	60,24%
Factory Outlet Airport SA	Greece	99,00%	0,60%	99,60%
Elmec Romania Srl	Rumania	100,00%		100,00%
Elmec Sport Bulgaria EOOD*	Bulgaria	100,00%		100,00%
Chronosport SA	Greece	50,00%		50,00%
Moustakis SA	Greece	100,00%		100,00%
Elmel E.LTD	Greece	51,00%		51,00%
Attica Department Stores SA	Greece	25,00%	21,07%	46,07%
Ipirotiki SA	Greece	84,29%		84,29%

* *former Balkan ES Team Ltd*

The examined fiscal year of Attica Department Stores SA lasts over twelve months (12/2/2004 - 31/12/2005). The income of the company that relates to the period 12/2 - 31/12/2004 has been included in the consolidated income of fiscal year 2004, while the results of period 1/1 - 31/12/2005 have been included in the consolidated income of fiscal year 2005.

The current fiscal year of Factory Outlet Airport SA lasts over twelve months (9/2/2005 - 31/12/2006). The income of the company that relates to the period 9/2 - 31/12/2005 has been included in the consolidated income of fiscal year 2005, while the results of period 1/1 - 31/12/2006 will be included in the consolidated income of fiscal year 2006.

The Company sold the total of shares that it possessed in Elmel E.LTD to third parties, that are not members of the Group, on November 18, 2005. Elmel E.LTD participates in the attached consolidated financial statements only up to its date of sale (Note 25)

3.2. Participations in subsidiaries

In the financial statements of the parent company, the holding of the parent company in its consolidated subsidiaries is valued at historical cost minus any probable accumulated impairment losses.

3.3. Participations in associates

The participation of the Group in other companies in which the Company exercises significant control is estimated with the method of net financial position. Based on this method, the participation in the associate is recorded at the historical cost plus the change in the percentage of Group in their net financial position after the initial date of acquisition, minus any provision for impairment loss. The consolidated income statement includes the proportion of the Group in the income of the associate.

In the financial statements of the parent company, the participations of the parent Company in its associates are valued at historical cost minus any probable accumulated impairment losses.

In the attached financial statements there are no participations in associate companies. Although the Group possesses more than 20% of the equity of the companies Concept One SA, Internet Store SA, Evenis SA and Petros Stathis EEE, yet, does not exercise significance influence in these companies, because of the presence of other shareholders who control them.

3.4. Other investments

Other investments consist of holdings in companies in which the Group neither exercises control nor influences significantly their activities. They are initially recorder at historical cost, which reflects the fair value of price including the direct expenses that are related to the purchase of investment.

The "other investments", that is to say the investments minus the participations in subsidiaries, affiliated and joint ventures, are categorized and valued based on IAS 32 and IAS 39 that the Group of Companies applies from January 1, 2005, as it is reported in more detail in the unit 3.24.2.

3.5. Foreign currency

The currency of operation and presentation of the Company and its Greek subsidiary companies is the Euro (€). Transactions in other currencies are translated in Euros at the foreign exchange rate ruling at the date of the transactions. At the date of preparation of the financial statements, the monetary elements of assets, equity and liabilities expressed in foreign currencies are adjusted so that they reflect the current foreign exchange rates.

Foreign exchange differences arising from translating monetary assets and liabilities are reported in the income statement. The gains or losses resulting from transactions are also reported in the attached income statements.

The functional currency of foreign subsidiaries is the official currency of the country where each one operates. Consequently, in each date of financial statements all the balance-sheet accounts of these companies are translated in Euros at the foreign exchange rate ruling at the financial statements date. Revenues and expenses are translated using a weighted average exchange rate ruling at the duration of the period the financial statements are referred to.

3.6. Intangible Assets

Intangible assets are composed mainly by the acquisition cost at historical values and the upgrade of software programs, the pre-paid rights for the long-term use of real estate and brand licences. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives, which are seven years for software, twelve years for the brands and the duration of the leasing contract for the leasing rights.

3.7. Revenue

Revenue from the sale of goods is recognized up to the point where the relevant cash inflows are probable and can be reliably measured. The following criteria should also be satisfied for the recognition of revenue.

<u>Goods Sold</u>

The revenue from the sale of goods, after the subtraction of revenue discounts, sales' commissions and the corresponding VAT, is recognized when the significant risks & rewards of ownership have been transferred to the buyer.

<u>Interest</u>

Interest income is recognised on an accrual basis.

3.8. Property, Plant and Equipment

The Fixed Assets of the Company are stated at historical cost minus the accumulated depreciation and their probable impairment loss.

The repairs and maintenance costs are expensed in the fiscal year they are realised. Significant improvements are capitalized at cost provided that they increase the useful life, increase the production capacity or they improve the efficiency of the corresponding asset.

Property, plant and equipment are written off at their sale or their withdrawal, as well as when they are not expected to produce further economic benefits. The resulting gain or the loss from a write-off is included in the income statement.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each fixed asset.

The relevant percentages that were used and derived by the estimated useful lives of fixed assets are the following:

Buildings	2%
Equipment-Machines	4%
Transportation	7% - 10%
Furniture & other Equipment	10% - 33%

3.9. Goodwill

As it is more analytically described in Notes 2 and 14, Goodwill that resulted from the mergers of companies before the date of transition to the IFRS was estimated based on the provisions of IFRS 1 "First Application of IFRS". Goodwill in the acquisitions was initially recorded at cost, that is the positive difference between the acquisition cost and the fair value of assets, equity and liabilities and potential obligations of the target company. After the initial record, Goodwill is stated at cost minus any probable accumulated impairment losses. Goodwill from acquisitions after March 31, 2004 is not amortised and Goodwill that is already stated in the consolidated balance sheets is not amortised after January 1, 2004. Goodwill is tested annually or more often if any events or changes in the conditions imply that the accounting value might have been impaired.

On the acquisition date, the acquired Goodwill is allocated to the cash generating units expected to gain from the synergies resulting from the merger.

Impairment loss is determined by the estimation of the recoverable amount of the cash generating units related to the goodwill. When the recoverable amount realizable of the cash generating units that include goodwill is taken into consideration upon determining the gains or losses resulting from this sale. The value of this Goodwill is determined by the relevant value of the operation under sale and the remaining part of the cash flow generating units.

3.10. Impairment

With the exception of Goodwill and intangibles assets with indefinite useful life, that are revised at least annually to determine whether there is any indication of impairment, the accounting values of other long-term assets are revised for impairment loss when events or changes in the conditions imply that the accounting value can not be recovered. When the accounting value exceeds the recoverable value, a corresponding impairment loss is recorded in the income statement. The recoverable value is determined as the higher value of the net value of sale and the value of use. Net value of sale of an asset is the attainable amount from the sale resulting from a transaction, where all relevant information is available to the parties involved and willingly enter into this transaction, after subtracting all additional direct costs relating to the sale of the asset. The value of use of an asset is the net present value of the estimated future cash flows that are expected to stem from the continuous use of the asset and from the revenue expected to result from its disposal in the end of its useful life. For the determination of the impairment loss, the assets are grouped at the lowest level where the cash flows can be distinguished.

3.11. Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of the finished goods and work-in-progress includes expenditure incurred in bringing them to their existing location and condition, including raw materials, labour, overheads (based on normal operating capacity, excluding the cost of debt) and packaging. In the case of raw material and finished goods cost is determined based on the weighted average cost.

The net realisable value of the finished goods is the estimated selling price in the ordinary course of business minus the estimated costs of completion and selling expenses. The net realisable value of the raw material is the estimated replacement cost in the ordinary course of business.

3.12. Trade receivables and credit policy

The Company has established a set of criteria for the credit facility to be granted to the customers, which are based on the customer's level of sales and on evaluations of relative financial information. The sales are realized under ordinary terms and the expected collection period from the shipment of the merchandise is 150 days on average. At the end of each fiscal year, all the mature unpaid or doubtful receivables are evaluated in order to estimate the allowance for uncollectible accounts and make the proper adjustment in the provision. Each write-off of a customer account is debited to the existing provision. As a policy of the Group there are no write-offs unless all possible legal efforts for their collection have been exhausted.

3.13. Cash and Cash Equivalents

Time deposits and other liquid investments with initial duration of less than three months are considered to be cash and cash equivalents.

For the purpose of the statement of cash flows, cash and cash equivalents include cash, cash deposits, as well as, equivalent as determined above.

3.14. Long-term Debt

Long-term debt is recorded at cost. After this record, the loans that are denominated in foreign currency are valued based on the exchange rate ruling at the balance sheet date. Interest expenses are recognized on an accrual basis.

3.15. Cost of Debt

Cost of debt is recognized as an expense in the period where it is realised.

3.16. Compensation provision for employees retirement

The liabilities for retirement compensation are estimated at the discounted value of future benefits that have been accumulated at the end of the year, based on the recognition for the right of benefits of employees during their expected labour life. The above liabilities are estimates based on the financial and actuarial assumptions and are determined using the Projected Unit Method. The net costs of retirement of the period are included in the cost of payroll in the attached income statements and they constitute the present value of benefits that were accrued during the year, the interest on the liability of benefits, the cost of previous services, the proportional profit or loss and other additional retirement costs. The costs of previous services are recognized on a straight line based on the average period until the profits of program are vested. The unrecognized proportional profits and loss, are recognized over the average remaining duration of benefit of services of active employees and are included as part of net cost of retirement of each year if, at the beginning of the period, they exceed the 10% of future estimated provision for benefits. The obligation for retirement benefits is not financed.

3.17. Government social security programs

The personnel of the Company is covered mainly by the main governmental security institution that covers the employees in the private sector (Organisation Of Social Security -IKA), which grants retirement medical and pharmaceutical benefits. Each employee is obliged to contribute a part of his monthly wage in the Organisation Of Social Security, while the Company covers a part of the total contribution. At retirement, the retirement fund is in charge of the payment of retirement benefits to the employees. Accordingly the Company does not have any legal or presumptive liability for the payment of future benefits based on this program.

3.18. Income Tax

The current and deferred tax is estimated based on the financial statements of each one of the companies that are included in the consolidated financial statements, according to the tax laws that are in effect in Greece or other tax frames in which the foreign subsidiaries operate. The income tax includes the tax on the profits of each company, as these are adjusted in its tax statement, additional taxes of income that result from the tax auditing of tax authorities, provisions against likely additional taxes that will result from future tax audits, and, finally, from deferred income taxes based on the enacted tax rates.

The deferred tax is estimated by using the balance sheet liability method for all the short-term differences on the balance sheet date between the tax base and the accounting value of assets and liabilities.

The deferred tax liabilities are recognized for all the taxable temporary differences:

- Except if the liability for deferred taxes results from the amortization of goodwill or the initial recognition of an asset or a liability in a transaction which is not a merger of companies and at the time of the transaction it does not influence neither the accounting profit nor the taxable profit or loss, and
- Regarding the temporary tax differences that are related to investments in subsidiary companies, related companies and participations in joint ventures, except where the time of reversion of temporary differences can be checked and it is likely that the temporary differences will not be reversed in the forecasted future.

Deferred tax assets are recognized for all the tax recognizable temporary differences and deferred tax receivables and tax losses, to the extent that it is likely that available taxable profit will exist, which will be used against the recognized temporary differences and the deferred unused tax receivables and the unused tax losses.

- Except for the case where the receivable from deferred income tax is related to the recognized temporary differences results from the initial recognition of elements of asset or liabilities in a transaction that does not constitute merger of companies and at the moment of transaction has not influenced neither the accounting profit nor the taxable profit or loss, and
- In regard to the recognized temporary differences that are related to investments in subsidiary companies, related and participations in joint ventures, there is a recognized receivable from deferred income tax to the extent it is likely that the provisional differences will be reversed in the forecasted future and an available taxable profit will exist, which will be used against the provisional differences.

The deferred tax receivables are estimated in each balance-sheet date and they are decreased to the extent it is not considered likely that there will exist enough taxable profits against which part or total of receivables from deferred income taxes can be used.

The deferred tax receivables and liabilities are estimated based on the tax rates that are expected to be in force when the receivable will be realised or the liability will be paid, and they are based on the tax rates (and tax laws) that they are in force or have been legislated at the date of balance-sheet.

The income tax that is related to elements, which have been recorded directly in the Equity, is recorded directly in the Equity and not in the Income statement.

3.19. Leases

The leasing agreements that transfer to the Company essentially all the risks and the benefits that are related to the leased fixed asset are capitalized at the beginning of leasing at the fair value of the leased asset or, if this is lower, at the present value of minimum leases. The payments for leasing agreements are allocated between the financial expenses and the reduction of financial liabilities, so that a constant interest-rate is achieved on the remaining balance of the liability. The financial expenses are recorded directly in the income statement.

Leases where the lessor maintains all the risks and the benefits of property of a fixed asset are recorded as operating leases. The payments of operating leases are recognized as expense in the income statement on a constant base for the duration of the lease.

3.20. Government subsidies

The government subsidies that are related to the subsidy of fixed assets are recognized when there is a fair certainty that the subsidy will be collected and all the relative terms will be fulfilled. When the government subsidies are related to an asset, the fair value is credited in an account of deferred income and is transferred to the income statement in equal annual amounts based on the expected useful life of the asset that was subsidised. When the subsidy is related to an expense, it is recognized as income in the period that corresponds to the expenses that it is intended to compensate.

3.21. Provisions

The provisions are recognized when the Company has a current legal or presumptive liability as a result of previous events and it is likely that an outflow of resources will occur while a reliable estimate of this liability can be made. The provisions are re-examined in each date of balance sheet and they are adjusted so as to represent the present value of expenses expected to arise for the arrangement of the liability. If the effect of time value of money is important, the provisions are estimated by discounting the expected future cash flows with a pre tax discount rate which reflects the current market estimates and wherever it is considered essential, the risks that are related to the liability.

The potential liabilities are not recognized in the consolidated financial statements but they are disclosed in the Notes, unless the probability of the outflow of resources is insignificant. Potential receivables are not recognized in the financial statements but are disclosed in the Notes when an inflow of economic resources is likely to occur.

3.22. Earnings per Share

The earnings per share are estimated by dividing the Net Income by the weighted average number of shares that are outstanding during each year.

3.23. Segment Reporting

Firstly the business segmentation and secondly the geographical one are the distinguishing components of the Group. The operating activities are organised and are managed separately depending on the nature of products and services they concern, with each sector constituting a strategic business unit which provides different products and operations in different markets.

The Group has four major distinguishable sectors, as well as a fifth that includes various activities, which are the following:

- Department stores
- Apparel-footwear Wholesale
- Apparel-footwear Retail Sale
- Gymnastic Apparatuses
- Other Sectors

The activity of each one of the sectors was developed before in note 1.

The transactions between business sectors are made at market terms similar way with transactions with third parties.

With regard to the geographic area in which the Group is activate, this includes mainly Greece, and secondarily abroad. The second is determined mainly by Cyprus, Romania and Bulgaria.

The fixed assets are distributed in geographic sectors according to the place that they are installed. Sales and relevant costs and expenses are allocated to the sectors where the customer/purchaser is settled.

3.24. IAS 32 and IAS 39 adoption

The IAS 39 implies, the Company selected to apply IAS 32 "Financing Instruments: Disclosure and Presentation "and IAS 39 "Financing Instruments: Recognition and Measurement " from January 1, 2005.

The main effects that are related to the application of IAS 32 and IAS 39 are described below:

3.24.1. Derivative Financial Instruments

The Company uses derivatives of exchange of currencies (foreign exchange swaps) as well as foreign exchange call options, which do not fill the criteria of accounting for hedging, consequently the profits or the loss that result at the valuation of the end of the fiscal year is recognized in the income statement.

3.24.2. Investments

Based on IAS 39, the investments – except for the holdings in subsidiaries, affiliated and joint ventures - were categorized either as *available for sale*, or as *financial assets at fair value included in income statements*, or as *held to maturity*.

Generally, the *available for sale investments* and the *financial assets at fair value included in income statements* are valued at their fair value, with the resulting profit or loss being recognized as a separate element of the equity for the first category and the income statement for the second.

The *held to maturity investments* are valued at the net non-depreciated cost using the method of effective interest-rate and the related results are recognized in the income statement through amortization or at disposal.

4. Financial risk management

4.1. Credit Risk exposure

The credit risk exposure in relation to the total amount of account receivables is limited because of the high dispersion of the credit balances.

The credit risk management is run by the Credit Department of the Group and includes, a detailed control of financial data of each customer before the credit limit of the customer is established. The credit policy of companies of the Group is decided by the Board of Directors of the parent company.

Moreover, the parent company has signed credit insurance contracts with the companies Euler Hermes and Attradius, which cover part of the credit risk of the major part of customers in Greece and abroad.

4.2. Fair value

The amounts that are presented in the balance sheets of the Group and the parent Company for cash in bank and on hand, the accounts receivable and the short-term liabilities, approach their relevant fair values because of their short-term expiry.

The fair values of the securities that are publicly traded in the Stock Exchange markets are based on their Stock Exchange prices at the balance-sheet date.

The fair values of derivatives are based on market valuation. For all the derivatives, the fair values are confirmed by the financial institutions with which the Group has contracted the relative conventions.

4.3. Foreign Exchange risk

This risk arises from the fact that the Group purchases a significant part of its merchandise in prices that are expressed in US dollars and sells this merchandise in Romania and Bulgaria in prices expressed in local currency, and in particular from the fact that these prices are determined roughly 9 months before the Group proceeds in the import, settlement and disposal of the merchandise in question.

This risk management is run by the Treasury of the Group in collaboration with the responsible Commercial Supervisors. The decision whether and to which degree the Group will cover the exchange risk is made by the Board of Directors of the parent Company. The commercial supervisors take into consideration the foreign exchange risk in determining the selling prices of the merchandise.

4.4. Liquidity Risk

Liquidity risk refers to the probability that of the Group will fail to meet its short run obligations.

A great part of the activities of the Group, and especially those that are related with retail sales, have high positive cash flows, ensuring in this way a satisfactory liquidity for the Group. The activities however that are related with wholesale sales, whose greatest part runs on credit, require the existence of working capital.

The Treasury is dealing with this risk management and generally with the ensuring of liquidity in the companies of Group. The management of the Company evaluates as low the liquidity risk, since: (a) the Group has high positive cash flows from its operating activities, as this is appeared in the consolidated statements of cash flows, (b) the liquidity ratios are relatively high, (c) the Group uses only a portion of the credit lines provided from the banks, (d) the Group has a relatively low Debt over Equity ratio and generally has a powerful financing position and high financial reliability and (e) the continuous increase of the retail sales portion of total consolidated sales strengthens the liquidity of the Group.

5. Cost of sales

The cost of sales presented in the consolidated income statement is estimated as follows:

	1/1 - 31/12/2005	**1/1 - 31/12/2004**
Beginning Inventories	29.665.795	25.375.405
Purchases of the year	117.603.153	63.799.903
Inventory of sold Subsidiary (Note 25)	(93.754)	
Ending Inventories	(53.672.206)	(29.665.795)
Internally consummated inventories	(1.083.357)	(1.143.758)
Cost of Inventories sold	92.419.631	58.365.755
Impairment of old inventories	1.371.789	
Expenses debited to Cost of sales	1.668.607	1.572.830
Total Cost of Sales	95.460.027	59.938.585

The impairment of old inventories presented in the above table was realized at 31/12/2005 in the parent company of the Group, Elmec Sport SA, inventories. More information is provided in Note 17.

The cost of sales presented in the income statement of the company is estimated as following:

	1/1 - 31/12/2005	**1/1 - 31/12/2004**
Beginning Inventories	23.515.014	21.862.915
Purchases of the year	63.694.498	58.525.557
Ending Inventories	(25.608.711)	(23.515.014)
Internally consummated inventories	(1.058.630)	(881.126)
Cost of Inventories sold	60.542.171	55.992.332
Impairment of old inventories	1.371.789	
Total Cost of Sales	61.913.960	55.992.332

6. Depreciation

The accounts "Cost of Goods Sold", "Administration Expenses" and "Distribution Expenses" of the attached income statement do not include depreciation. The allocation of Depreciation Expense should be made according to the following tables:

6.1. Allocation of Depreciation Expenses of the Group:

	1/1 – 31/12/2005	1/1 - 31/12/2004
Cost of sales	91.244	89.318
Administration Expenses	452.503	364.667
Distribution Expenses	2.793.583	1.795.969
	3.337.330	2.249.954

6.2. Allocation of Depreciation Expense of the Company:

	1/1 – 31/12/2005	1/1 - 31/12/2004
Administration Expenses	289.704	237.456
Distribution Expenses	1.807.100	1.419.219
	2.096.804	1.656.675

7. Other income

7.1. "Other Income" of the Group:

The account "Other Income" of the consolidated income statement includes non-financial income of the Group not included in the Revenues. A further analysis has as follows:

	1/1 - 31/12/2005	1/1 - 31/12/2004
Income from rents	98.554	11.154
Subsidies	28.872	48.352
Compensations	116.938	34.836
Gains Sale of Assets	63.708	148.427
Revenue from non-primary activities	5.411.748	301.902
Expenses charged to customers	87.215	83.388
Other Income	249.350	339.377
	6.056.385	967.436

The account "Income from other activities", which during the current fiscal year has a significant balance, is mainly (4.961.820 €) due to "Attica, the Department Store" operations. It includes services and expenses the aforementioned subsidiary charges to the companies that operate inside the Department store area, i.e. area decoration expenses, telephone charges, sales persons charges, common advertising campaigns etc.

7.2. "Other Income" of the Company:

The account "Other Income" of the company's income statement has as follows:

	1/1 - 31/12/2005	**1/1 - 31/12/2004**
Income from rents	3.245	1.625
Subsidies	28.096	41.781
Compensations	116.938	34.836
Gains on Sale of Assets	63.559	147.471
Revenue from non-primary activities	442.402	196.866
Expenses charged to customers	87.215	83.388
Other Income	241.379	257.268
	982.834	763.235

8. Other expenses

8.1. "Other Expenses" of the Group:

The account "Other Expenses" of the consolidated income statement includes non-financial expenses of the companies of the Group that have not been included in the Administration and Distribution Expenses. An analysis of those expenses has as follows:

	1/1 - 31/12/2005	**1/1 - 31/12/2004**
Losses from Fixed Assets	95.135	70.357
Inventory Disposal		312.718
Inventory deficits		122.323
Losses from doubtful accounts	964.368	8.235
Fines	14.337	12.384
Forfeiture of guarantees and penalties	50.986	10.932
Other Expenses	520.940	288.816
	1.645.766	825.765

8.2. "Other expenses" of the Company:

The item "Other expenses" of the income statement of the Company is analyzed as follows:

	1/1 - 31/12/2005	1/1 - 31/12/2004
Losses from Fixed Assets	47.034	57.126
Inventory Disposal		54.912
Losses from bad debts		8.235
Fines	11.908	4.185
Forfeiture of guarantees and penalties	50.986	
Other expenses	138.433	284.984
	248.361	409.442

9. Financial income and expenses

The income resulting from the financial activities of the Company and the Group, as this is presented in the attached income statements, is analyzed as follows:

9.1. Financial income of the Group:

	1/1 - 31/12/2005	1/1 - 31/12/2004
Dividends from investments available for sale		6.705
Dividends from stocks traded in ASE	147.658	277.568
Gains on sale of subsidiaries	57.064	
Gains on sale of stocks traded in ASE		1.345.368
Revaluation adjustments of securities traded in ASE	396.567	
Interest income	299.039	531.018
Discount for one-off payment of taxes		159.187
Gains on evaluated derivatives	467.895	
Foreign exchange differences	953.737	1.486.454
	2.321.959	3.806.300

The gain on the sale of Elmel E.LTD subsidiary is analyzed in Note number 25.

Shares traded in the Athens Stock Exchange (ASE) are presented in Note number 27. These shares are valued at their closing prices after the last session of the ASE before the date of the balance sheet. The gains and losses resulting from this valuation are presented in the above table as well as the following three tables.

More details for the "Gains on evaluated derivatives" are provided in Note number 28.

9.2. Financial income of the Company:

	1/1 - 31/12/2005	1/1 - 31/12/2004
Dividends from subsidiaries	1.022	10.110
Dividends from stocks traded in ASE	147.658	277.524
Gains on sale of stocks traded in ASE		1.344.756
Revaluation adjustments of securities traded in ASE	396.567	
Interest income	192.414	354.285
Discount for one-off payment of taxes		159.187
Gains on evaluated derivatives	467.895	
Foreign exchange differences	896.876	1.266.155
	2.102.432	3.412.017

9.3. Financial expenses of the Group:

	1/1 - 31/12/2005	1/1 - 31/12/2004
Impairment of investments available for sale	26.415	
Impairment of securities traded in ASE	5.000	302.749
Expenses from sale of securities traded in ASE	2.067	83.026
Losses from sale of securities traded in ASE	600	60.621
Interests on financial leasing	426.829	510.106
Loan interests and other bank expenses	2.667.983	1.862.264
Foreign exchange differences	1.099.902	2.407.658
	4.228.796	5.226.424

9.4. Financial expense of the Company:

	1/1 - 31/12/2005	1/1 - 31/12/2004
Impairment of securities traded in ASE	5.000	302.749
Expenses from sale of securities traded in the ASE	2.067	82.826
Losses from the sale of securities traded in ASE	600	57.116
Interests on financial leasing	21.272	22.360
Loan interests and other bank expenses	1.722.030	1.456.183
Foreign exchange differences	972.479	2.400.887
	2.723.448	4.322.121

10. Segment reporting

A detailed listing of the Group's activities based on business and geographic segments is provided in Note number 1 and in sub note 3.23 of Note 3.

10.1. Business segments

10.1.1. Examined Fiscal year (1/1 - 31/12/2005):

	Department Stores	Apparel & Footwear [wholesale]	Apparel & Footwear [Retail]	Fitness Equipment	Other Sectors	Eliminations	Totals
Revenue from external customers	52.525.018	69.876.549	44.802.893	3.852.388	4.300.326	(1.792.530)	173.564.644
Revenue from other business segments	1.070.935	8.196.990	3.512.912			(12.780.837)	
Total revenue from external customers	53.595.953	78.073.539	48.315.805	3.852.388	4.300.326	(14.573.367)	173.564.644
Gross profit of segment	19.360.867	32.243.209	26.344.552	1.408.693	1.356.030	(2.608.734)	78.104.617
Segment result	9.391.430	22.429.928	11.595.183	162.638	39.914	1.537.799	45.156.892
Retained earnings/(loss)							(21.411.219)
EBITDA							23.745.673
Financial income/(expense)							(1.906.837)
Depreciation							(3.337.330)
Income tax Expense							(6.966.951)
Minority interest							(1.408.672)
Profit after taxes							10.125.883

10.1.2. Prior fiscal year (1/1 - 31/12/2004):

	Department Stores	Apparel & Footwear [wholesale]	Apparel & Footwear [Retail]	Fitness Equipment	Other Sectors	Eliminations	Totals
Revenue from external customers	8.577.549	69.675.706	40.636.954	4.008.438	4.865.100	(1.383.528)	126.380.219
Revenue from other business segments	646.754	5.789.314	910.614			(7.346.682)	
Total revenue from external customers	9.224.303	75.465.020	41.547.568	4.008.438	4.865.100	(8.730.210)	126.380.219
Gross profit of segment	5.749.287	34.506.663	24.454.584	1.423.314	1.107.331	(799.545)	66.441.634
Segment result	4.573.483	24.189.492	14.037.579	557.036	45.544	152.791	43.555.925
Retained earnings/(loss)							(14.705.173)
EBITDA							28.850.752
Financial income/(expense)							(1.420.124)
Depreciation							(2.249.954)
Income tax Expense							(9.750.247)
Minority interest							(537.156)
Net earnings							14.893.271

10.2. Geographical segments

The consolidated sales are allocated to Greece and abroad as follows:

	1/1 - 31/12/2005	1/1 - 31/12/2004
Sales in Greece	154.092.559	108.963.998
Sales in other countries	34.045.452	26.146.431
Less: intra-group sales	(14.573.367)	(8.730.210)
	173.564.644	126.380.219

The distribution of the items of the consolidated balance sheet between Greece and abroad is presented below:

	31/12/2005	31/12/2004
Fixed assets in Greece	95.828.061	80.705.878
Fixed assets in other countries	7.197.697	5.249.902
Other assets	150.751.967	112.239.449
	253.777.725	198.195.229

11. Income tax expense

The income tax included in the consolidated income statement is presented in detail below:

	1/1 - 31/12/2005	1/1 - 31/12/2004
Current taxes	5.748.618	8.823.105
Deferred taxes	638.870	(27.379)
Taxes from previous tax audits	137.663	954.521
Provision for additional taxes	441.800	
	6.966.951	9.750.247

In the above and in the next table a positive amount in the item "deferred tax" produces a deferred tax liability, whereas a negative one produces a deferred tax asset.

The income tax appearing in the income statement of the Company is analyzed as follows:

	1/1 - 31/12/2005	1/1 - 31/12/2004
Current taxes	4.504.471	6.993.240
Deferred taxes	561.615	140.071
Taxes from previous tax audits		945.676
Provision for additional taxes	400.000	
	5.466.086	8.078.987

11.1. Reconciliation of effective tax rate

The income tax rate for the Group's companies based in Greece is 32% for the year 2005 and 35% for 2004. The corresponding rates for Romania are 16% and 25%, whereas for Bulgaria they are 15% and 19,5%. By exception, "Attica Department Stores SA" is subject to a 35% tax rate for 2005 income, due to the fact that it had a first accounting year greater than 12 months – from February 12, 2004 to December 31, 2005. A&A Holdings SA, which is based in Luxembourg, does not have any income tax obligations.

Concerning Greece, the tax rate that will be applied to 2006 income will be 29%, whereas from the 2007 period onwards the tax rate will be 25%.

The income tax presented in the attached income statements, analyzed to its components in the previous two tables, differs from the amount that would result from the simple multiplication of the earnings before taxes times the tax rate that corresponds to each company and operating period. The reasons for this difference are presented in the next two tables:

11.1.1. Reconciliation of income tax in the consolidated income statement

	1/1 - 31/12/2005	**1/1 - 31/12/2004**
Profit/(loss) before tax	18.501.506	25.180.674
Current tax rate	32%	35%
Resulting tax	5.920.482	8.813.236
Plus/(less):		
Tax on non-deductible taxes & fines	25.440	164.394
Tax on non-deductible expenses	248.448	186.408
Tax on earnings already taxed	(91.971)	(489.819)
Tax on permanent differences	(81.907)	1.111
Additional tax on earnings from buildings	12.647	12.376
Deferred tax asset that was not accounted for(2)	563.539	308.858
Effect of tax losses utilized	(189.614)	(21.740)
Recognition of deferred taxes with smaller rates(1)	(199.790)	(89.422)
Effect of different rates on subsidiaries	180.214	(89.676)
Tax from previous tax audits	137.663	954.521
Provision for additional taxes	441.800	
Taxes for the period:	6.966.951	9.750.247

11.1.2. Reconciliation of income tax in the Company's income statement

	1/1 - 31/12/2005	**1/1 - 31/12/2004**
Profit/(loss) before tax	16.294.771	21.509.117
Current tax rate	32%	35%
Resulting tax	5.214.327	7.528.191
Plus/(less):		
Tax on non-deductible taxes & fines	7.905	134.492
Tax on non-deductible expenses tax	40.998	85.999
Tax on earnings already taxed	(47.578)	(472.110)
Additional tax on earnings from buildings	7.686	7.638
Recognition of deferred taxes with smaller rates(1)	(157.252)	(150.899)
Tax from previous tax audits		945.676
Provision for additional taxes	400.000	
Taxes for the period:	5.466.086	8.078.987

Explanations:

(1) Given the fact that from the 2006 period onwards the tax rate applied on profits of the Greek based companies is less than the current tax rate, the resulting deferred tax is less than the one that would result if the reduction of tax rates had not been announced.

(2) Tax losses may be utilized for tax reduction purposes for the five periods after the period when these losses occurred. The companies mentioned in the table below had the following losses during the 2005 and 2004 periods, for which no deferred tax asset was recognized as provided by the prudence principle.

	1/1 - 31/12/2005	**1/1 - 31/12/2004**
Moustakis SA	196.474	
Elmel Com. Ltd.	44.783	
Attica Department Stores SA		541.755
Ipirotiki SA	228.850	232.765
	470.107	774.520

At December 31, 2005 the above companies had accumulated tax losses totalling 3.711.495 €, for which no deferred tax asset has been recognized (accumulated loss of Elmel Com. Ltd., which was sold at the end of the 2005 period - see Note 25 - is not included). The corresponding amount for December 31, 2004 was 3.906.716 €.

11.2. Deferred tax expense

Deferred tax is accounted for non-permanent differences between the accounting figures and the corresponding tax base, unless otherwise specified by the IFRS and/or the accounting principles applied by the Group.

Deferred taxes are calculated based on the tax rate applied on a given company's profit for the period that the deferred tax asset or liability is expected to be settled, taking into consideration the tax principles that are in effect at the balance sheet date.

The income tax associated with items that have been directly recognized in the equity is directly recognised into equity and not in the income statement.

11.2.1. Deferred taxes in the income statement

The deferred taxes appearing in the consolidated income statement are analyzed, based on the kind of the temporary difference that created them, as follows:

	1/1 - 31/12/2005	**1/1 - 31/12/2004**
Differences between actual and tax depreciation	887.963	564.589
Fixed assets write-offs	(373.403)	(373.925)
Sales of written-off assets	37	6.298
Recognition of financial leases	261.183	183.759
Provision of contributions to defined benefit plans	(53.544)	(58.548)
Provision for doubtful accounts	(99.857)	(130.051)
Asset impairment loss	(7.854)	(71.855)
Forfeiture of penalties provision	(128.594)	
Revaluation of financial assets	99.142	
Recognition of foreign exchange evaluation profits	(130.352)	(86.604)
Application of the accrual accounting principle	85.203	
Gains on evaluated derivatives	116.974	
Recognised tax losses	(18.028)	
Reduction in tax rate		(61.042)
	638.870	(27.379)

A positive tax amount in the table above and the next one signifies a deferred tax liability, whereas a negative amount signifies a deferred tax asset.

The deferred income taxes appearing in the Company's income statement are analyzed, based on the nature of the temporary difference that created them, as such:

	1/1 - 31/12/2005	**1/1 - 31/12/2004**
Differences between actual and tax depreciation	657.785	520.769
Fixed assets write-offs	(14.676)	(2.512)
Sales of written-off assets	37	6.298
Recognition on financial leases	28.652	6.547
Provision of contributions to defined benefit plans	(29.126)	(55.484)
Provision for doubtful accounts	(165.571)	(105.491)
Asset impairment loss	(1.250)	(75.688)
Forfeiture of penalties provision		
Revaluation of financial assets	99.142	
Recognition of foreign exchange evaluation profits	(130.352)	(86.604)
Application of the accrual accounting principle		
Gains on evaluated derivatives	116.974	
Recognised tax losses		
Reduction in tax rate		(67.764)
	561.615	140.071

11.2.2. Deferred taxes recognised in equity

Deferred taxes recognized in equity of the consolidated balance sheet are analyzed, based on the kind of temporary difference that created them, as follows:

	1/1 - 31/12/2005	**1/1 - 31/12/2004**
Reversal of assets readjustment based on Law 2065		225.769
Fixed assets write-offs	(6.791)	307.951
Adoption of IAS 32 & IAS 39	98.223	
	91.432	533.720

Deferred taxes included in equity of the Company (non-consolidated) balance sheet are analyzed, based on the nature of the difference that created them, as follows:

	1/1 - 31/12/2005	**1/1 - 31/12/2004**
Reversal of assets readjustment based on Law 2065		199.513
Adoption of IAS32 & IAS39	98.223	
	98.223	199.513

11.2.3. Analysis of the account "Deferred taxes"

Changes in the account "Deferred taxes" have as follows:

	Group	Company
Balance at 1/1/2004	(358.458)	(237.163)
Recognised in the income statement	27.379	(140.071)
Recognised in equity	533.720	199.513
Foreign Exchange Differences	(5.352)	
Balance at 31/12/2004	197.289	(177.721)
Deferred tax assets as at 31/12/2004	496.707	
Deferred tax liabilities as at 31/12/2004	(299.418)	(177.721)
Balance at 31/12/2004	197.289	(177.721)
Recognised in the income statement	(638.870)	(561.615)
Recognised in equity	91.432	98.223
Deferred tax from sale of subsidiary (see Note 25)	(7.231)	
Foreign Exchange Differences	(8.987)	
Balance at 31/12/2005	(366.367)	(641.113)
Deferred tax assets as at 31/12/2005	631.461	
Deferred tax liabilities as at 31/12/2005	(997.828)	(641.113)
Balance at 31/12/2005	(366.367)	(641.113)

In the consolidated balance the deferred tax assets are offset with the deferred tax liabilities, provided that this offset is in accordance with the tax legislation and the relevant laws enforced by the same tax authority on the same legal entity.

Further analysis of the consolidated deferred tax assets and liabilities, based on the cause that created them, is provided in the following two tables:

Deferred tax assets of the consolidated balance sheet

	31/12/2005	31/12/2004
Differences between actual and tax depreciation		2.644
Fixed assets write-offs	1.735.715	1.373.489
Reversal of fixed asset readjustment based on Law 2065	490.608	493.073
Provision of contributions to defined benefit plans	275.832	222.288
Provision for doubtful accounts	272.399	165.801
Litigation provisions	537.500	537.500
Forfeiture of penalties provision	128.594	
Impairment of financial assets	551.184	646.306
Losses from evaluated derivatives	98.223	
Impairment of old inventories	175.504	175.504
Recognition of foreign exchange evaluation profits or losses		86.604
Tax losses utilized	18.028	
Gross deferred tax assets	4.283.587	3.703.209
Less: Deferred tax liability to be offset	(3.652.126)	(3.206.502)
Net deferred tax assets:	631.461	496.707

Deferred tax liabilities of the consolidated balance sheet

	31/12/2005	31/12/2004
Differences between actual and tax depreciation	3.849.725	2.948.705
Fixed assets write-offs		6.298
Recognition on financial leases	591.259	330.076
Provision for doubtful accounts	6.741	
Application of the accrual accounting principle	85.203	
Recognition of foreign exchange evaluation profits or losses	52	217.008
Reversal of impairment of shares sold		3.833
Gains on evaluated derivatives	116.974	
Gross deferred tax liabilities	4.649.954	3.505.920
Less: Deferred tax asset to be offset	(3.652.126)	(3.206.502)
Net deferred tax liabilities:	997.828	299.418

In the Company's balance sheet the deferred tax assets are totally offset with the deferred tax liabilities and the net amount is included in the balance sheet. An analysis of deferred tax assets and liabilities items based on the cause that created them is presented in the following tables:

Deferred tax assets of the Company's balance sheet

	31/12/2005	31/12/2004
Fixed assets write-offs	330.218	319.413
Reversal of fixed asset readjustment based on Law 2065	197.782	200.247
Provision of contributions to defined benefit plans	236.611	207.485
Provision for doubtful accounts	272.399	106.828
Litigation provisions	537.500	537.500
Asset impairment loss	544.580	642.473
Losses from derivatives	98.223	
Impairment of old inventories	175.504	175.504
Recognition of evaluation foreign exchange		86.604
Gross deferred tax assets	2.392.817	2.276.054

Deferred tax liabilities of the Company's balance sheet

	31/12/2005	31/12/2004
Differences between actual and tax depreciation	2.872.718	2.214.935
Fixed assets write-offs		6.298
Recognition on financial leases (according to IAS)	44.186	15.534
Recognition of evaluation foreign exchange	52	217.008
Gains on evaluated Derivatives	116.974	
Gross deferred tax liabilities	3.033.930	2.453.775
Less: Deferred tax asset	(2.392.817)	(2.276.054)
Net deferred tax liabilities:	641.113	177.721

11.3. Tax audit

The Greek tax legislation and the relevant regulations are subject to interpretation from the tax authorities. The income tax statements are submitted each year, but the profits and losses that are stated for tax purposes are temporary until the tax authorities audit tax statements and books, at which time the relevant tax liabilities will be settled. Similar procedures are in Romania and Bulgaria in force.

The additional taxes that resulted from the audits of the current and prior period are included in the item "taxes" of the corresponding income statement. These amounts are presented in the item "Taxes from previous tax audits" of the table in the first section of the present note.

The non-audited periods of the Group's companies are as follows:

Company	Base	% of interest	Unaudited periods
Elmec Sport ABETE	Greece		2004 - 2005
A&A Holdings SA	Luxemburg	61,16%	---
Factory Outlet SA	Greece	60,24%	2004 - 2005
Factory Outlet Airport SA	Greece	99,60%	---
Elmec Romania Srl	Romania	100,00%	2005
Elmec Sport Bulgaria EOOD	Bulgaria	100,00%	2001 - 2005
Chronosport SA	Greece	50,00%	2003 - 2005
Moustakis SA	Greece	100,00%	2002 - 2005
Attica Department Stores SA	Greece	46,07%	2005
Ipirotiki SA	Greece	84,29%	2003 - 2005

Due to the fact that additional taxes may occur as a result of future audits of the above un-audited periods, the Group's companies form the relevant provisions that are recorded in the income statement. The amounts of these provisions are presented in the item "Provision for additional taxes on non-audited periods" of the first table of the present note.

12. Earnings per share

The calculation of the basic earnings per share is performed based on the average number of issued shares, which is 55.400.000, both for the year 2005 and 2004.

13. Tangible assets

13.1. Tangible assets of the Group

The tangible assets of the Group, their depreciation, and changes during the current and the previous periods, are as follows:

(a) AT COST	**Land**	**Buildings**	**Machinery**	**Vehicles**	**Other equip-ment**	**Total**
Balance at 1/1/2004	10.944.977	43.606.101	593.079	722.157	7.911.229	63.777.543
Additions	1.317.931	15.671.371	45.304	174.502	2.166.078	19.375.186
Disposals	(14.001)	(1.837.285)	(157.534)	(100.183)	(335.196)	(2.444.199)
Balance at 31/12/2004	12.248.907	57.440.187	480.849	796.476	9.742.111	80.708.530
Fixed assets of sold subsidiary (Note 25)		(146.670)			(62.236)	(208.906)
Additions	575.825	14.079.236	436.038	274.666	5.471.217	20.836.982
Disposals		(1.183.834)	(7.627)	(135.190)	(495.901)	(1.822.552)
Balance at 31/12/2005	12.824.732	70.188.919	909.260	935.952	14.655.191	99.514.054

(b) ACCUMULATED DEPRECIATION	**Land**	**Buildings**	**Machinery**	**Vehicles**	**Other equip-ment**	**Total**
Balance at 1/1/2004		(3.048.952)	(317.692)	(318.461)	(2.930.288)	(6.615.393)
Depreciation charge		(1.023.954)	(46.913)	(99.162)	(860.711)	(2.030.740)
Disposals		808	86.837	24.879	93.256	205.780
Balance at 31/12/2004		(4.072.098)	(277.768)	(392.744)	(3.697.743)	(8.440.353)
Fixed assets of sold subsidiary (Note 25)		28.771			15.134	43.905
Depreciation charge		(1.627.634)	(62.002)	(122.190)	(1.265.196)	(3.077.022)
Disposals		4.923	3.787	39.780	76.378	124.868
Balance at 31/12/2005		(5.666.038)	(335.983)	(475.154)	(4.871.427)	(11.348.602)

(c) NET VALUES	**Land**	**Buildings**	**Machinery**	**Vehicles**	**Other equip-ment**	**Total**
Balance at 1/1/2004	10.944.977	40.557.149	275.387	403.696	4.980.941	57.162.150
Balance at 31/12/2004	12.248.907	53.368.089	203.081	403.732	6.044.368	72.268.177
Balance at 31/12/2005	12.824.732	64.522.881	573.277	460.798	9.783.764	88.165.452

13.2. Leased tangible assets of the Group

The table above includes tangible assets (buildings and the corresponding land) that have been acquired with lease contracts. The acquisition cost of these fixed assets is 23.217.797 € (land: 44.329.370 €, buildings: 18.888.427 €) and the accumulated depreciation of the buildings at 31/12/2005 is 610.840 €. The corresponding amounts at 31/12/2004 are 15.259.366 € acquisition cost (land: 3.792.319 €, buildings: 11.467.047 €) and 23.479 € buildings' depreciation.

For one of them the Company has entered into a leaseback contract. Information on the Contract is presented later on in section 13.5.

13.3. Tangible assets of the Group under construction

The table above includes – in the column "Buildings" – fixed assets (owned buildings, financially leased buildings and building improvements in buildings owned by others) that at 31/12/2005 are under construction and are not used productively. The acquisition cost of these fixed assets is € 29.328.189 (€ 30.333.870 at 31/12/2004). On these fixed assets no depreciation is applied.

13.4. Tangible assets of the Company

The fixed assets of the Company as well as their changes during the current and previous periods are presented in the following table:

(a) AT COST	Land	Buildings	Machinery	Vehicles	Other equipment	Total
Balance at 1/1/2004	2.668.541	13.898.250	462.636	638.799	6.152.063	23.820.289
Additions		5.050.216	8.385	46.753	1.803.211	6.908.565
Disposals	(14.001)	(44.699)	(157.534)	(86.481)	(333.827)	(636.542)
Balance at 31/12/2004	2.654.540	18.903.767	313.487	599.071	7.621.447	30.092.312
Additions	514.398	4.087.787	60.343	186.935	2.051.070	6.900.533
Disposals		(126.797)	(7.627)	(135.190)	(466.139)	(735.753)
Balance at 31/12/2005	3.168.938	22.864.757	366.203	650.816	9.206.378	36.257.092

(b) ACCUMULATED DEPRECIATION	Land	Buildings	Machinery	Vehicles	Other equipment	Total
Balance at 1/1/2004		(2.514.723)	(287.860)	(297.791)	(2.518.009)	(5.618.383)
Depreciation charge		(728.631)	(30.559)	(43.691)	(654.400)	(1.457.281)
Disposals		808	86.837	24.574	92.267	204.486
Balance at 31/12/2004		(3.242.546)	(231.582)	(316.908)	(3.080.142)	(6.871.178)
Depreciation charge		(976.463)	(28.157)	(46.927)	(816.647)	(1.868.194)
Disposals		4.910	3.787	39.780	48.012	96.489
Balance at 31/12/2005		(4.214.099)	(255.952)	(324.055)	(3.848.777)	(8.642.883)

(c) NET VALUES	Land	Buildings	Machinery	Vehicles	Other equipment	Total
Balance at 1/1/2004	2.668.541	11.383.527	174.776	341.008	3.634.054	18.201.906
Balance at 31/12/2004	2.654.540	15.661.221	81.905	282.163	4.541.305	23.221.134
Balance at 31/12/2005	3.168.938	18.650.658	110.251	326.761	5.357.601	27.614.209

13.5. Leased tangible assets of the Company

The table above includes an asset that has been acquired with a financial lease contract. The acquisition cost of this asset is 674.365 € (land: 177.854 € and building 496.511 €) and its accumulated depreciation at 31/12/2005 is 33.409 €. The accumulated depreciation at 31/12/2004 was 23.479 €.

Included is also an asset for which a sale and leaseback contract was signed at 30/12/2005. This asset used to appear in the Company's books at a net of depreciation amount of 6.501.647 € (land: 537.051 € and building 5.964.596 €). The leasing firm "bought" this asset from the Company for 12.294.455 €, this amount was an inflow that the Company is obliged to repay in monthly instalments, based on a floating interest rate, until November 29, 2020, at which time the asset will return to the Company's ownership. No gain or loss has been recorded from this leaseback, nor was any change made to the value at which the Company presents this asset in its financial statements. The amount of 12.294.455 € that the Company received was recognized as a non-current liability, after the subtraction of the lease payments payable in 2006 which were recognised as current liabilities.

13.6. Pledges

No property rights, ownership or transfer restrictions, or other pledges are imposed on the owners of fixed assets of the Group. The fixed assets that have been acquired through financial leases remain in the ownership of others until the lease contract expires and the relevant liability is settled.

13.7. Tax adjustment of land and buildings

According to Greek tax law, the value of land and buildings is adjusted every four years based on non-sector indices specified by the appropriate state conventions. The most recent adjustment of this type, that took place in December 31, 2004, was reversed during the preparation of the attached financial statements, given the fact that it does not meet the requirements of IAS 16. However, this adjustment had as a result the increase of the tax base of the corresponding assets.

14. Goodwill

On 31/12/2004, and by the previously used Greek accounting standards, a goodwill of 7.686.756 € had been calculated and directly recognised in equity, as a negative reserve.

The Company reformed its consolidated financial statements for the period that ended December 31, 2004, according to IFRS 1, and transferred the total amount of goodwill, which was originally subtracted from the equity, to the intangible assets.

The goodwill appearing in the attached consolidated balance sheet of 31/12/2004 now amounts to € 10.502.554, given the consolidation of Ipirotiki SA subsidiary, which was excluded from consolidation based on the Greek Accounting Principles.

The consolidated goodwill was not changed during the current period. Thus, the consolidated company has the following goodwill:

Subsidiary	**Base**	**Holding (%)**	**Goodwill**
Factory Outlet SA	Greece	60,24%	7.250.750
Moustakis SA	Greece	100,00%	804.670
Ipirotiki SA	Greece	84,29%	2.447.134
			10.502.554

On 31/12/2005 and on 31/12/2004 impairment tests were performed on the balances of goodwill that the Group had paid for the purchase of its percentage of interest in every subsidiary, according to IAS 36. The fair value of the subsidiaries at the above-mentioned dates justifies the presented goodwill.

The fair value of the subsidiaries was estimated on the basis of projected cash flows extending to five years. The pre-tax rate at which these cash flows were discounted to their present value was 12,2-11,5 % (2004: 15,6-12,2 %) and the projected cash flows beyond the five year period (terminal value) were estimated with a 2,0 % (2004: 2,0 %).

The basic assumptions adopted for this calculation were the following:

Projected profit margins

The profit margins were projected based on the profit margins of the previous five years. More weight has been given to those of the last two years since they are considered to be more representative of the current situation.

Capital expenditures

All the fixed asset and working capital needs considered necessary for every subsidiary to preserve its productivity and market share were taken into account, based on the needs that have occurred during the last five years.

Risk free rate

The ten-year Greek public bond rate at the beginning of the projected five-year period was used.

More details on the amount of goodwill per company are presented below:

14.1. Factory Outlet SA

On October 1999 the Company acquired 50,24% of the share capital of Factory Outlet SA through an acquisition of 51% of A&A Holdings SA. In December 2002 it acquired an additional 10% of Factory Outlet SAE share capital through the purchase of 10,16% of A&A Holdings SA. Goodwill resulted both on the original and the additional purchase of 10%. The amount paid was deemed as reasonable from the Company's Management based on the business plan the Management had formed for the creation of the department store "Factory Outlet" on the premises of the property owned by Factory Outlet SAE.

14.2. Moustakis SA

On December 2001, the Company acquired 30% of Moustakis SA share capital and at the same time signed a prior agreement to buy out the remaining 70%, which came to its control on January 2003. The amount paid was considered reasonable by the Management mainly due to the value of long-term non-cancellable lease agreements Moustakis SA had entered into.

14.3. Ipirotiki SA

On July 2000, the Company acquired 50% of Ipirotiki share capital. At that time Ipirotiki was inactive and its sole asset was a property on Patision Street at the centre of Athens. The goodwill that resulted from this specific acquisition is due entirely to the difference between book (that was the same with the company value in this case) and market value of the property and cash flows it was expected to generate for the Group.

15. Intangible assets

15.1. Intangible assets of the Group

The intangible assets of the group, their amortization, as well as their changes during the current period are as follows:

(a) AT COST	Software	Leasing rights	Licenses, trademarks etc.	Total
Balance at 1/1/2004	715.518	1.390.965	6.192	2.112.675
Additions	79.371	330.000		409.371
Balance at 31/12/2004	794.889	1.720.965	6.192	2.522.046
Intangibles of sold subsidiary (Note 25)	(900)			(900)
Additions	145.245	914.995	480	1.060.720
Balance at 31/12/2005	939.234	2.635.960	6.672	3.581.866

(b) ACCUMULATED AMORTISATION	Software	Leasing rights	Licenses, trademarks etc.	Total
Balance at 1/1/2004	(364.314)	(344.638)	(569)	(709.521)
Amortisation charge	(91.146)	(127.762)	(308)	(219.216)
Balance at 31/12/2004	(455.460)	(472.400)	(877)	(928.737)
Intangibles of sold subsidiary (Note 25)	202			202
Amortisation charge	(110.216)	(149.768)	(321)	(260.305)
Balance at 31/12/2005	(565.474)	(622.168)	(1.198)	(1.188.840)

(c) NET VALUES	Software	Leasing rights	Licenses, trademarks etc.	Total
Balance at 1/1/2004	351.204	1.046.327	5.623	1.403.154
Balance at 31/12/2004	339.429	1.248.565	5.315	1.593.309
Balance at 31/12/2005	373.760	2.013.792	5.474	2.393.026

15.2. Intangible assets of the Company

The intangible assets of the company, their amortization, as well as their changes during the defined period and former use, are as follows:

(a) AT COST	Software	Leasing rights	Licenses, trademarks etc.	Total
Balance at 1/1/2004	661.215	1.390.965		2.052.180
Additions	22.461	98.750		121.211
Balance at 31/12/2004	683.676	1.489.715		2.173.391
Additions	77.994	914.995	480	993.469
Balance at 31/12/2005	761.670	2.404.710	480	3.166.860

(b) ACCUMULATED AMORTISATION	Software	Leasing rights	Licenses, trademarks etc.	Total
Balance at 1/1/2004	(350.846)	(344.638)		(695.484)
Amortisation charge	(80.336)	(119.058)		(199.394)
Balance at 31/12/2004	(431.182)	(463.696)		(894.878)
Amortisation charge	(89.245)	(139.351)	(14)	(228.610)
Balance at 31/12/2005	(520.427)	(603.047)	(14)	(1.123.488)

(c) NET VALUES	Software	Leasing rights	Licenses, trademarks etc.	Total
Balance at 1/1/2004	310.369	1.046.327		1.356.696
Balance at 31/12/2004	252.494	1.026.019		1.278.513
Balance at 31/12/2005	241.243	1.801.663	466	2.043.372

16. Other long term receivables

This account consists entirely of paid guarantees and long-term prepayments to building lessors and to public utility companies for access to their networks.

17. Inventories

The inventories of the consolidated balance sheet are analyzed as follows:

	31/12/2005	31/12/2004
Merchandise	51.274.541	27.843.144
Finished goods	252.416	367.568
Raw and secondary materials and consumables	773.460	1.455.083
	52.300.417	29.665.795

The inventories were valued at their cost of purchase with the exception of certain inventories from previous periods of the parent company, which were recognised for at their net realizable value, these inventories are as follows:

(a) at 31/12/2005:

	Cost	Fair value	Difference
Merchandise	4.456.263	3.299.351	1.156.912
Raw and secondary materials and consumables	1.632.311	715.419	916.892
	6.088.574	4.014.770	2.073.804

(b) At 31/12/2004:

	Cost	Fair value	Difference
Merchandise	3.510.075	2.808.060	702.015
	3.510.075	2.808.060	702.015

The above net amount difference between the cost and the realizable value of these inventories has affected negatively the results of operations for 2005 by 1.371.789 € and those of years before 2004 by 702.015 €.

The inventories of the corporate (non-consolidated) balance sheet are analyzed below:

	31/12/2005	31/12/2004
Merchandise	23.269.086	21.727.765
Finished good	252.416	367.568
Raw and secondary materials and consumables	715.420	1.419.681
	24.236.922	23.515.014

The inventories of the company recognised at their net realizable value and the relevant effects on operating results have been stated in detail in the previous paragraphs.

18. Accounts receivable and other current assets

This account is analyzed as follows:

18.1. Accounts receivable and other current assets of the Group:

	31/12/2005	31/12/2004
Trade receivables	60.298.570	45.806.454
Less: Provision for doubtful accounts	(1.096.087)	(877.742)
Amount paid for shares to be acquired	30.000	
Receivables from the State	9.187.345	7.360.780
Dividends receivable	32.465	32.465
Guarantees paid	985	985
Prepaid expenses	1.198.365	288.936
Advances and loans to personnel	114.493	175.739
Advances to suppliers	3.378.307	2.429.338
Advances to associates and other receivables	1.923.774	1.880.103
	75.068.217	57.097.058

"Receivables from the State" consist mainly of prepaid taxes.

The "Amount paid for shares to be acquired" account represents payments made by the Group's companies to corporations with which they already have, or intend to acquire a holding.

"Trade receivables" are further analyzed as follows:

	31/12/2005	31/12/2004
Customer receivables balance	17.862.019	14.855.429
Notes receivable in treasury	323.092	332.614
Notes receivable in the banks for liquidation	1.727.132	2.524.541
Notes receivable in the bank as collateral	5.974	3.555
Post-dated cheques receivable	29.300.305	26.490.988
Receivables from sales through credit cards	11.080.048	1.597.137
Operating income receivable		2.190
	60.298.570	45.806.454

18.2. Accounts receivable and other current assets of the Company

This account consists of the following:

	31/12/2005	31/12/2004
Trade receivables	60.980.471	50.464.347
Less: Provision for doubtful accounts	(1.092.008)	(641.848)
Receivables from the State	2.931.904	4.372.588
Dividends receivable	30.313	29.290
Guarantees paid	985	985
Prepaid expenses	517.973	159.511
Advances and loans to personnel	113.077	175.326
Advances to suppliers	863.131	1.049.469
Advances to associates and other receivables	567.486	1.490.749
	64.913.332	57.100.417

"Receivables from the State" consist mainly of prepaid taxes.

"Trade receivables" are further analyzed as follows:

	31/12/2005	31/12/2004
Customer receivables balance	29.479.739	19.797.972
Notes receivable in treasury	317.647	319.184
Notes receivable in the banks for liquidation	1.727.132	2.524.541
Post-dated cheques receivable	28.069.105	26.358.132
Receivables from sales through credit cards	1.386.848	1.464.518
	60.980.471	50.464.347

19. Cash and cash equivalents

The following table presents the cash and cash equivalents of the Group:

	31/12/2005	31/12/2004
Cash in hand	1.204.011	917.693
Short term deposits	18.945.353	21.400.904
	20.149.364	22.318.597

The cash and cash equivalents of the company are analyzed to the following:

	31/12/2005	31/12/2004
Cash in hand	299.547	182.637
Short term deposits	6.236.476	11.507.519
	6.536.023	11.690.156

The deposits generate a return based on the floating monthly interest rates for bank deposits.

20. Interest-bearing loans and financial leases

The Group has entered into five long-term financial lease contracts for the acquisition of buildings and equipment. The lease payments made by the Group on these leases are calculated with a floating interest rate tied to the Euribor.

The Group has no long-term debt. All of the Group's debt is short term and the interest charged is based on a floating interest rate tied to the Euribor plus the spread charged by the bank. No collateral has been provided for these loans.

The Group's debt balance, including leases, is the following:

	31/12/2005	31/12/2004
Financial leases	25.777.259	13.928.291
Long term loans	129.868	
Short term loans	44.541.476	40.194.809
Total	70.448.603	54.123.100
Less: long term portion	24.351.727	13.148.323
Short term portion	46.096.876	40.974.777

The obligations of the Group resulting from financial lease contracts are classified as follows, on the basis of their repayment time horizon:

	31/12/2005	31/12/2004
Less than one year	1.555.400	779.968
Between one and five years	6.787.860	3.463.577
More than five years	17.433.999	9.684.746
	25.777.259	13.928.291

The balance of the company's debt, including financial lease contracts, is the following:

	31/12/2005	31/12/2004
Financial leases	12.464.213	588.751
Long term loans		
Short term loans	39.359.652	35.899.341
Total	51.823.865	36.488.092
Less: long term portion	11.817.330	551.343
Short term portion	40.006.535	35.936.749

The liabilities of the company resulting from financial lease contracts are classified as follows, on the basis of their repayment time horizon:

	31/12/2005	31/12/2004
Less than one year	646.883	37.391
Between one and five years	2.843.523	164.313
More than five years	8.973.807	387.047
	12.464.213	588.751

21. Other current liabilities

21.1. Other current liabilities of the Group

The other current liabilities that appear in the consolidated balance sheet are analyzed as follows:

	31/12/2005	31/12/2004
Trade liabilities	57.469.125	23.170.138
Compulsory social security contributions payable	992.907	677.017
Dividends payable	315.837	307.744
Salaries and wages payable	35.935	22.158
Third party compensation payable	651.981	416.198
Guarantees received	249.351	34.681
	59.715.136	24.627.936

"Trade liabilities" are further analyzed as follows:

	31/12/2005	31/12/2004
Accounts payable to suppliers	35.989.964	8.337.878
Promissory notes payable	119.434	182.652
Cheques payable	12.199.366	4.080.075
Advances from customers	9.027.289	10.395.841
Purchases / (returns) to be settled	(289.945)	
Accrued expenses	423.017	173.692
	57.469.125	23.170.138

21.2. Other current liabilities of the Company

The "Other current liabilities" included in the Company's (non-consolidated) balance sheet consist of the following:

	31/12/2005	31/12/2004
Trade liabilities	16.171.552	17.380.697
Compulsory social security contributions payable	662.007	612.423
Dividends payable	251.775	238.254
Salaries and wages payable	16.859	11.347
Third party compensations payable	57.306	104.032
Guarantees received		31.710
	17.159.499	18.378.463

"Trade liabilities" are further analyzed as such:

	31/12/2005	31/12/2004
Accounts payable to suppliers	5.103.986	6.117.685
Promissory notes payable	119.434	182.652
Cheques payable	2.256.987	705.657
Advances from customers	8.679.444	10.235.243
Accrued expenses	11.701	139.460
	16.171.552	17.380.697

22. Provisions

The Group's companies have formed three kinds of provisions for situations where the Group has legal and/or estimated liability as a result of past events, that will result in the outflow of funds and a reliable estimate of the liability can be calculated.

These provisions are re-examined at every balance sheet date, and are adjusted so that they represent the current value of the expense that is expected to be incurred in order to cover the liability.

The provisions that have been formed are the following:

22.1. Provisions of litigation provision

This provision is based on the fact that the Company has legal disputes with the State, and is a reliable estimate of the funds the Company will be required to give out.

22.2. Restructuring provisions

As of November 2004 the Company has entered a period of restructuring its basic activities due to the termination of the Nike products' exclusive distribution in Greece and Cyprus, effective June 1, 2006. This provision is a reliable estimate made by the Company's management regarding the costs of restructuring. These costs will be incurred mostly during 2006, but are based on restructuring plans the Company has formed since December 2004.

22.3. Forfeiture of penalties provision

This provision concerns the Attica Department Store company and is the result of the fact that the company has assumed the obligation to pay certain amount of money, through legal clauses to suppliers with which it has contractual agreements of partnership of the type shops-in-a-shop, in case the partnership is dissolved before the contract expiration and under certain conditions.

In detail, the changes in the "Provisions" account of the consolidated balance sheet are as presented below:

	Litigation	Restructuring	Contract clauses	Total
Balance at 1/1/2004	2.150.000	158.788		2.308.788
Charged to the provision		221.937		221.937
Balance at 31/12/2004	2.150.000	380.725		2.530.725
Charged to the provision			514.375	
Balance at 31/12/2005	2.150.000	380.725	514.375	3.045.100

The changes in the "Provisions" item of the Company's balance sheet are as follows:

	Litigation	Restructuring	Total
Balance at 1/1/2004	2.150.000	158.788	2.308.788
Charged to the provision		221.937	221.937
Balance at 31/12/2004	2.150.000	380.725	2.530.725
Balance at 31/12/2005	2.150.000	380.725	2.530.725

23. Reclassifications

The 1st, 2nd and 3rd quarter financial statements of 2005 included "Contributions to defined benefit plans" (see Note 36) in current liabilities. During the preparation of the attached financial statements, this liability was reclassified to the more suitable section of long-term liabilities. This re-arrangement has affected accordingly the balances at 31/12/2004.

24. Interest in subsidiary companies

This account, presented only in the company (non-consolidated) balance sheet, because in the consolidated it is set off with in the equity of the consolidated subsidiary companies, is analyzed as follows:

Company	Participation percentage	31/12/2005	31/12/2004
A&A Holdings SA	61,16%	10.654.319	10.654.319
Factory Outlet Airport SA	99,00%	3.029.400	
Elmec Romania Srl	100,00%	2.968.803	2.968.803
Elmec Sport Bulgaria EOOD	100,00%	44.021	44.021
Chronosport SA	50,00%	117.392	117.392
Moustakis SAE	100,00%	943.650	943.650
Elmel E.LTD	51,00%		91.800
Attica Department Stores SA	25,00%	2.500.000	2.500.000
Ipirotiki SA	84,29%	24.230.847	19.486.026
		44.488.432	36.806.011

All the above companies are valued at their acquisition cost.

"Attica Department Store SA", in which the parent company directly owns less than 50% of the voting rights, is classified as a subsidiary due to the fact that the Company exerts control through combining the voting rights of "Ipirotiki SA", which is a fully controlled subsidiary.

In the consolidated financial statements all the above companies are consolidated under the method of full consolidation.

On November 18, 2005 the Company sold its total interest in Elmel Com. Ltd. to third parties. Thus, Elmel Com. Ltd. is included in the consolidated financial statements only until the date of its sale (see note 25).

More information regarding the subsidiaries mentioned above is presented in the following table:

Company	Headquarters	Activity
A&A Holdings SA	Luxemburg	Investments
Factory Outlet SA	Greece	Department stores' management
Factory Outlet Airport SA	Greece	Department stores' management
Elmec Romania Srl	Romania	Apparel & footwear retail & wholesale
Elmec Sport Bulgaria EOOD	Bulgaria	Apparel & footwear wholesale & retail
Chronosport SA	Greece	Watches wholesale
Moustakis SA	Greece	Apparel & footwear retail
Elmel Com. Ltd.	Greece	Apparel & footwear retail
Attica Department Stores SA	Greece	Department stores' management
Ipirotiki SA	Greece	Department stores' management

The changes in the balance of this item are presented below:

Balance at 1/1/2004	32.198.759
Ipirotiki SA share capital increase	2.107.252
Founding of Attica Department Stores SA	2.500.000
Balance at 31/12/2004	36.806.011
Ipirotiki SA share capital increase	4.744.821
Establishment of Factory Outlet Airport SA	59.400
Factory Outlet Airport SA share capital increase	2.970.000
Sale of Elmel Commercial Ltd (Note 25)	(91.800)
Balance at 31/12/2005	44.488.432

During 2004, Ipirotiki SA performed a capital increase of 2.500.002 € with pre-emptive right to existing stockholders. The Company paid its corresponding amount, i.e. 2.107.252 €, preserving this way its interest in Ipirotiki at 84,29%. The flotation costs of this share capital increase came to 27.500 € and were recognised directly in the equity of Ipirotiki. In the consolidated balance sheet, they were proportionally allocated to "Retained Earnings" and "Minority Interest".

Attica Department Store was founded in January 2004 with a start-up capital of par 10.000.000 €, of which the Company contributed 2.500.000 €. The costs of the original capital came to 165.522 € and were directly recognised to the equity of Attica Department Store. In the consolidated balance sheet they were proportionally allocated to "Retained Earnings" and "Minority Interest".

During 2005, Ipirotiki performed an increase capital of 5.629.215 € with pre-emptive rights to existing stockholders. The Company contributed 4.744.821 €, retaining this way its 84,29% interest in the company. The costs came to 61.920 € and were directly recognised in the equity of Ipirotiki. In the consolidated balance sheet, these costs were proportionally allocated to "Retained Earnings" and "Minority Interests".

Factory Outlet Airport SA was established in February 2005 with an original share capital of 60.000 € and later on performed two consecutive capital increases totalling to 3.000.000 €. The Company paid a total of 3.029.400 € to acquire Factory Outlet Airport SA stock corresponding to 99% of all stock of this company. The costs associated with the issuance of the start -up capital and the capital increases that followed, came to 33.606 € and were directly recognised in the equity of Factory Outlet Airport SAE. In the consolidated balance sheet, they were proportionally allocated to "Retained Earnings" and "Minority Interests".

25. Sale of subsidiary - Divestiture

On November 18, 2005 the Company sold the total of its share in Elmel Com. Ltd to third parties outside the Group for 91.800 €, settled in cash.

Elmel Ltd represented (in 31/12/2004 data) 0,13% of the consolidated operations, 0,02% of the consolidated operating income and 0,2% of the consolidated assets. Therefore, its sale will not significantly affect the Group's accounts.

The net value of the assets at the time of sale and at 31/12/2004 was as follows:

	18/11/2005	31/12/2004
Tangible assets	165.001	181.217
Intangible assets	698	774
Deferred tax assets	7.231	3.158
Other long-term receivables	7.900	7.900
Inventories	93.754	121.867
Trade and other receivables	3.755	14.843
Cash & cash equivalents	96.460	71.559
Suppliers and other liabilities	(339.841)	(309.361)
Current tax liabilities	(220)	(220)
Net value:	34.738	91.737
Gain on sale:	57.062	
Sale price received:	91.800	

The resulting gain on the sale of Elmel was recognised in the consolidated income statement under the account "Financial income".

The sale of this subsidiary resulted in a net cash outflow to the Groups cash & cash equivalents, calculated as follows:

Sale price received	91.800
Cash & equivalents of sold subsidiary	(96.460)
	(4.660)

26. Investments available for sale

Investments available for sale represent the Group's ownership share in non public companies, in which the Group does not exert significant control, and are analyzed in the tables below:

26.1. Investments of the Group

Company	Direct holding (%)	31/12/2005	31/12/2004
Petros Stathis & Co	33,40%	80.160	0
Evenis SA	45,00%	0	26.415
Concept One SA	35,50%	0	0
Internet Store SA	25,00%	147.000	147.000
Leto SA	8,75%	338.328	338.328
Other companies		5.049	3.961
		570.537	515.704

26.2. Investments of the Company

Company	Direct interest percentage	31/12/2005	31/12/2004
Concept One SA	35,50%	0	0
Internet Store SA	25,00%	147.000	147.000
Leto SA	8,75%	338.328	338.328
Other companies		1.467	1.467
		486.795	486.795

Although the Group has an interest of over 20% in Concept One SA, Internet Stores SA, Evenis SA and Petros Stathis & Co companies, it does not exert significant control over these companies due to the existence of other shareholders that fully control them.

The companies mentioned above are valued at their fair values on the balance sheet date, with the use of models assigning the net future cash flows that correspond to the Group's interest, and the gain or loss is directly transferred to equity. Everything mentioned in note 14 regarding valuation methods applies also here.

The fair value of Concept One SA at 31/12/2003 was estimated to be zero (the acquisition cost for this company was 1.047.250 €). The fair value of Evenis SA was estimated to be zero as well at 31/12/2005 (the acquisition cost of this company was 26.415 €). Based on the expected future cash flows, Leto SA was valued at 338.328 €, whereas its acquisition cost was 1.367.102 €.

The remaining companies are presented at acquisition cost, since this is estimated not to differ significantly from their fair values, in this period as well as in the previous.

As far as the parent company is concerned, the balance of the account "Investments available for sale" remained unchanged, both in the current and in the previous period.

The changes in the consolidated balance of this account are as follows:

Balance at 1/1/2004	515.704
Balance at 31/12/2004	515.704
Establishment of Petros Stathis & Co	20.040
Establishment of MicroCom DOI	1.088
Petros Stathis & Co share capital increase	60.120
Impairment of Evenis SA	(26.415)
Balance at 31/12/2005	570.537

27. Investments at fair values included in income statement

This account comes entirely from the assets of the mother company and consists of shares of companies listed in the Athens Stock Exchange (ASE), mainly those of the "Hellenic Duty Free Shops SA" company (HDFS).

The shares are valued at their closing prices at the last session of the ASE before the balance sheet date. The gains and losses that result from this valuation are recognized in the income statement.

The detailed changes in this account are the following:

	HDFS	Other stocks	Total
Balance at 1/1/2004	14.688.093	268.848	14.956.941
Impairment of share values	(286.649)	(16.100)	(302.749)
Sale of shares	(11.264.405)	(231.788)	(11.496.193)
Balance at 31/12/2004	3.137.039	20.960	3.157.999
Readjustment of share values	396.567		396.567
Impairment of share values		(5.000)	(5.000)
Sale of shares	(390.600)		(390.600)
Balance at 31/12/2005	3.143.006	15.960	3.158.966

28. Derivative financial instruments

The Company enters into forward contracts, buying dollars against euros, to hedge against possible losses from dollar revaluation against the euro. Usually, the amounts of these contracts do not go beyond 75% of the expected liabilities of the Company in dollars for a given period.

The financial derivatives used by the Group do not meet the requirements set by the IFRS for application of hedging accounting policies.

The Company applies IAS 32 and IAS 39 since January 1, 2005. At that date, the Company valued all the forward contracts in effect at current fair values. A loss amounting to 329.892 €, resulting from this valuation, was credited to the "Derivatives" account" of the liabilities. At the same time the corresponding deferred tax asset of 98.223 € was recognised.

At 31/12/2005, all the contracts that were in effect at 1/1/2005 had already expired, resulting in a gradual decrease of the balance of the "Derivatives" account, until it was zero, crediting the income account named "Gains from derivatives" that is included in the "Financial income" item of the income statement.

During, 2005, new forward dollar contracts were signed. Of these, all the contracts that were in effect at 31/12/2005 were valued at current fair values. From this valuation earnings amounting to 75.003 € resulted, that are presented in the item "Derivatives" of the assets, again crediting the income account "Gains from derivatives". This way, "Gains from derivatives" for this period amount to 467.895 €.

29. Share capital

The share capital of Elmec Sport amounts to 33.240.000 € and is divided to 55.400.000 shares of 0,60 € par value. No change in share capital has occurred during this period, or the previous one.

30. Reserves

The following classes of reserves are included in the equity accounts:

30.1. Regular reserves

Concerning the companies of the Group based in Greece, the regular reserve is formed under the mandate of commercial legislation at the end of every profitable period. This reserve is calculated as 5% of profits, free of accumulated losses, income tax, and any additional taxes from previous period tax audits. Concerning the Group companies based abroad, the regular reserve is formed under the prevailing commercial legislation in those countries.

30.2. Tax exempt reserves

They are formed through the application of special tax laws regarding profits and are tax exempt as long as they are not distributed.

30.3. Reserves for extraordinary purposes

They are formed under special circumstances, such as the change in the denomination of the par value of stocks from drachmas to euros and the rounding resulting from this change.

30.4. Own-stock reserve

It was formed due to the relative legislation when the Company acquired own-stock, and it was distributed when the Company sold its own-stock.

The changes in the reserves of the consolidated balance sheet were as follows:

	Regular reserves	Extraordinary reserves	Tax exempt reserves	Own-stock reserve	Total
Balance at 1/1/2004	3.855.483	198.387	9.938.370	240.788	14.233.028
Formed from current earnings	758.464		1.061.253		1.819.717
Formed from retained earnings	138.307				138.307
Balance at 31/12/2004	4.752.254	198.387	10.999.623	240.788	16.191.052
Foreign exchange differences	4.120				4.120
Formed from current earnings	623.631				623.631
Reserves dissolution				(240.788)	(240.788)
Formed from retained earnings	959.372				959.372
Balance at 31/12/2005	6.339.377	198.387	10.999.623	0	17.537.387

Following are the changes in the reserves of the Company:

	Regular reserves	Tax exempt reserves	Own-stock reserve	Total
Balance at 1/1/2004	3.660.775	9.916.959	240.788	13.818.522
Formed from earnings	583.781	1.061.253		1.645.034
Balance at 31/12/2004	4.244.556	10.978.212	240.788	15.463.556
Formed from earnings	541.436			541.436
Reserves Dissolution			(240.788)	(240.788)
Balance at 31/12/2005	4.785.992	10.978.212	0	15.764.204

31. Translation differences

This item is the result of the translation of the financial statements of the subsidiary companies Elmec Romania SRL, which have been originally drawn-up in RON, and Elmec Sport Bulgaria EOOD, which were originally drawn-up in BGN.

For each company, this entry is analyzed as follows:

	31/12/2005	**31/12/2004**
Elmec Romania SRL	(497.317)	(677.524)
Elmec Sport Bulgaria EOOD	78	78
	(497.239)	(677.446)

Concerning Elmec Romania SRL, the currency retranslation differences of consolidation result from the following:

	31/12/2005	**31/12/2004**
Share capital in RON	9.087.900	9.087.900
Exchange rate €/RON at the end of the fiscal year	3,6771	3,9663
Share capital in € at the balance sheet date	2.471.486	2.291.279
Share capital in € at the date deposited	2.968.803	2.968.803
Arising translation difference	(497.317)	(677.524)
Decrease/(increase) of translation difference during period	180.207	81.025

Concerning Elmec Romania SRL, the currency retranslation differences of consolidation result from the following:

	31/12/2005	**31/12/2004**
Share capital in BGN	86.250	86.250
Exchange rate €/BGN at fiscal year end	1,95583	1,9558
Share capital in € at the balance sheet date	44.099	44.099
Share capital in € at the date deposited	44.021	44.021
Arising translation difference	78	78
Decrease/(increase) of translation difference during period	0	0

32. Minority rights

An analysis of the minority interests' changes is presented in the table below:

	Factory Outlet	Factory Airport	Chrono sport	Elmel	Attica	Ipirotiki	Total
Balance at 31/12/2003	4.361.972		130.269	49.469		2.315.503	6.857.213
Deferred Taxes Included in Equity	105.981				22.317	4.125	132.423
Capital Issue Expenses					(89.266)	(4.320)	(93.586)
Profits After Taxes	956.255		2.200		(278.558)	(138.223)	541.674
Capital Issue					5.000.000	392.750	5.392.750
Distributed dividend	(40.200)		(10.110)	(4.518)			(54.828)
Balance at 31/12/2004	5.384.008		122.359	44.951	4.654.493	2.569.835	12.775.646
Deferred Taxes Included in Equity		34			(8.191)		(8.157)
Capital Issue Expenses		(134)				(9.728)	(9.862)
Various income/(expenses) recognized in equity	(57)						(57)
Profits After Taxes	661.838	(205)	15.695	(44.951)	855.698	(96.424)	1.408.672
Capital Issue						884.394	884.394
Distributed dividend	(33.750)		(1.024)				(34.774)
Balance at 31/12/2005	6.012.039	(305)	137.030		5.502.000	3.348.077	15.015.862

33. Dividends

According to Greek commercial legislation provisions, companies are obliged to distribute dividends corresponding to at least 35% of the earnings after taxes and reserves required by law, or an amount representing 6% of the issued share capital, whichever of the two is greater. The non-distribution of dividends is a decision subject to the approval of all the shareholders of the Company. The Greek commercial legislation also demands that the following conditions are met for a dividend distribution to take place:

- No dividend distribution to the shareholders is allowed in the event that the net position of the Company as it appears in the balance sheet after the distribution is less than the equity including the retained earnings.
- No dividend distribution is allowed if the net value of the intangible assets is greater than the reserves for extraordinary purposes plus the current balance of retained earnings.

On April 2005, the Board of Directors of the Company proposed a dividend of a 4.155.000 € (0,075 € per share). This proposal was approved by the Annual General Meeting of the Shareholders that took place on June 24, 2005. The distribution of the dividend to the shareholders began on August 23, 2005.

During the Board Meeting when the financial statements presented here were approved, the Board of Directors decided unanimously to propose to the Annual General Meeting of the Shareholders a dividend distribution of 3.601.000 € (0,065 € per share) from the earnings of this period (1/1 – 21/12/2005).

This declared dividend is included in the equity of the attached balance sheet.

34. Adjustments for IFRS first adoption

The tables below present the change in the Group's equity capital that came as a result of the IFRS application, at 1/1/2004 (date of transition) and at 1/1/2005 (first day of the first fiscal year):

34.1. Group equity adjustments

	1/1/2005	1/1/2004
Total equity according to Greek Accounting Principles	80.804.939	69.041.117
Re-estimation of depreciation and amortization	12.001.432	8.735.293
Fixed assets write-offs	(5.463.227)	(1.298.140)
Reversal of asset revaluation based on Law 2065	(1.972.290)	(2.935)
Recognition of financial leases	1.320.302	35.567
Re-estimation of contributions to defined benefit plans	1.244.910	
Reversal of provision for exchange losses	169.908	2.069.908
Re-estimation of provision for doubtful accounts	(53.205)	462.200
Litigation provision		(1.900.000)
Reversal of provisions for extraordinary expenses and risks	62.974	62.974
Recognition of gains from foreign exchange differences	521.616	868.032
Re-estimation of financial assets	(1.047.449)	(1.047.053)
Re-estimation of receivables and payables	(24.290)	(12.468)
Recognition on deferred taxes	197.289	(686.335)
Recognition of goodwill	7.686.756	7.391.104
Retroactive consolidation of Ipirotiki SA & Attica Dpt. Stores SA	5.125.139	(194.071)
Re-classification of proposed dividend	4.155.000	3.878.000
Total equity according to IFRS	**104.729.804**	**87.403.193**

34.2. Company equity adjustment

	1/1/2005	1/1/2004
Total equity according to Greek Accounting Principles	78.687.327	71.075.013
Re-estimation of depreciation and amortization	8.859.737	6.776.668
Fixed assets write-offs	(1.252.461)	(1.267.602)
Reversal of asset revaluation based on Law 2065	(800.985)	(2.935)
Recognition of financial leases	62.135	35.946
Re-estimation of contributions to defined benefit plans	1.244.910	
Reversal of provision for exchange losses	169.908	2.069.908
Re-estimation of provision for doubtful accounts	182.689	604.651
Litigation provision		(1.900.000)
Recognition of gains from foreign exchange differences	521.616	868.032
Re-estimation of financial assets	(1.047.250)	(1.047.250)
Recognition of deferred taxes	(177.721)	(237.163)
Re-classification of proposed dividend	4.155.000	3.878.000
Total equity according to IFRS	**90.604.905**	**80.853.268**

Also, the earnings of the period 1/1 – 31/12/2004 recorded under the IFRS are different than those recorded under the Greek Standards (GS). The differences are as follows:

	Group	Company
Profits/(losses) after taxes according to the Greek Standards	14.040.044	10.969.263
Re-estimation of depreciation and amortization	2.174.915	2.083.075
Fixed assets write-offs	(10.048)	(10.048)
Sale of written-off fixed assets		25.191
Recognition of financial leases	26.189	26.189
Re-estimation of Employee Defined Benefit Plans	1.244.909	1.244.909
Re-estimation of doubtful accounts	(520.203)	(421.962)
Deferred taxes	(64.169)	(140.071)
Recognition of gains from foreign exchange differences	(346.416)	(346.416)
Retroactive consolidation of Ipirotiki SA & Attica Dpt. Stores SA	(1.114.794)	
Profits/(losses) after taxes according to the IFRS	15.430.427	13.430.130

Further information on the above differences is presented below:

Re-estimation of depreciation and amortization

Before the application of the IFRS, depreciation and amortization were calculated based on depreciation factors specified by the tax authorities, which were in most cases higher than those deemed appropriate by the Group for the application of the IFRSs.

Write-off of Fixed Assets

Fixed assets (mostly intangibles) not meeting the recognition requirements of the IFRS were written-off.

Assets Impairments

According to Greek Tax legislation, the value of land and buildings is adjusted every four years on non-sector indexes specified by the appropriate state conventions. The most recent adjustment of this type, that took place in December 31, 2004, was reversed during the preparation of the attached financial statements, given the fact that it does not meet the requirements of the IAS 16.

Financial Leases

The leases transferring to the Company all the risks and benefits associated with the leased asset are capitalized at the start of the lease at the fair value of the leased asset or, if that is lower, at the present value of the minimum lease payments. The lease payments are allocated between financial expenses and the reduction of the principal, so that a stable interest rate can be achieved on the remaining balance.

The financial expenses are directly recorded in income statement. Before the application of IFRS the total amount of lease payments was recorded in the income statement.

Re-estimation of provisions

Provisions the Group had formed according to the prevailing accounting standards prior to the IFRS were revaluated and their amounts were revised.

Foreign exchange differences

Prior to the application of IFRS, the currency translation differences from the valuation of assets and liabilities were not recognised in the income statement of the period they were realized, but in the following one. With the application of IFRS all the currency translation differences from the valuation of assets and liabilities are recognised in the income statement of the period during which the valuation was performed

Re-classification of proposed dividend

Prior to the application of IFRS, the proposed to the Annual General Meeting of Shareholders dividends were recognized as a liability. With the introduction of IFRS the proposed dividends remain in the equity until their final approval by the Annual General Meeting of Shareholders.

Recognition of goodwill

Prior to the application of IFRS, goodwill resulting from the consolidation of subsidiaries had been subtracted directly from equity. Under the IFRS, goodwill was recognized as an asset and is subject to impairment control.

Impairment of financial assets

Companies in which the Group does not exert significant control were classified as “Investments available for sale” and were revalued at their fair values.

Retroactive consolidation of "Ipirotiki SA" and "Attica Department Stores SA"

The above companies, which were excluded from consolidation according to Greek accounting standards, were consolidated retroactively from the date the Group acquired them.

35. Related parties

During the current fiscal year, compensations amounting to 194.400 € were paid to the members of the Board of Directors.

The Company trades with affiliated companies, and specifically sells large volumes of merchandise to its subsidiary companies in the process of its usual commercial activities.

More specifically, the Company sells products (mainly footwear, apparel and accessories) to its subsidiaries, so that they can market the products at their own area of activity, where the Company would face difficulties and/or high costs to make direct sales.

The transactions mentioned above are performed under the prevailing trade conditions, considering the size and power of these companies. The unsettled balances at fiscal year end are not secured and the settlements are made in cash. No collateral has been received or offered for the claims described above. The Company has not formed any allowances on receivables from affiliated companies.

Furthermore, the Group engages in small transactions with the Company's members of the Board of Directors and with companies of their interest. These transactions take place under the usual trade conditions.

The sale of merchandise and services from the Group to subsidiaries are as follows:

	1/1 - 31/12/2005	**1/1 - 31/12/2004**
Concept One SA	431.507	551.563
BoD members and their companies	148.846	4.245
	580.353	555.808

The sale of merchandise and services from the Company to its subsidiaries are as follows:

	1/1 - 31/12/2005	**1/1 - 31/12/2004**
Factory Outlet SA	271.884	63.450
Elmec Romania SRL	7.925.106	5.725.864
Elmec Sport Bulgaria EOOD	1.481.458	1.183.291
Chronosport SA	137.975	152.586
Moustakis SA	926.267	901.838
Elmel Com. Ltd	48.646	8.776
Attica Department Stores SA	2.537.999	
Concept One SA	431.507	551.563
BoD members and own companies	148.846	4.245
	13.909.688	8.591.613

The purchase of merchandise and services by the Group from its subsidiaries is as follows (transactions between consolidated companies have been eliminated):

	1/1 - 31/12/2005	1/1 - 31/12/2004
BoD members and their companies	376.347	1.579.996
	376.347	1.579.996

The purchase of merchandise and services by the Company from its affiliates is as follows:

	1/1 - 31/12/2005	1/1 - 31/12/2004
Factory Outlet SA	684.297	646.754
Elmec Romania SRL		2.790
Chronosport SA	23.097	44.861
Attica Department Stores SA	386.638	
BoD members and own companies	354.929	1.557.152
	1.448.961	2.251.557

The receivables and liabilities of the Group from / to the subsidiaries are as follows (balances between consolidated companies have been eliminated):

	Receivables		Payables	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Concept One SA	404.038	408.469		
Internet Store SA			24.573	
Evenis SA	41.388	32.465		
BoD members and their companies	248.777	50.076	324.941	372.105
	694.203	491.010	349.514	372.105

The receivables and payables of the Company from/to its subsidiaries are the following:

	Receivables		Payables	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Factory Outlet SA		33.394	41.919	173.321
Elmec Romania SRL	8.450.043	3.638.432	2.814	2.477
Elmec Sport Bulgaria EOOD	1.565.942	1.377.179	840	
Chronosport SA	93.003	199.724	19.160	661
Moustakis SA	1.291.478	1.226.010		
Elmel Com. Ltd.		305.585		
Attica Department Stores SA	2.068.545		79.530	
Concept One SA	404.038	408.469		
Internet Store SA			24.573	
BoD members and own companies	242.734	50.075	324.941	316.508
	14.115.783	7.238.868	493.777	492.967

36. Salaries, wages and contributions to defined benefit plans

At 31/12/2005 the Group had 1.556 employees as opposed to 991 employees at 31/12/2004. The corresponding figures for the Company are 674 as opposed to 681 employees.

In the items "Cost of sales", "Administrative Expenses" and "Distribution Expenses" of the consolidated income statements salaries and other benefits to personnel are included and are analyzed as in the table below:

	1/1 - 31/12/2005	1/1 - 31/12/2004
Salaries and wages	16.645.735	11.964.110
Compulsory social security contributions	4.247.878	2.889.896
Compensations	210.174	163.377
Provision of contributions to defined benefits plans	214.177	12.255
Other benefits	243.903	142.556
	21.561.867	15.172.194
Allocated to cost of sales	515.887	539.390
Allocated to administrative expenses	3.298.175	2.425.453
Allocated to distribution expenses	17.747.805	12.207.351
	21.561.867	15.172.194

The items "Administrative Expenses" and "Distribution Expenses" of the Company's income statement include salaries and other benefits to that are included and analyzed as follows:

	1/1 - 31/12/2005	1/1 - 31/12/2004
Salaries and wages	11.194.394	10.119.452
Compulsory social security contributions	2.778.296	2.423.097
Compensations	186.338	159.530
Contributions to personnel defined benefit plans	116.504	
Other benefits	215.714	135.756
	14.491.246	12.837.835
Allocated to administrative expenses	2.151.557	1.882.345
Allocated to distribution expenses	12.339.689	10.955.490
	14.491.246	12.837.835

36.1. Social security contributions

The contributions made by the Group to the statutory pension funds ("employer contributions") have been charged on the income statement, as is evident from the tables above.

36.2. Provision of contributions to defined benefit plans

According to the provisions of labour law, the employees are entitled to compensation in case of dismissal or retirement. The amount of the compensation varies depending on wage, years of service and the manner of departure (justified dismissal, unjustified dismissal, retirement) of the employee. The payable compensation in case of retirement equals 40% of the compensation payable in case of unjustified dismissal. In Greece, under domestic practices, these schemes are not financed but are defined benefit plans according to IAS 19.

The amount of the liability recorded in the balance sheet consists entirely of the present value of non-financed liabilities as in the case of defined benefit plans described above.

The change of this liability was the following:

	Group	Company
Balance at 1/1/2004	496.170	449.215
Amount charged in the income statement	12.255	
Balance at 31/12/2004	508.425	449.215
Amount charged in the income statement	214.177	116.504
Balance at 31/12/2005	722.602	565.719

The amounts related to the liability that have been recognized in the consolidated income statement are the following:

	1/1 - 31/12/2005	1/1 - 31/12/2004
Current service cost	194.297	12.255
Interest on liability	22.461	
Actuarial losses / (profits)	(2.581)	
	214.177	12.255

The amounts related the liability above that been recognized in the income statement of the Company are as follows:

	1/1 - 31/12/2005	1/1 - 31/12/2004
Current service cost	96.624	
Interest on liability	22.461	
Actuarial losses / (profits)	(2.581)	
	116.504	0

37. Contingent liabilities

The Group's companies have provided third parties with letters of guarantee amounting to 18.346.393 € (2004: 18.346.393 €) to ensure those parties on the liabilities of the Group towards them. These liabilities are the result of contractual agreements and do not appear in the consolidated balance sheet.

The corresponding amount for the parent company is 9.142.393 € (2004: 9.142.393 €).

Glyfada, March 20, 2006

The Chairperson of the BoD	The Managing Director	The Chief Accountant
Lucy Fais ID X091336	Sam Fais ID X091240	Theodora Kaloplastou ID T542192