

Annual Report

MAY 2006



hellenic duty free shops s.a.



Annual Report

In accordance with the provisions of applicable law (Presidential Decree 348 / 1985) and Decisions No. 5/204/14.11.2000 and 1/319/9.12.2004 of the Capital Market Commission.

MAY 2006

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la prairie

Darboff

Network of Stores

Airports

1. ATHENS
2. AKTIO
3. ARAXOS
4. CHANIA
5. CORFU
6. HERAKLIO
7. KALAMATA
8. KARPATOS
9. KAVALA
10. KEFALONIA
11. KOS
12. LIMNOS
13. MYKONOS
14. MYTILINI
15. RHODES
16. SAMOS
17. SANTORINI
18. SKIATHOS
19. THESSALONIKI
20. ZAKYNTHOS

Ports

21. CORFU
22. IGOUMENITSA
23. KASTELORIZO
24. KATAKOLO
25. MYTILINI
26. PATRA
27. PIRAEUS
28. RHODES
29. SANTORINI
30. SIMI
31. THESSALONIKI

Border Crossings

32. DOIRANI
33. EVZONI
34. IDOMENI
35. KAKAVIA
36. KASTANIES
37. KIPi EVROS
38. KRISTALOPIGI
39. MERTZIANI
40. NIKI
41. ORMENIO
42. PROMACHONAS

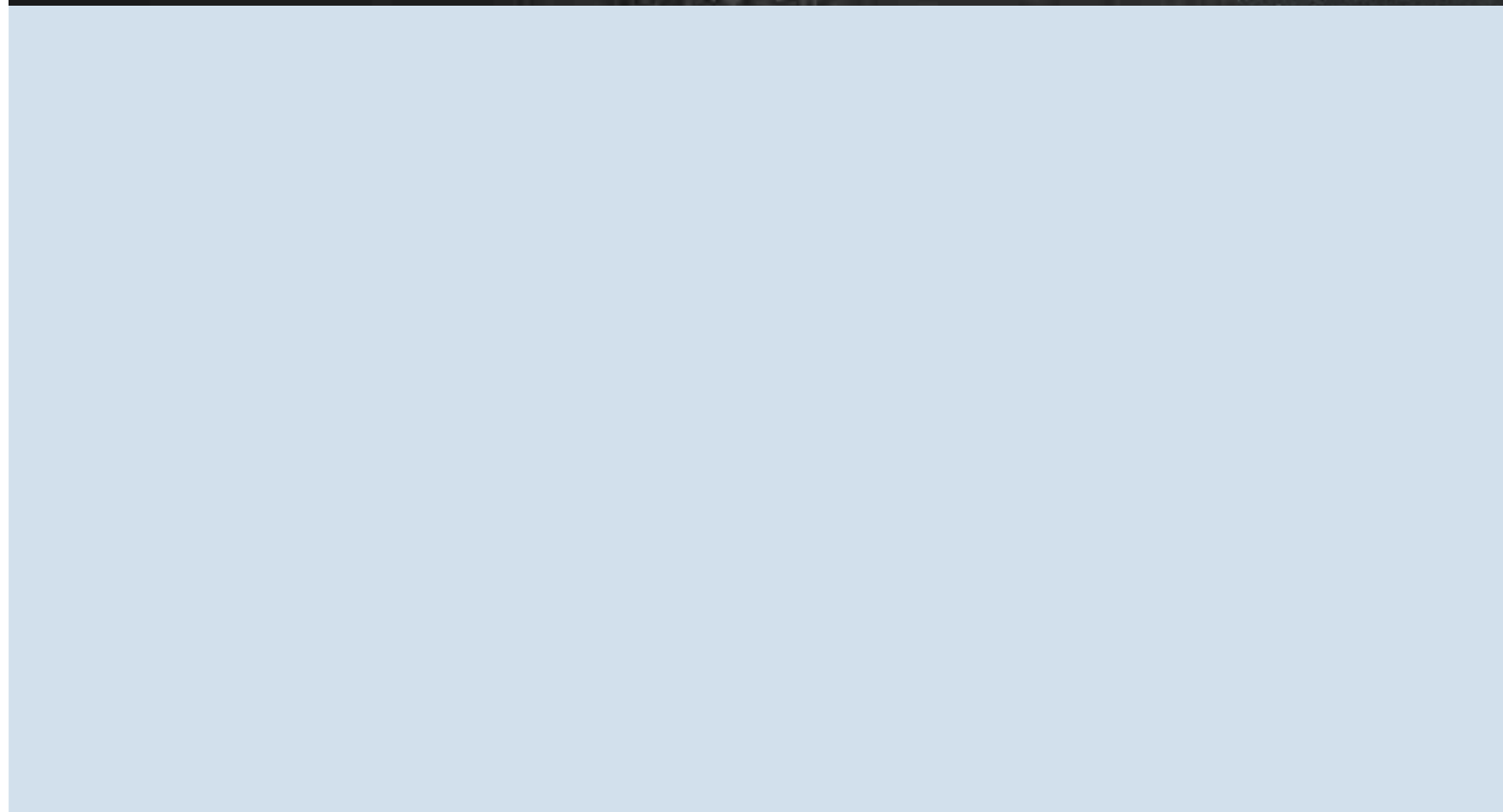




BULGARIA

TURKEY

GREECE





chairman's address

Chairman's Address

Dear Shareholders,

In 2005 we achieved a significant increase of the HDFS Group of Companies financial figures, reaching the goals we had set that aimed at the Group's continued growth and profitability.

The Group's consolidated sales stood at €261.5 million compared to €234.8 million in 2004, and earnings before tax for the year 2005 amounted to €56.4 million.

The Company's sales stood at €245.7 million against €223.4 million in 2004, therefore showing a 10% increase, and earnings before tax for the year 2005 amounted to €55.9 million.

This past year we continued the implementation of the "Travel Value Storeping" policy, namely uniform selling prices for the majority of sold goods, regardless of our customers' destination. Through the excellent relations we keep with our vendors, we constantly boost our commercial position, taking advantage of new trends and opportunities that appear worldwide. We are consequently always one step ahead from what our customers want, which is reflected in the increase of one more year in the passenger-traveler conversion ratio and the increase of spending per passenger.

Furthermore, last year we focused in particular on the renovation and growth of the network of our stores in airports, border crossings, and ports throughout the country.

We have extended our activities to new business endeavors, for example we acquired all shares of THE NUANCE GROUP (HELLAS) SA, hence enriching our stores' product range at Eleftherios Venizelos International Airport with Boss, Hermes, Diesel etc. items, and we finalized the distribution agreement of our subsidiary HELLENIC DISTRIBUTIONS SA with PHILIP MORRIS WORLD TRADE and PAPASTRATOS SA.

At this point it should also be emphasized that besides the establishment and strengthening of our Company's activities in Greece, our primary objective remains to extend our activities and seize opportunities abroad either independently or through strategic alliances. In this context we are supplying Skopje and Ohrid airports with specific items, and continue to supply the military mission in Kosovo, while soon the new store will open in FYROM through our subsidiary HDFS Skopje DOO.

The Company together with its subsidiary, HELLENIC DISTRIBUTIONS SA engages in retail duty paid sales with great success. Specifically, this past year our subsidiary's sales stood at €19.4 million against €14.9 million in 2004.

The expansion of HELLENIC DISTRIBUTIONS SA sales points continued last year as well and our subsidiary currently has a network with 28 stores at 11 points of sale throughout the country.

Lastly, we would like to thank you, our shareholders once more for putting your trust in the Company's Management, our customers for preferring to store with us, and all our personnel who have made a decisive contribution with their invaluable help to the increase of the HDF5 Group of Companies financial figures.

Our main goals continue to be to serve our customers in the best possible way, offer the largest possible variety of branded products at competitive prices, expand our activities both in Greece and abroad, contribute to the systematic development and evolution of our human resources, as well as to ensure an increased return for our shareholders.

The Company's Board of Directors and Management firmly believe that the prospects for the Company are positive in the extreme and that the Company will continue to grow rapidly and play a leading part in the Travel Retail Commerce.

Tzortzis Koutsolioutsos

Chairman of the Board of Directors





our company



Brief History

- 1979** Commencement of the operation of the Company with 4 stores.
- 1995** Expansion of its activities towards supplying ships, setting up stores abroad, VAT refund for non-EU Member State passengers.
- 1997** Expansion of the Company's scope of activities towards duty paid sales.
- 1998** Acquisition of the right to operate duty Free Shops - present or future- in Greece for 50 years (January 1st). The Company listed its shares on the ASE by issuing 7,625,000 new shares and holding a public offering for 7,525,000 shares (March 30th).
- 1999** Decision by the European Commission to abolish tax and duty free sales for passengers traveling in the European Union (July 1st). DEKA transferred approximately 78% of its share capital against an increase of its holding in the share capital of the Agricultural Bank of Greece (September). Sale by means of an international tender procedure of 25.25% and transfer of the control over the HDFS Management to a group of Greek and foreign investors. The foreign investors founded GLOBAL TRAVEL MANAGEMENT S.A. (GTM), which took over the Company's Management (November 26th).
- 2000** Share Capital increase of €4.4 million through capitalization of reserves (January 10th). Adhesion of Greece in the Schengen Agreement (April). The subsidiary HELLENIC DISTRIBUTIONS SA was set up, its main activity being to operate stores on ships, at marinas, etc. (November 27th).
- 2001** Inauguration of the Athens International Airport (Spata) and of the three (first) Company stores on the AIA premises (March 28th). Conversion of the Company's share capital in euros and adjustment of the nominal value of its share to €0.30 by capitalization of reserves (June 28th). Termination of the original Agreements between the Company's Shareholders and Management and their alternatives drawn up with a new Shareholder Agreement and Consultation Services Provision Agreement (September 27th). The Company acquired the right to establish subsidiaries that may carry out its activities, with the exception of the operation of tax and duty Free Shops (November). Participation of the Company in EFSIMON SA and EFSIMON COLLECTIONS SA, official licensee for authentic Olympic products for ATHENS 2004 (November 28th).
- 2003** Contract signature of purchase and sale agreement of a 40% stake of the Company's shares between the Agricultural Bank of Greece on the one hand and FOLLI FOLLIE SA and GERMANOS SA on the other hand (April 2nd) and transfer of the Company's Management control jointly to FOLLI FOLLIE SA and GERMANOS SA.
- 2004** Sale of the participation in EFSIMON SA and EFSIMON COLLECTIONS SA (December 6th).
- 2005** Acquisition of all of the shares of THE NUANCE GROUP (HELLAS) SA (September 30th). Distribution agreement concluded between the Company's subsidiary, HELLENIC DISTRIBUTIONS SA, and PHILIP MORRIS WORLD TRADE and PAPASTRATOS SA (July 1st).

Overview of the Company's History

The development of the Company's sales network both in Greece and abroad has been the Company's principal goal, and as a result of this HDFS currently operates 85 stores in 41 locations (20 airports, 11 border crossings, and 10 ports) in Greece, while in 2006 it is to operate a store in FYROM through its subsidiary HDFS Skopje DOO.

Since its inception, the Company has followed an extremely successful course, which stands out due to its strong growth rates and the high quality of services offered to travelers.

HDFS SA holds the exclusive right to operate duty Free Shops that are already operating or will be established in Greece in the future. Such right was granted to the Company under Article 120 of Law 2533/1997 and the relevant agreement entered into with the Greek Government for the paid up amount of €58.7 million, for a 50-year period starting from January 1st, 1998. In accordance with the foregoing agreements, such "right" is depreciated at an annual depreciation rate of 2%.

1998 was a milestone in the Company's history, when its shares were listed on the ASE by public offering. In total 7,525,000 were offered to investors. The Company is the largest listed company in the retail sector, taking into account its current market capitalization in the ASE.

On July 1st, 1999 the change in the legislative framework regarding the travel trade in the European Union and the abolition of the sale of tax and duty free items to passengers traveling to a EU Member State significantly affected the Company's activities and profitability. The change in the legislative framework led to a significant decline in the turnover and the profitability of the vast majority of companies engaging in Travel Retail Commerce (including HDFS SA) in the European Union, mainly due to the time required for travelers to adapt to the new situation.

The operation of the "Eleftherios Venizelos" Athens International Airport began on March 29th, 2001.

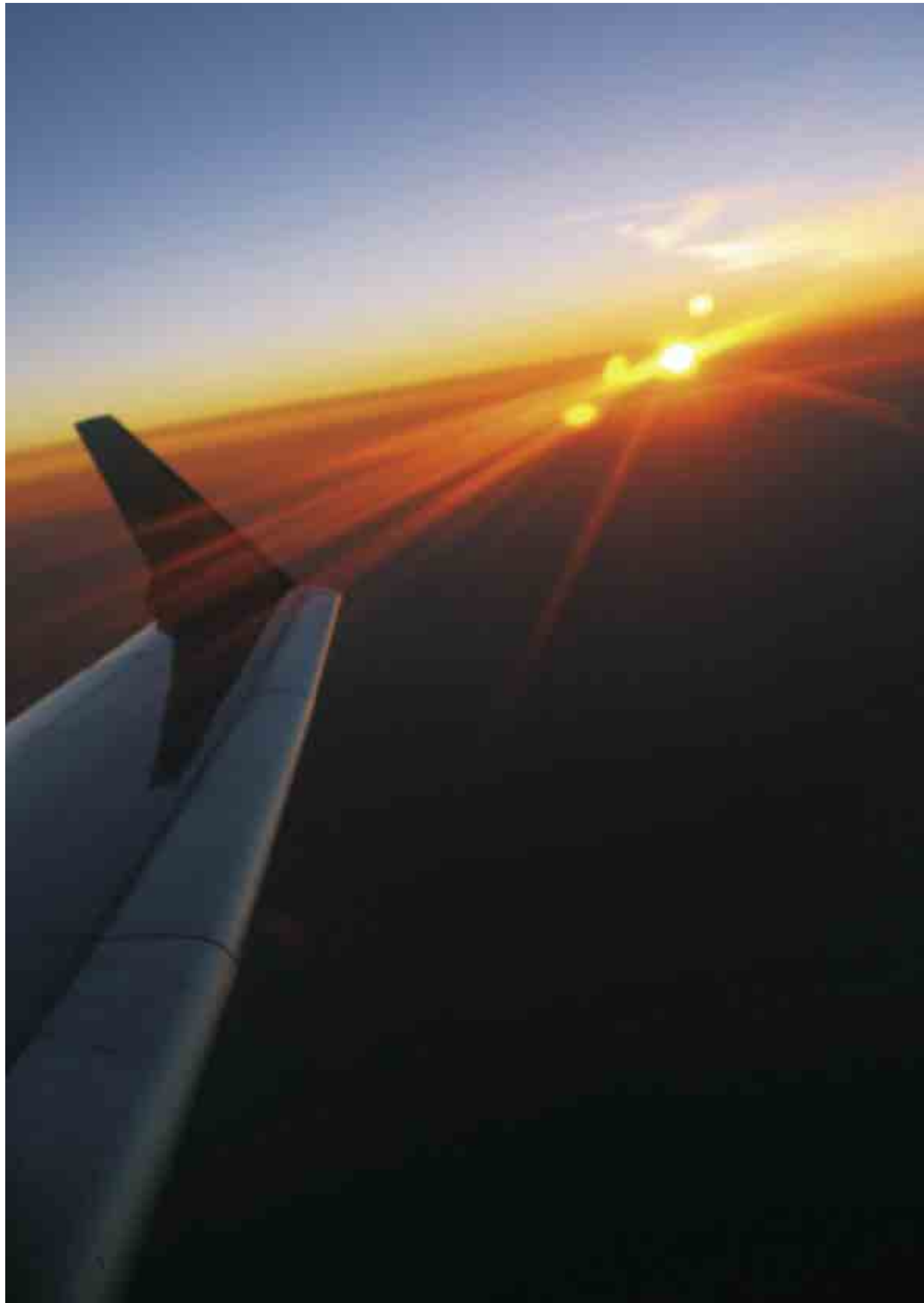
The transfer of the Company's business from Elliniko airports to the AIA was carried out successfully. Currently the Company operates 18 stores in the AIA storeping areas, one in the Satellite Terminal Building, 5 mobile stores at the Intra Schengen boarding gates and 2 at the Extra Schengen boarding gates. It should be noted that the Company's sales in the AIA account for 29% of its overall sales for the year 2005.

The Company's privatization was completed in June 2003 with the sale of 40% of its share capital by the Agricultural Bank of Greece to the companies FOLLI FOLLIE SA and GERMANOS SA with the concurrent transfer of its Management. The participation in the Company's share capital and the taking over of its Management by two of the most important companies in Greece with intense business activities abroad, marked a new era for an exceptionally successful course.

On December 6th, the Company sold its holdings in the companies EFSIMON SA and EFSIMON COLLECTIONS SA for €1.75 million since after the Athens Olympics such companies had no significant activities or prospects. The original investment in the two companies was €42,261.

In December 2004, following its participation in a tender for the supply of the Skopje and Ohrid airports with duty free items, in which participated 6 companies engaging in the retail and travel retail sectors, the Company undertook to supply the foregoing airports with perfumes, cosmetics, ouzo, wines and cigars. It also undertook to organize the duty Free Shop at the Ohrid Airport, the second largest airport in FYROM in terms of passenger traffic.

On September 30th, 2005 the final agreement with THE NUANCE GROUP AG was announced and the purchase of the total number of THE NUANCE GROUP (HELLAS) SA shares was completed at the price of €1,172,000. The acquired company operated four clothing and accessories stores at the Athens International Airport (HERMES, HUGO BOSS, COCOON, ESPRIT). Lastly, on May 25th, 2005 the Company announced that its subsidiary, HELLENIC DISTRIBUTIONS SA, concluded agreements entering into force as of July 1st, 2005 with PHILIP MORRIS WORLD TRADE and PAPASTRATOS SA, the object of which was to distribute and promote in Greece the duty free cigarettes such companies sell to ship suppliers, diplomat and military mission stores, and all types of ships.



Vision – Mission – Values

Our Vision

Our vision is to continue to stand out among the largest Travel Retail companies worldwide, achieving full customer satisfaction and offering a constant increase of return to our shareholders.

Our Mission

Our mission is to constantly ensure high-level commercial services to passengers converting an ever-increasing number of passengers to our customers and to constantly increase our sales and profitability.

Our Values

To implement our vision and accomplish our mission, we base all our actions on firm values that reflect in our daily business. Such values are:

Priority to Customers

For us Customers are at the focal point of all our efforts. We believe in appropriate customer service and we make available to customers the best products at competitive prices in a modern and attractive environment. For us, all travelers are special and our main concern is to fully satisfy them.

Quality

We strive towards assuring the quality of all the products and services we offer.

Respect for our People

We rely on our human resources and always act with understanding and respect for their needs. We believe in meritocracy and see to the constant training and development of our people in a pleasant work environment characterized by teamwork and open communication.

Innovation

We constantly seek innovative commercial proposals, which are determining factors for our growth. We develop new business activities and constantly devise new ways to improve our performance.

Efficiency

We pursue the fulfilment of the goals we set with realism and daring, and the quality of implementation of the projects we undertake is a determining factor in our business activities. We seek more efficient ways to manage and cut down our operating costs. We aim at the constant growth of our financial figures and reward our shareholders trust in us by maximizing the return on their investments.





Corporate Governance

Internal Controls

Our Internal Audit Division operates based on the Operation Regulations approved by the Company's Board of Directors.

On the basis of the Standards for Professional Practice of Internal Auditing and Best Practices, the Internal Audit Division applies Risk Based Internal Auditing, which aims at evaluating the adequacy and efficiency of the internal controls in order to minimize or eliminate risks and make proposals for improvement, where required.

Corporate risk management

The Internal Audit Division designs and implements internal audit tasks along all of the Company's operations.

The main prerequisite in preparing the Annual Internal Audit Plan and establishing the extent and type of risk is Risk Assessment on the one hand, through which risks inherent in the Company's main and basic operations have been assessed and prioritized, and on the other hand the fulfillment of the Company's obligations that result from the existing institutional framework (ASE and Capital Market Commission).

Internal Audit Procedure

The Internal Audit Division prepares the Annual Internal Audit Plan, which it submits, to the Audit Committee (Internal Audit Committee) for final approval.

In the context of implementing such plan, after each internal audit has been completed, a report is prepared that includes any remarks having resulted from the audit, risks/ impact, the action plan and the time schedule for each action, which is then notified to the audited Unit, the Audit Committee and the Company's Management.

At the end of each month, the Department prepares a progress report for its activities and notifies it to the Audit Committee and the Management, while at the end of each quarter and year a quarterly and annual report is prepared and the Board of Directors, the Audit Committee and the Management is informed on the progress of the audit.

Audit Committee (Internal Audit Committee)

The Audit Committee (Internal Audit Committee) is comprised of 3 members from the Company's Board of Directors, Messrs. Nikolaos Kezos, non-executive member (Chairman), Georgios Aronis - independent, non-executive member and Zacharias Mantzavinis - independent non-executive member.

Internal Operation Regulations

In order to meet the implementation requirements of Decision No. 5/204/14.11.2000 of the Capital Market Commission and Law 3016/17.05.2002 on Corporate Government, the Company employs Internal Operation Regulations.

The contents of the Internal Audit Regulations include, among other things, the organizational structure of the Company's Units, the scope of their respective activities, as well as the relationships between them and the Management, the responsibilities of the Board of Directors, the responsibilities of its executive and non-executive members, the collective bodies and committees, the responsibilities of the Audit Committee (Internal Audit Committee), the procedures followed when hiring and evaluating managers and other personnel categories, the procedures for monitoring the transactions of Board of Directors members, managers and other persons who have access to privileged information, the procedures followed when publicly disclosing significant transactions of specific persons and, lastly, the rules governing transactions among the companies of the Group and their monitoring.

The revised Internal Operation Regulations were approved by decision of the Company's Board of Directors in November 2003.

Investor Relations

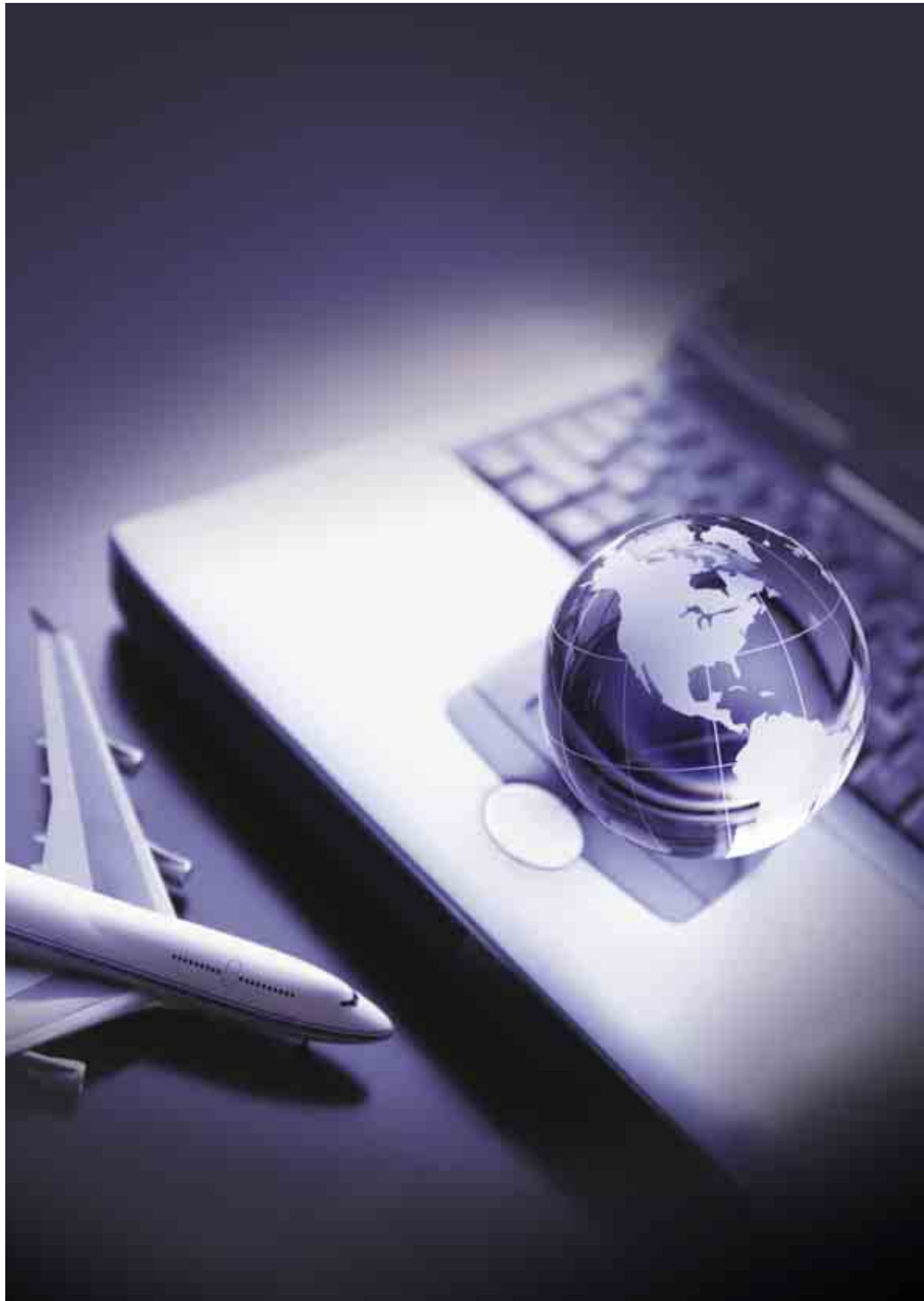
In July 2004, the Company established the Investor Relations Division, which includes the Shareholder Service Department and the Corporate Communications Department. The responsibilities of this Division include to ensure two-way communication with investors and the relevant supervising authorities, to follow and comply with the existing legal framework, and the regulatory provisions that apply each time, as well as to maintain an extrovert strategy in accordance with the international practices followed by listed companies in all developed money markets.

Last year, six road shows were held in 8 European cities, during which the Company's Management had 77 meetings with foreign institutional investors, while 32 more meetings were held with Greek and foreign institutional investors at the Company's headquarters. The Corporate Communications Department has seen to the issue of 20 press releases and communications to the ASE with information concerning financial results, changes of managers, commercial agreements, etc. Lastly, the Shareholder Service Department has served over 140 shareholders in respect of requests such as the payment of dividends of previous fiscal years, inheritance cases, dematerialization of deposited certificates, etc.

Organization Development

Taking into consideration the Company's commitment to continue its growth in an ever changing financial and business environment, as well as international competition practices, the HDFS Management has established the Organization Development Division since 2004.

The main goal of this Division is to further develop the HDFS Business Organization and Operation methods and techniques, and also to plan all required new Information and Human Resources Management Systems, ensuring the efficient operation of the Group along all its lines of business.



Information Technology

The Information Technology Department has proceeded to new infrastructure installations in 16 main stores drawing on the technology available to it both at network (data compression, QoS) and telecommunications level.

A significant number of stores have been connected to OTE's IPMPLS network, ensuring double connection speeds at lower costs.

The HP OpenView platform has been extended with important tools enabling performance and availability monitoring for our critical systems. Tests are underway for the installation of a fault tolerant software which shall ensure maximum availability of the Company's servers.

The physical-technical study and infrastructure installations for the creation of the new Disaster Recovery center have been completed. The project shall be completed in 2006, aiming at rendering such center productive by the fourth quarter of the current year.

The integrated operational resources system covering the supply of ships has been completed and delivered.



Human Resources

Human Resources Policy

The Company offers a modern and pleasant work environment to its human resources. It sets rules for equal professional advancement opportunities, also focusing in particular on education and training on special professional and sales related issues.

As a dynamic business, it constantly grows generating new jobs, developing commercial executives throughout the country.

Personnel Education and Training

The constant supply of information to and training of the Company's human resources is a principal factor that helps the Company develop and maintain its competitive position in the market.

30 employee vocational training programs have been implemented (12 open and 18 intraorganization ones) as part of the Company's training policy.

To be more specific, the following programs were held in 2005:

- Open programs covering issues such as the Athens Stock Exchange New Regulations, Auto Cad 2 & 3, Crisis Management in Public Relations, International Accounting Standards, Internal Audit Integrated Presentation, Public Relations & Events in Practice, Basic accounting and financial principles for accounting department executives without previous experience, personnel selection and evaluation techniques, Computer Usage - Office Applications, Intrapersonal communication in the work place. 15 employees participated.
- Intraorganization programs covering issues such as Information Technology, store Management and Organization, Modern labor and insurance legislation, Marketing & Negotiations, Technique for negotiations with vendors, Stock control and forecast systems. 116 employees participated.

Based on the training plan for the year 2006, vocational training programs are to be held on labor and pay issues, finances and internal audit, modern marketing principles and practices, information technology, store Management, project and program Management and organization, specialized sales systems, modern warehouse organization, imports-exports and negotiations, issues of specialized congresses and workstores. Particular emphasis shall be given on training the executives of regional stores.

Another activity of the Human Resources Division has been to provide services to vendor firms working with the Company in terms of the promotion of their products. In 2005, the turnover generated by the services provided towards the promotion activity of such vendor firms for their products amounted to €845,226.25 (€542,430.00 in 2004) showing a 56.7% increase, while a further increase in turnover by 7.2% is anticipated for 2006.





Commercial Policy

Travel Value Shopping

Since July 1st, 1999 the Company's commercial activity was extended to the sale of duty paid goods.

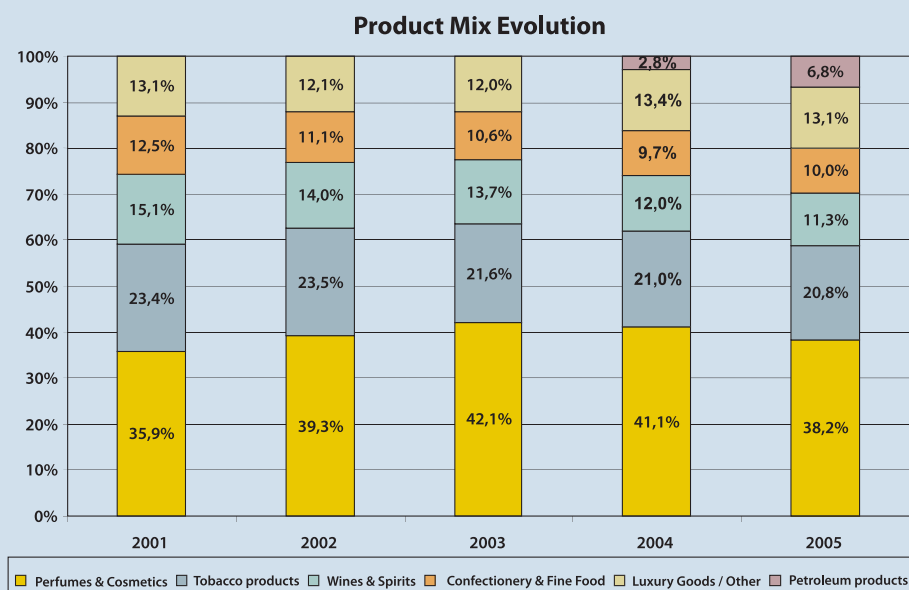
The Company, aiming to maintain its sales volume is applying uniform selling prices for the majority of its goods (with the exception of tobacco products) regardless of the destination country of passengers.

This sales promotion method is used by a significant number of Travel Retail companies in the EU, and is known as "Travel Value Shopping".

Product Mix

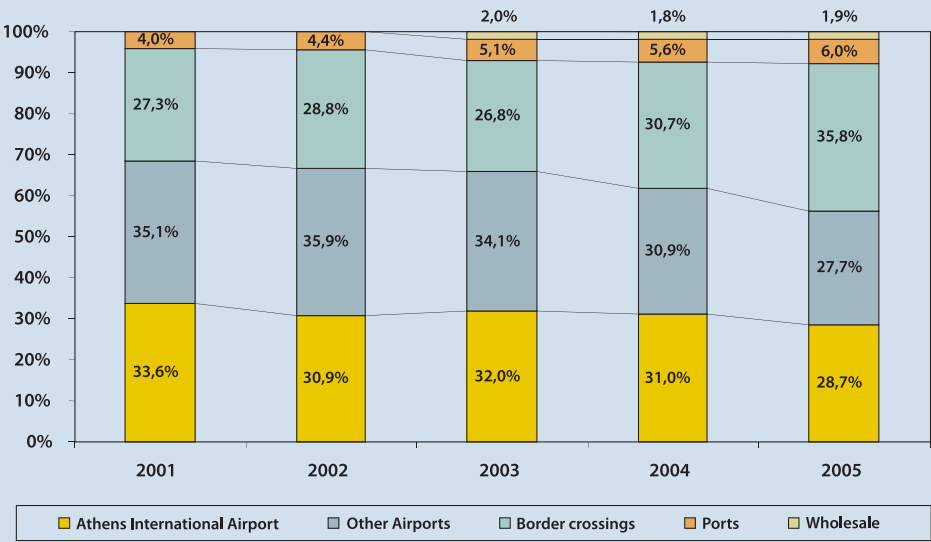
The Company trades in a wide range (mixture) of goods, which changes depending on market trends and passenger preferences.

In 2005 the Company's sales per category of goods were as follows:



It is evident from the analysis of the product mix evolution that the Company’s strategy is to boost the most profitable product categories, such as perfumes and cosmetics (from 35.9% of retail sales in 2001 to 38.2% in 2005).

With regard to the breakdown of sales by store category, the following chart analyzes the trend in sales in the past five years:



The above data show the importance of sales at the country’s airports, which account for 56.4% of retail sales for 2005, as well as of the ever increasing participation of sales at border crossings, which account for 35.8% of total sales for the year 2005. Specifically, sales at border crossings have shown an increase of 27.9% in 2005, while sales at the Athens International Airport show a 1.2% increase compared to 2004, while sales at ports increased by 15.9%. With regard to new activities, the most important one is the operation of staff stores. More specifically, staff stores operate at the Port of Piraeus since May 2005 and at Rhodes Airport since December 2005.

Sales Promotion

Promotional activities

In 2005, the Company made use of the following promotional methods:

- Ads in publications;
- Participation in Greek and International Expositions.

In total, the Company with the support of its vendors, has carried out 1,250 main promotional activities, using promoters and printed communication matter distribution, and 8,500 secondary promotional activities using the following mechanisms:

- Giving away gifts with buys;
- Taste sampling;
- Price off.



Furthermore, during the year the Company implemented the following activities:

- free of charge distribution of tourist agent ticket covers;
- cooperation with major hotels in the country placing advertising leaflets;
- cooperation with HATA & TUI tour operators;
- quarterly ENTER TO WIN newsletter;
- annual "Duty Free & Travel Value" price list per area;
- mini price list for stores at border crossings;
- tourist maps per area;
- discount stores information brochures;
- information brochures with discount coupons for bus and truck drivers;
- information brochures for Turkish immigrants;
- information brochure for British and Scandinavian travelers informing them about the quantities of cigarettes allowed and price differences.



Commercial Identity

Besides its company identity, “Hellenic Duty Free Shops”, which the Company has been using all these years, since early 2000 it also uses the commercial identity “Travel Value”. In 2003, the Company started using its new commercial identity for duty free sales (“Duty Free”) side by side with “Travel Value”, while maintaining its identity at corporate level.



Internet Exposure

The Company’s Internet exposure has been enhanced with its new web page at www.dutyfreeshops.gr. Through its updated web page, the Company aims to better inform visitors about the offers and the products available in its stores, as well as provide financial information about the Company and the Group. Furthermore, its web page visitors are given the opportunity to contact the Company and have their queries answered and their suggestions or comments recorded.

Lastly, the new “Email Alerts” service provides the opportunity to register and regularly receive useful information, such as information on the share price, press releases and financial statements, etc.

Participation in events

In 2005, the Company participated in and held several events such as

- Participation in “Exclusive Travel” Helexpo, (January).
- Participation in the “Tourism Panorama” exposition at the Building of the Piraeus Port Organization (May).
- Major Sponsor of the “Acropolis Rally” with the SCODA WRC team, (June).
- “Philoxenia” Exposition, Thessaloniki, (November).
- Christmas decoration of the “Eleftherios Venizelos” Athens International Airport (December).
- Christmas party for the children of HDFS employees, Hotel Intercontinental (December).



Pricing Policy

The Company's pricing policy aims at maintaining uniform selling prices for both duty free and duty paid merchandize (with the sole exception of tobacco products) - Travel Value Storeping. Such policy aims to project a uniform image of the Company to travelers and avoid the confusion that would otherwise be generated by the use of different prices.

Alongside with the pricing policy implemented, the Company seeks to sell all products & items at attractive and competitive prices compared to the prices that apply in other Travel Retail and other retail stores.

Selling prices are established once the following factors have been considered:

- current price levels of competitors abroad;
- current price level of domestic retail stores;
- the location of each of its stores, applicable tax provisions and local purchasing power.



Purchasing Policy

The Purchasing and Distribution Division is responsible for managing the Company's commercial relations with its vendors. This management activity concerns the agreement reached concerning all procurement procedures, such as the selection of goods and their prices, as well as of an agreement about the promotion of the goods, such as advertising, salespersons availability, etc., activities that aim at increasing the Company's profitability.

Goods are procured either directly from manufacturing firms or their subsidiaries. It should be noted that over 90% of the goods purchased are manufactured by manufacturers that are unique worldwide, and their purchase prices are usually fixed prices that apply throughout the European duty free products market.

The Company's unfailing policy is to have excellent relationships with its vendors, while at the same time it is constantly seeking, evaluating and implementing creative and innovative proposals.

A combination of the foregoing actions and relationships contributes to closely following the developments in the world market and concluding commercial agreements which improve the Company's profit margins.



Logistics

As a result of the logistics services provision agreement entered into in January 2004 and in force since, by and between GERMANOS SA and HDF5 SA, the provision of logistics services has been very satisfactory in 2005 with the addition of further improvements where deemed necessary.

Specifically during this year:

- 1** GERMANOS SA has provided HDF5 SA with additional support, which was offered in the context of the applicable logistics services provision agreement.
- 2** Interventions were implemented and corrective action taken to solve problems that arose from the stocking and supply procedure at all of the Company's stores throughout Greece and at the Central Warehouse in Avlona.
- 3** The formalities and procedures required under the Customs Code with regard to the operation of new as well as existing stores (tax warehouse licenses, extension of tax warehouse licenses, guarantees, relevant decisions, etc.) have been complied with.
- 4** The procedures for the import of the goods sold by the Company have been successfully performed, timely meeting the selling needs of its stores, considering that such imports have included the goods from major foreign firms such as PHILIP MORRIS, which have large sales volumes and increased stocking and movement needs.
- 5** The Company, in cooperation with all of its divisions, has seen to the transport of all equipment necessary for the operation of its stores throughout Greece.

The Distribution activities for the year 2006 shall focus on the following:

- Implementation of customs formalities and procedures where required to obtain new tax warehouse - store licenses, extension of existing tax warehouse licenses regarding new activities added to existing activities, and reformulation of tax warehouse guarantees where required.
- Support of all new activities of the Company, which require the implementation of specific Customs Legislation provisions, or the intent, where possible, on a case-to-case basis, to obtain the issue of Distribution decisions by Customs Authorities.
- Further improvement of the "Eleftherios Venizelos" Athens International Airport the warehousing computer system, an improvement that started in 2005 and is ongoing, with the assistance and support of the Information Technology Division.
- Restructuring and reallocation of spaces and the categories of goods per space, since three new warehouses have been added to its existing ones to meet the Company's increased needs as a result of the absorption by HDFS SA of NUANCE HELLAS, and the branded fashion stores HERMES, BOSS, etc.
- Reallocation of the storage spaces based on the new factors, which shall further improve the organization, operation and efficiency of the goods and supply related procedure of the Company's stores at the Athens International Airport.



Store Network

The Company has developed a network comprising 85 stores at 41 sales points throughout Greece, 58 of which are located in airports, 13 at border crossings, and 14 at ports.

Map of Stores



These spaces, with the exception of the Company’s owned property in Promachona and Kastanies, are leased to the Company by their respective owners (AIA, HCAA, Port Funds, NTO, etc.).

Stores in the AIA

The Company has the following stores in the Main Terminal Building of the Athens International Airport (AIA) and more specifically at the Intra and Extra Schengen areas:

Company stores at the AIA	Store Location	
	Intra Schengen	Extra Schengen
Products offered		
Perfumes, cosmetics	✓	
Tobacco products, alcoholic beverages, and chocolates	✓	
Perfumes, cosmetics, alcoholic beverages, tobacconist’s items, toys		✓
Greek packaged products, and selected International foodstuffs	✓	✓
Zolotas, Lalaounis jewelry, Diamond’s Store	✓	
Zolotas, Lalaounis jewelry, Diamond’s Store, watches and accessories		✓
Bvlgari jewelry and watches, gifts and accessories	✓	
Germanos Store		✓
Folli- Follie, Mont Blanc, Christofle, and Swarovski products, watches, gifts and accessories	✓	
Selected collection (Last Minute)	✓	
Toys & selected collection, CDs etc.		✓
Selected collection (Last-Last Minute)		✓
Clothing - Fashion	✓	✓
Cigars - Humidor		✓
Folli- Follie and Bvlgari products, watches, gifts and accessories		✓
Swatch watches	✓	
Mastic tree products - Mastiha Store	✓	

Furthermore, the Company operates a store in the Satellite Terminal Building, 5 mobile stores at the Intra Schengen boarding gates and 2 at the Extra Schengen boarding gates.





Sales of Olympic products

The Company's network of 5 specialized stores at the Thessaloniki, Heraklion (2), Rhodes and Corfu airports sold original Olympic Games themed products.

Wholesale

The Company works with K.F.O.R. (Kosovo) and the Duty Free Shops at the Skopje and Ohrid airports, to which it sells duty free items.

New stores - warehouse spaces

In 2005, the Company opened the following new stores:

Airports

- Staff store at the Rhodes Airport.

Border crossings

- Kakavia (frontier with Albania): new store.
- Kakavia (frontier with Albania): Duty free oil product station.

Ports

- Piraeus: Staff store for the Thessaloniki Port Organization, Piraeus Customs personnel.



Besides the above, action has been taken to open new stores at the following sales points:

- Alexandroupoli Airport
- Mavromati Sagiadas (frontier with Albania):
- Chios Airport
- Santorini Port
- Samos Port
- Chios Port

Store Network renovation - extension

In 2005, the Company renovated - extended the following points of sale and warehouse spaces:

Airports

Athens International Airport, Aktio, Corfu, Zakynthos, Heraklion (intra Schengen), Mytilene, Skiathos.

Border crossings

Complete renovation in Promachonas (frontier with Bulgaria), Doirani (frontier with FYROM), Evzoni (frontier with FYROM), Kristallopigi (frontier with Albania).

Ports

Corfu.



HELLENIC DISTRIBUTIONS SA – Subsidiary

The Company's subsidiary, Hellenic Distributions SA, was founded in September 2000. It started operating in April 2001 by opening 3 stores at the "Eleftherios Venizelos" Athens International Airport.

Currently the company has a network comprising 13 stores (10 at airports, 2 at ports and 1 at the beach of Glyfada) at 9 sales points (6 airports, 2 ports and 1 store at the beach of Glyfada). At the Main Terminal Building of the Athens International Airport (AIA) in particular, the company operates 3 retail stores in the All Users Area selling Swatch watches, Korres - L'Oreal and Monsoon products, 1 retail store in the arrivals terminal selling pastry - LEONIDAS chocolates, chocolates, and TERKENLIS pastry, 1 Staff Store for all AIA staff issued with the special airport card and airline crews.

Also, in the same year it continued its cooperation with HELLENIC SEAWAYS SA, operating 11 duty Free Shops and Travel Stores on an equal number of passenger ships traveling to the Cyclades, which significantly boosts the company's activities especially in the summer.

In 2005, the company changed the use of the following points of sale:

Airports

- Athens International Airport: A KORRES natural cosmetic store is now where the Body Store used to be.
- Athens International Airport: A MONSOON fashion accessories store is now where the ACCESSORIZE store used to be.



HDFS SKOPJE DOO – Subsidiary

The establishment and boosting of the Company's activities in Greece is very important for its expansion abroad, which is the main goal of the Company's Management. For this purpose, the Company founded a subsidiary in FYROM, which operates the first store of the Company outside Greek territory, and which shall serve travelers from FYROM to Greece. The store that sells duty paid items has a surface area of 550 square meters.

HELLENIC TOURIST BUREAU – Subsidiary

The Company's traditional links with tourism have provided the motivation for the establishment of a subsidiary with the corporate name HTB Hellenic Tourist Bureau SA, in order to be able to make the most of all kinds of tourism opportunities that shall contribute to the further development and expansion of its activities.





Growth – Prospects

Goals – Future prospects

The main goals set by the Management of the HDFS Group of Companies pertain to commercial growth, expansion of activities both in Greece and abroad, the provision of high quality commercial services, and of a wide range of branded products to passengers at competitive prices and consolidation of the corporate image. Furthermore, the creation of a pleasant working environment, the continuous training and further development of our human resources, the improvement of our technical equipment, and of all operations shall contribute decisively to the continuous strengthening of our competitiveness and the financial growth of the Group.

The development and expansion of the network of stores, new activities and acquisitions-strategic alliances continue being the main growth drivers for the next three years.

Also, the expansion of the activities of the Company's subsidiary, HELLENIC DISTRIBUTIONS SA, and the operational and systems improvement, will boost the Group's prospects for growth and contribute to the achievement of its goals.

Development and expansion of store network

The sales growth of the existing stores' network will be achieved through the introduction of new products and categories, the application of new concepts, the increase of the penetration and spending per passenger, the best possible customer service and finally, the optimization of the relationships with suppliers, in order to supply products that will fully satisfy the travelers' needs for price and quality.

The Management's key strategic imperative remains the growth and expansion of the stores' network, not only of the parent Company but also of its subsidiary «HELLENIC DISTRIBUTIONS S.A.», aiming at the supply of branded products and quality services to travellers in all possible points of sale. Specifically, the Company, in 2006, will establish, extend and refurbish stores in various points of sale that have been pre-determined in airports, borders and ports throughout the country.

New activities

The expansion of the Company's activities in Greece and in new markets abroad is a priority for the Management. Specifically, the expansion in new markets abroad may be achieved by exploiting opportunities that may arise, either independently or by working together with the main shareholders of the Company, who will play a significant role, offering the required know-how and experience that have acquired from their successful activities in the European and Far East markets. A consequence of the above is the establishment of the first shop outside Greece in F.Y.R.O.M. through the subsidiary company «HDFS Skopje DOO».

The Company also actively pursues the expansion of its activities in other specialized markets such as the supply of vessels and travel services utilizing its strong advantages. The expansion into new activities may be achieved either through the creation of new business units in the Company, or with the establishment of new subsidiaries.

Acquisitions and Strategic Alliances

The Company's exceptionally robust financial situation allows it to seriously consider acquisition opportunities both in and out of Greece, in Travel Retail or related business areas. Also its important ranking among the top companies in the world Travel Retail sector favors the pursuit of strategic alliances, out of which it will create important synergies in critical areas such as purchasing, sales promotion, new concepts and merchandising.

Activities of the Company's subsidiary HELLENIC DISTRIBUTIONS SA

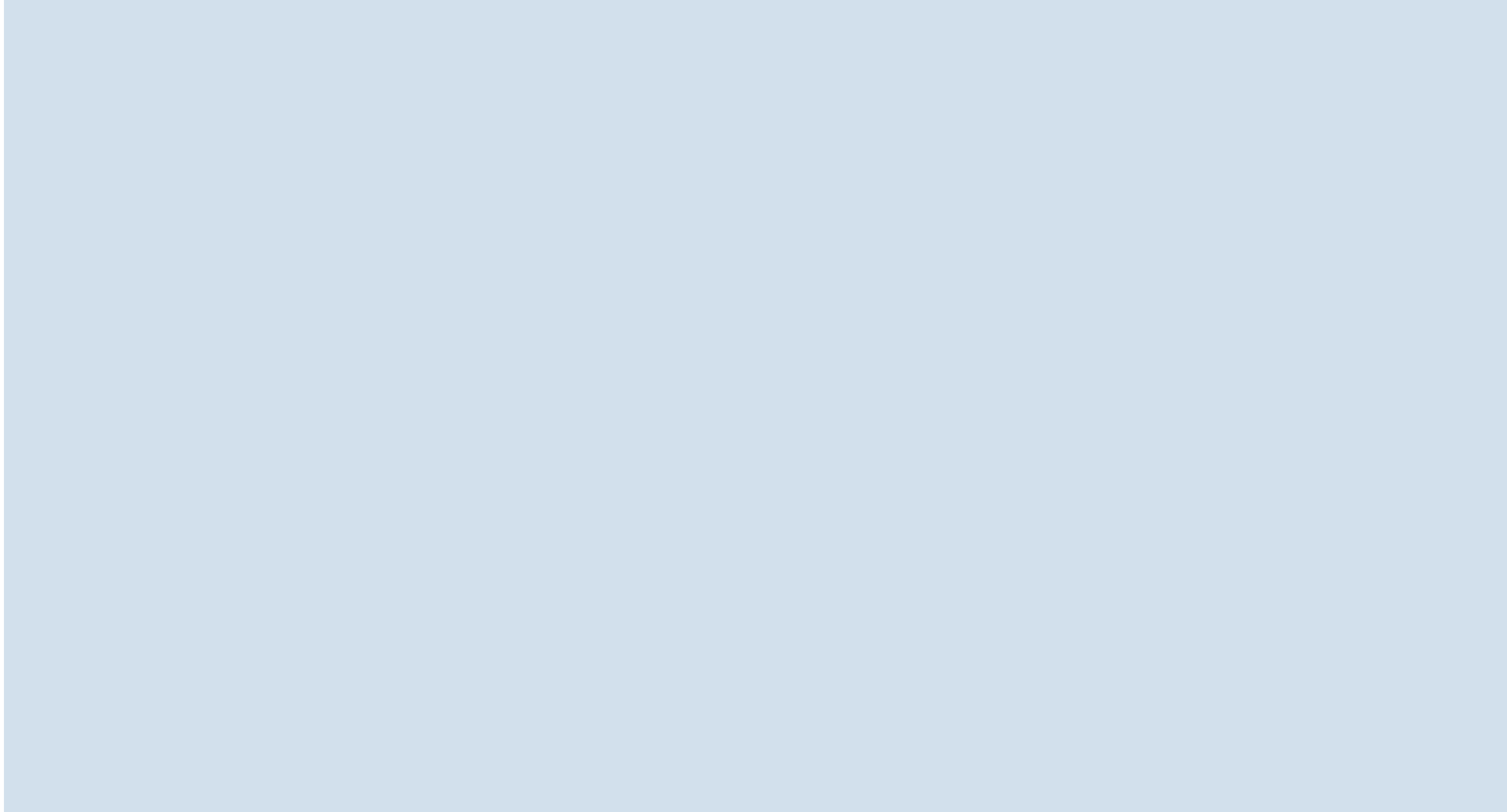
The operation of the Company's subsidiary, HELLENIC DISTRIBUTIONS SA, is an important growth factor for the Group for the years to come. The subsidiary engages in the development of retail duty paid sales and it is the goal of the Management to expand its stores to various points of sale throughout Greece, expanding the Group's network of retail stores beyond airports, border crossings and ports where HDFS currently operates.

The agreement entered into with PHILIP MORRIS WORLD TRADE and PAPASTRATOS SA, the object of which is to distribute and promote in Greece the duty free cigarettes such companies sell to ship suppliers, diplomat and military mission stores, and all types of ships, is anticipated to play an important part in financial growth of the subsidiary. It is noteworthy that this activity, which began on July 1, 2005 resulted in sales for the subsidiary in 2005 amounting to €5.1 million.

Operations, organization and system development

The Operations, Organization and System Development program which was launched in the first quarter of 2005 aims at constantly supporting the development strategy, the flexibility and the efficiency of HDFS for the next years.

More specifically, the program aims at further improving the Company's operational and organizational model, developing detailed Operations Manuals for all operations and at efficiently managing information and intracorporate communication through the implementation of the new integrated information system (ERP).





annual report 2005

Summary financial figures

1.1 Summary financial figures of the Company

PARENT COMPANY BALANCE SHEETS (amounts in thousand €)		
ASSETS	2004 IFRS	2005 IFRS
ESTABLISHMENT EXPENSES	359.0	3,763.5
Total assets	97,610.2	104,234.8
LESS: Depreciation	25,526.1	30,515.3
Participations & Long-term receivables	5,491.9	5,225.1
TOTAL FIXED ASSETS	77,576.0	78,944.6
CURRENT ASSETS	110,310.1	122,636.1
DEBIT TRANSIT BALANCES	4,610.5	0.0
TOTAL ASSETS	192,855.6	205,344.2
LIABILITIES	2004 ΔΛΠ	2005 ΔΛΠ
EQUITY	125,128.8	121,268.8
PROVISIONS	3,800.5	4,285.5
LONG-TERM LIABILITIES	0.0	0.0
SHORT-TERM LIABILITIES	63,368.9	79,789.9
TRANSIT CREDIT BALANCES	557.4	0.0
TOTAL LIABILITIES	192,855.6	205,344.2

SUMMARY RESULTS AND INFORMATION PER SHARE		
(amounts in thousand €)	2004 IFRS	2005 IFRS
TURNOVER	223,356.1	245,677.0
COST OF GOODS SOLD	110,052.0	126,948.3
OTHER OPERATING INCOME	6,885.2	7,636.6
ADMINISTRATIVE EXPENSES	12,296.6	12,039.5
SELLING EXPENSES	33,349.3	37,803.6
CONCESSION FEES	21,206.7	24,892.7
OTHER INCOME	4,908.5	4,268.6
OTHER EXPENSES	0.0	0.0
TOTAL DEPRECIATION	4,152.2	4,596.3
EBT	58,245.2	55,898.1
EBIT	53,336.7	51,629.5
EBITDA	57,488.9	56,225.8
EARNINGS AFTER TAXES	42,308.4	37,925.4
TOTAL DIVIDEND	36,872.5	42,140.0
ADJUSTED NUMBER OF SHARES	52,675,000	52,675,000
information per share (€)		
	2004 IFRS	2005 IFRS
EBT	1.106	1.061
EBIT	1.013	0.980
EBITDA	1.091	1.067
EARNINGS AFTER TAXES	0.803	0.720
DIVIDEND	0.70	0.80

1.2 Financial Ratios for the Company

GROWTH RATIOS		2004	2005
Turnover		13.9%	10.0%
EBT		16.4%	-4.0%
EBIT		15.9%	-3.2%
EBITDA		14.2%	-2.2%
Earnings after taxes		25.1%	-10.3%
Tangible assets (acquisition value)		26.6%	17.0%
PROFITABILITY			
Gross profit		50.7%	48.3%
EBT		26.1%	22.8%
EBIT		23.9%	21.0%
EBITDA		25.7%	22.9%
Earnings after taxes		18.9%	15.4%
TURNOVER RATIOS			
Debtors		9	10
Stock		119	134
Creditors		51	70
LEVERAGE RATIOS			
Debt to Equity		0.506	0.658
Interest expenses to earnings before taxes and interest		0.002	0.003
Bank debt		0.000	0.000
LIQUIDITY RATIOS			
Current ratio		1.80	1.54
Quick Ratio		1.24	0.95
Cash Ratio		1.04	0.79

1.3 Summary consolidated financial figures

CONSOLIDATED BALANCE SHEETS (AMOUNTS IN THOUSAND €)

ASSETS	2004 IFRS	2005 IFRS
establishment EXPENSES	372.7	3,838.3
Total assets	98,836.5	106,469.3
LESS: Depreciation	25,967.9	31,124.8
Participations & Long-term receivables	5,677.5	3,864.4
TOTAL FIXED ASSETS	78,546.1	79,209.0
CURRENT ASSETS	111,727.3	125,219.0
DEBIT TRANSIT BALANCE	5,456.8	0.0
TOTAL ASSETS	196,102.9	208,266.2
LIABILITIES	2004 IFRS	2005 IFRS
EQUITY	125,808.7	121,539.5
PROVISIONS	3,842.8	4,352.2
Long-term liabilities	0.0	0.0
Short-term liabilities	65,665.8	82,374.6
TRANSIT CREDIT BALANCES	785.6	0.0
TOTAL LIABILITIES	196,102.9	208,266.2

SUMMARY RESULTS AND INFORMATION PER SHARE

(amounts in thousand €)	2004 IFRS	2005 IFRS
TURNOVER	234,804.9	261,450.9
COST OF GOODS SOLD	117,363.3	138,042.8
OTHER OPERATING INCOME	11,160.9	12,340.1
ADMINISTRATIVE EXPENSES	12,842.7	12,550.6
SELLING EXPENSES	38,904.9	44,107.3
CONCESSION FEES	22,620.9	25,847.8
Other income	4,067.3	3,330.7
Other expenses	0.0	164.4
TOTAL DEPRECIATION	4,319.3	4,796.8
EBT AFTER MINORITY RIGHTS	58,301.3	56,408.8
EBIT	54,234.0	53,242.6
EBITDA	58,553.3	58,039.4
EARNINGS AFTER TAXES AND MINORITY RIGHTS	41,978.2	37,870.8
TOTAL DIVIDEND		
ADJUSTED NUMBER OF SHARES	52,675,000	52,675,000
information per share (€)		
	2004 IFRS	2005 IFRS
EBT AFTER MINORITY RIGHTS	1.107	1.071
EBIT	1.030	1.011
EBITDA	1.112	1.102
EARNINGS AFTER TAXES AND MINORITY RIGHTS	0.797	0.719

Affiliates and their respective participation in the Company’s consolidated financial statements

Company	2004	2005
HELLENIC DISTRIBUTIONS SA	99.99%	99.99%
HDFS SKOPJE DOO	100.00%	100.0%
VENUE RETAILING SA	19.99%	
HELLENIC TOURIST BUREAU SA		99.99%

1.4 Consolidated financial ratios

GROWTH RATIOS	2004	2005
Turnover	1.5%	11.3%
EBT	11.4%	-3.2%
EBIT	7.0%	-1.8%
EBITDA	5.9%	-0.9%
Earnings after taxes	21.0%	-9.8%
Tangible assets (acquisition value)	25.3%	19.0%
PROFITABILITY		
Gross profit	50.0%	47.2%
EBT	24.8%	21.6%
EBIT	23.1%	20.4%
EBITDA	24.9%	22.2%
Earnings after taxes	17.9%	14.5%
TURNOVER RATIOS		
Debtors	0	2
Stock	118	133
Creditors	51	69
LEVERAGE RATIOS		
Debt to Equity	0.522	0.678
Interest expenses to earnings before taxes and interest	0.003	0.003
Bank debt	0.000	0.000
LIQUIDITY RATIOS		
Current ratio	1.76	1.52
Quick Ratio	1.19	0.91
Cash Ratio	1.06	0.80

1.5 Explanation of financial ratios

GROWTH RATIOS (%)		
Turnover	=	(Turnover of Current Year/ Turnover of Previous Year) -1
EBT	=	(Earnings before tax of Current Year / Earnings before Tax of Previous Year) – 1
EBIT	=	(Earnings before interest and tax of Current Year / Earnings before interest and tax of Previous Year) - 1
EBITDA	=	(Earnings before interest, tax, depreciation and amortization of Current Year / Earnings before interest, tax, depreciation and amortization of Previous Year) – 1
Earnings after tax	=	(Earnings after tax of current year / Earnings after tax of previous year) - 1
Fixed assets (acquisition cost)	=	(Fixed assets at acquisition cost of current year / Fixed assets at acquisition cost of previous year) – 1
PROFITABILITY RATIOS (%)		
Gross Earnings	=	Gross Earnings of current year / turnover of current year
EBT	=	Earnings before tax of current year / turnover of current year
EBIT	=	Earnings before interest and tax of current year / turnover of current year
EBITDA	=	Earnings before interest, tax, depreciation and amortization of current year / turnover of current year
Earnings after tax	=	Earnings after tax of current year / total turnover of current year
TURNOVER RATIOS (days)		
Debtors	=	[(Debtors, Accounts Receivables, receivables in delay of current year)/Turnover of current year]*365
Stock	=	(Stock of current year / Costs of goods sold of current year)*365
Creditors	=	[(Creditors, Accounts Payable of current year)/Cost of goods sold]*365
LEVERAGE RATIOS (:1)		
Debt to equity	=	(Long term liabilities + Short term liabilities) / Total equity
Interest over Earnings before interest and tax	=	Interest of current year / Earnings before tax and interest of current year
Bank debt to equity	=	(Long term loans + Short term loans to banks + Bank debt payable in the following year) / Total equity
LIQUIDITY RATIOS (:1)		
Current ratio	=	(Current assets + prepayments and other receivable) / (Total short term liabilities + Accruals and differed income)
Quick ratio	=	(Current assets + prepayments and other receivable - Stock) / (Total short term liabilities + Accruals and differed income)
Cash ratio	=	(Securities + Cash) / (Total short term liabilities + Accruals and differed income)

Information about the preparation of the Annual Report and the Company's Auditors

This Annual Report includes all the information and financial figures needed for investors and directors to adequately evaluate the assets, financial standing, the results and prospects of Hellenic Duty Free Shops SA (hereinafter the Company or HDFS) in respect of their investments.

2.1 About the Company and the Annual Report

Investors that wish to obtain more information or consult any documents that relate to the Company and are included in the Annual Report may contact the Company on business days and hours at its headquarters at Athens-Lamia National Road 23rd Km, 145 65 - Agios Stefanos, Tel.: +30 210 6269.837, Fax: +30 210 6269.617:

Mr. Theodoros Gitzos, Investor Relations Director, Responsible for Shareholder Service and Corporate Communications.

2.2 Certificate for the correctness and completeness of the information in the Annual Report

This Annual Report has been prepared and distributed in accordance with the provisions of applicable legislation (Presidential Decree 348 / 1985) and Decisions No. 5/204/14.11.2000 and 1/319/9.12.2004 of the Capital Market Commission.

The following persons are responsible for the preparation of the Annual Report and the accuracy of the information included in it:

Mr. Dimitrios Koutsolioutsos, Managing Director, Athens-Lamia National Road 23rd Km, 145 65 - Agios Stefanos, Tel.: +30 210.6269.400.

Mr. Georgios Velentzas, Athens-Lamia National Road 23rd Km, 145 65 - Agios Stefanos, Tel.: +30 210.6269.400.

The Company's Board of Directors states that all of its members have taken cognizance of the contents of this Annual Report and together with the persons having prepared it hereby solemnly state that:

All the figures and information included in it are complete, true and presented as they stood on December 31st, 2005, unless otherwise specified.

There are no other figures and there have been no events, the concealment or omission of which could render all or part of the figures and information in the Annual Report misleading.

The Company or the companies in which the Company holds shares have no cases pending before Courts or Arbitration Courts which could have significant negative effects on its financial standing, with the exception of those given in Chapter 4 of this Annual Report.

2.3 Information about the legal auditors who have audited the Company's financial statements

The financial statements of HELLENIC DUTY FREE SHOPS S.A. for the year 2005 were audited by the following Chartered Auditors - Accountants: **Messrs. Georgios I. Varthalitis (Chartered Auditors Association Reg. No. 10251)** and **Dimitrios I. Iakovidis (Chartered Auditors Association Reg. No. 13251)** from auditor's firm "SOL A.E.O.E." - 3, Fokionos Negri street, 112 57 Athens, Tel: 210 8691.100. The financial statements of HELLENIC DISTRIBUTIONS S.A. were audited by the following Chartered Auditors - Accountants: **Messrs. Dimitrios I. Iakovidis (Chartered Auditors Association Reg. No. 13251)** and **Trifon Ant. Houis (Chartered Auditors Association Reg. No. 15261)** from auditor's firm "SOL A.E.O.E." - 3, Fokionos Negri street, 112 57 Athens, Tel: 210 8691.100.

The financial statements of HELLENIC DUTY FREE SHOPS S.A. for the year 2004 were audited by the following Chartered Auditors - Accountants: **Messrs. Georgios I. Varthalitis (Chartered Auditors Association Reg. No. 10251)** and **Spyridon D. Koronakis (Chartered Auditors Association Reg. No. 10991)** from auditor's firm "SOL A.E.O.E." - 3, Fokionos Negri street, 112 57 Athens, Tel: 210 8691.100. The financial statements of HELLENIC DISTRIBUTIONS S.A. were audited by the following Chartered Auditors - Accountants: **Messrs. Spyridon Markakis (Chartered Auditors Association Reg. No. 13891)** and **Trifon Ant. Houis (Chartered Auditors Association Reg. No. 15261)** from auditor's firm "SOL A.E.O.E." - 3, Fokionos Negri street, 112 57 Athens, Tel: 210 8691.100.

The certificates of the Ordinary Chartered Auditors - Accountants for all companies for the year 2005, on a consolidated and individual basis, are given in the respective annexes to the financial statements published herein.

Tax audit of the Company

The tax audit for years 2003 and 2004 has resulted in accounting discrepancies of €1,104,940.25 and €1,248,833.55 respectively and tax audit taxes of €960,620 were imposed. After the last tax audit, the only year not having undergone tax audit is 2005.

Tax audit of the Company's subsidiary HELLENIC DISTRIBUTIONS SA

The company has been audited by the tax authorities for the year up to 2002. The ordinary tax audit for years 2000 to 2002 has not resulted in any tax differences. A provision has been formed for the non-audited years.

2.4 Shareholder rights

Each share incorporates all the rights and obligations established by the Law and HDF's Articles of Association, the latter not including any provisions more restrictive than those of the Law. Shareholder liability is limited to the nominal value of the shares they hold. Holders of share certificates automatically accept HDF's Articles of Association and the legal decisions of the General Meetings of the Shareholders. HDF's Articles of Association do not grant any special rights to specific shareholders, nor do they contain any terms relating to changes to the capital and to the rights of shareholders that are more restrictive than those established by Law. Shareholders exercise their rights regarding the Management of the Company by means of the General Meetings. Each shareholder is entitled to participate in the General Meetings of the Company's shareholders either in person or by proxy. Each share gives right to one vote.

For shareholders to participate in the General Meetings they must first block all or part of their shares through their Operator in the Dematerialized Securities System (SAT) or (if their shares are in the SAT Special Account) through the Central Securities Depository SA. The relevant certificate attesting to such blocking of shares, together with the representation documents need to be furnished to the Company at least 5 clear days prior to the date set for the General Meeting, and each shareholder must receive a receipt in order to be able to attend such meeting. Each shareholder may request the annual financial statements and the relevant reports of the Company's Board of Directors and Auditors 10 days prior to the date of the Ordinary General Meeting.

Shareholders holding 5% of the Company's paid up share capital shall be entitled to request from the Court of First Instance in the location of the Company's seat to appoint one or more auditors specifically to audit the Company under Articles 40 and 40 (e) of Law 2190/1920. They may also request that an Extraordinary General Meeting of the shareholders is convened. In that case the Board of Directors is required to convene such General Meeting within 30 days from the submission of the request with the Chairman of the Board of Directors. The requesting parties must state in the request the issues on which the General Meeting is called upon to decide.

Shareholders have option rights for each future increase of the Company's share capital in proportion to their participation in the Company's current share capital, as set forth in Article 13 (5) of Codified Law 2190/1920.

The dividend of each share is paid within 2 months from the date of the Ordinary General Meeting that approved the financial statements. The place and terms of payment are communicated to shareholders in the Press. Dividends are distributed from profits already taxed; hence shareholders are not subject to taxation for the dividends they receive. Dividends that have not been claimed for five years are derecognized and are paid to the Government.

Any disputes between the Company and its shareholders or any third party shall fall under the jurisdiction of ordinary Courts, and the Company may only be brought before the courts of the area where its headquarters are.

Important notes

3.1 Public offerings

With regard to 2005, no public offerings or share exchanges took place for third parties regarding the Company's shares, or for the Company regarding the shares of other companies.

3.2 Acquisition of THE NUANCE GROUP (HELLAS) SA

On September 23rd, 2005 the Company completed the acquisition of all of the shares of THE NUANCE GROUP (HELLAS) SA for the price of €1,172,000. The acquired company operated four clothing and accessories stores at the Athens International Airport, which are now part of the Company's network of stores.

3.3 Operation of a duty free petroleum products station

The Company, in June 2004 commenced a new activity in Greece creating a diesel station for the sale of tax-free petroleum products. Following this pioneering initiative of the Management, the diesel station supplies petrol to all non-EC vehicles that go through the Greek-Turkish borders in Kipi Evros. It is worth mentioning that until that moment, the relevant facility has been offered only to vehicles entering into Greece from Turkey. In November 2005, another store for the sale of tax-free petrol for vehicles started operating in Kakavia border station. It should be mentioned that these stations supply tax-free petrol exclusively to vehicles from third countries on their way out of the Country.

3.4 Distribution agreement with PHILIP MORRIS WORLD TRADE and PAPASTRATOS SA

On May 25th, 2005 the Company announced that its subsidiary, HELLENIC DISTRIBUTIONS SA, concluded agreements entering into force as of July 1st, 2005 with PHILIP MORRIS WORLD TRADE and PAPASTRATOS SA, the object of which was to distribute and promote in Greece the duty free cigarettes such companies sell to ship suppliers, diplomat and military mission stores, and all types of ships.

It should be mentioned that this activity, which started on July 1st, 2005, has, in 2005, generated sales of €5.1 million for the subsidiary.

Important Judicial Cases Pending

There are no claims by third parties in arbitration nor unexecuted court or arbitration court rulings against the Company.

We have not taken cognizance of any actions for damages or third party injury or unsettled third party claims which may be filed against the Company in the foreseeable future, nor of any known or future obligations of the Company arising from claims that any third party may raise against the Company in the foreseeable future, save the following:

- On 8.8.2003, the Company terminated the fixed-term employment agreements of the Corfu Airport store employees Ms. Alexandra Tsilibari and Ms. Roza Asonitou, after having previously filed indictment - pressed charges against them for peculation and fraud. Also, the Company has had extrajudicial protest notices sent to the following employees of in the same store, Ms. Olga Rapsomaniki, Ms. Theodora Agathou-Koskina, Ms. Evgenia Kritikou, Ms. Polixeni Koulouri, Ms. Vasiliki Kougli, and Ms. Alexandra Polymeri, thereby removing from such employees the cashier and/or shift supervisor duties, limiting their duties to those of salesperson. Of the foregoing employees, Ms. Olga Rapsomaniki, Ms. Alexandra Polymeri, Ms. Polixeni Koulouri and Ms. Theodora Agathou-Koskina have answered to such protest notices by notices whereby they protested against the contents of the Company's protest notices and reserved their legal rights. Furthermore, Ms. Alexandra Tsilibari also answered to the Company's protest notice, refusing the charges, protesting against the termination of her employment agreement and reserving her legal rights. Given the long period that has elapsed since then, we consider there is limited possibility that the foregoing persons may raise any claims.
- Ruling No. 1386/2004 of the One-member Athens Court of First Instance rejected the action filed by Ms. Athina Charta - Roumantza against the Company, in which she requested that (a) it were recognized that the fixed-term employment agreements that from time to time she had concluded with the Company (Zakinthos store) are one single indefinite term employment agreement and failure on the part of the Company to renew/ extend such agreements constitutes void tacit termination; and (b) the Company be ordered to pay her the sum of €16,560, bearing interest, for default salaries, or the sum of €9,660 as compensation for the termination of an indefinite term employment agreement. To the best of our knowledge, to date no appeal has been notified to the Company against such ruling.
- Ruling No. 2195/2004 of the One-member Athens Court of First Instance rejected the action filed by Ms. Charitini Morali against the Company, requesting (a) the sum of €12,839.43 as compensation due to the termination, according to the claimant, of her indefinite term employment agreement with the Company; and (b) damages for moral harm amounting to €150,000 as a result of the failure on the part of the Company to assign her any duties until the termination of her agreement. To the best of our knowledge, to date no appeal has been notified to the Company against such ruling.

- On 31.5.2005 we were notified a protest notice of Ms. Georgoula Krasia to AIA, whereby she requested to receive the sum of €120,000 as compensation and damages for moral harm due to the bodily injury she suffered at the Company's store in the AIA Extra-Schengen departures area in November 2003. We believe that this claim is covered by the Company's civil liability insurance. However, on 11.1.2006, our insurance company notified us its refusal to pay any amount as a result of settlement until the issue of ruling by the criminal courts where the relevant criminal charges against the Company's employee Mr. Konstantinos Ismeris, are still pending. Hence we expect Ms. Georgoula Krasia to file action against the Company, at which time the latter shall join its insurance company in the proceedings.
- Ruling No. 118/2005 of the One-member Athens Court of First Instance rejected the action filed by Mr. Georgios Argiriou against the Company whereby he requested that the Company paid to him the sum of €33,532, bearing interest, for default salaries for the period between 1.6.2003 and 4.3.2005 as a result of the invalid, according to the claimant's allegations, termination of his indefinite term employment agreement. To the best of our knowledge, to date no appeal has been notified to the Company against such ruling.

4.1 Description of third party claims against the Company

The court cases against the Company pending as of 31.12.2005 and to this date (including both contested pecuniary claims of private individuals and appeals against the Company brought before Administrative Courts with regard to the imposition of fines) are given next. We provide an appraisal only for those cases the outcome of which may be forecast:

- Appeal lodged by Ms. Panagiota Soulti before the Athens Court of Appeals against the Company and Ruling No. 1622/2005 of the One-member Athens Court of First Instance. The ruling appealed against had rejected the action filed by the Company's former employee whereby she requested that the termination of her employment agreement be found invalid and that she were paid the sum of €12,379.62 as default salaries for the period between 30.4.2004 and 30.4.2005. The appeal was debated on 24.1.2006 and the relevant ruling is expected. We believe that this appeal shall be rejected.
- Action filed by Ms. Anthoula - Maria Lazaridou before the One-member Rhodes Court of First Instance against the Company whereby the claimant requested that she be paid salary differences and overtime, with interest, of €13,405.49. The One-member Rhodes Court of First Instance issued ruling No. 202/2005 whereby it resolved to refer the action to the One-member Athens Court of First Instance, and the for the time being the claimant is expecting a date for the trial to be set. We do not believe such action to be admitted.
- Appeal lodged by Mr. G. Sismanidis before the Thrace Court of Appeal against the Company and Ruling No. 80/2005 of the One-member Orestiada Court of First Instance. The ruling invoked has rejected the initial action in its totality. The requests of the claimant in his action were (a) that he be recognized as the owner of a lot of land with a total surface area of 646.25 sq.m. which the claimant argues belongs to him and the Company be removed from it, or that he be paid the amount of €12,346.87, as the value of such lot of land and of the remaining (not developable) part of his lot; (b) that he be paid, together with interest, the sum of €349.89 as damages for crops and income lost for three years and €500 for moral harm. The trial has been set for 23.2.2007. The outcome of this case is mainly a real issue, however it is estimated that the appeal shall also be rejected.
- Appeal lodged by Mr. Filippas Tatolis before the Athens Court of Appeals against the Company and Ruling No. 1787/2005 of the One-member Athens Court of First Instance (trial date set for 14.2.2006). The ruling invoked had rejected the action filed by the former Company employee whereby he requested (a) that the termination of his employment agreement by the Company be found invalid; (b) that he be paid default salaries at the rate of €1,239.48 monthly starting from February 4th, 2004; and (c) that he be employed from this point on by the Company and that the latter be required to pay a fine of €150 daily in case it fails to comply. The appeal was debated and the issue of the relevant ruling is anticipated. We believe that this appeal shall be rejected.

- Action filed by Ms. Maria Tzani daughter of Mihail against the Company before the One-member Athens Court of First Instance whereby she requested that her salaried employment agreement with the Company be recognized as an indefinite and not a fixed-term agreement, hence such agreement did not validly expire on 31.12.2005, but rather continues in force to this date, and that she be paid default salaries amounting to €13,120.56 until 10.1.2007. The trial date for the action at hand has been set for 4.12.2006. Given that the Company already re-hired the claimant on 1.4.2006, it is possible that dispute shall be settled.
- Action filed by Mr. Aristidis Samios against the Company and others before the One-member Athens Court of First Instance whereby he requests to receive €300,000 as compensation for impairment of his personality caused by his arrest and the pressing against him of criminal charges for the use of counterfeit banknotes at the Company's store in the former Elliniko Airport. The trial date for this action has been set for 7.12.2006. It is improbable that this action shall be sustained.
- Action filed by Mr. Dimitrios Koliousis before the One-member Court of First Instance of Thesprotia against the Company whereby he requested that he receive the total amount of €36,590.50 as compensation for his dismissal and for salary differences. Initially the date set for the debate of such action was 24.2.2006, and then it was postponed to 25.5.2007. We do not believe probable that such action is sustainable, and some of the requests therein are per se exaggerated.
- Action filed by Mr. Antonios Fragakis against the Company and UNEXPECTED ADVERTISING SA before the One-member Athens Court of First Instance whereby he requested, among others, that he receive the sum of €41,204.37, or the sum of €27,469.58 as fees for the airing of an advertising film in which he appears without his consent, and the sum of €10,000 as compensation for moral harm. The date set for the discussion of the action is 1.11.2006.
- Four actions filed by "IOANNIS MILOPOULOS & ASSOCIATES LTD" against the Company and Company executives Messrs. Velentzas and Mathianakis on the one hand, and the following companies (a) MASTERFOODS VEGHEL BV, (b) CHOCOLATERIE GYULIAN NV/SA, (c) AUGUST STORCK KG and STORCK TRAVEL RETAIL LTD and (d) A & E PETERSEN A/S, on the other hand, before the Many-member Athens Court of First Instance whereby it requested that (i) it be recognized that the alleged agreement between the Company and each one of the foregoing foreign companies to exclude the claimant from the Greek duty free chocolate products market was invalid; (ii) it be ordered that the direct sale of the products of the foregoing foreign companies to the Company and the alleged exclusion of the claimant from the relevant market be stopped; (iii) the sum of €5,422,889.60 to be paid on the basis of the first action, the sum of €1,045,343.06 on the basis of the second action, the sum of €1,214,374.85 on the basis of the third action, and the sum of €1,508,918.98 on the basis of the fourth action, namely a total amount of €9,191,526.49 as per the foregoing actions. Following a series of postponements and cancellations of the relevant discussions, the date set for the discussion of the fourth action is 24.5.2006, while new dates are to be set for the debate of the remaining actions by initiative of the claimant.

- Furthermore, the foregoing claimant pressed on 3.12.2004 charges against the Company and Masterfoods Veghel BV before the Competition Commission, about an alleged violation of Articles 1 and 2 of Law 703/1977 and Article 81 of the Treaty establishing the European Union. To the best of our knowledge, the claimant has agreed with Masterfoods Veghel BV on the conciliatory settlement of its claims against the latter. The Company intends to categorically repudiate the charges pressed against it, as well as the foregoing actions. We do not believe probable that the foregoing actions against the Company and its executives may be sustained, and in any case the sums requested are per se exaggerated.

4.2 Company claims against third parties

- Action filed by the Company before the One-member Athens Court of First Instance against Mr. Konstantinos Kefallinos, owner of the former central warehouse leased to the Company in Peania, whereby it requests, among others, that the lease bond of €48,129.13 paid to him by the Company be refunded to it. We believe it probable that this action may be sustained, especially with regard to the refund of the lease bond.

Counter-action filed by Mr. Kefallinos against the Company before the One-member Athens Court of First Instance whereby the claimant requests that the Company pay him the total sum of €328,721.46 for rent differences and compensation. The trial date set for both actions has been set to 18.1.2006 following a postponement, and given that such trial was cancelled, the assignment of a new trial date is awaited. We do not believe probable that such counter-action be admitted, especially for a sum higher than that claimed by the Company in its foregoing action.

- Petition of the Company filed before the Administrative Court of Appeals of Ioannina for the annulment of Decision No. 11947/ 15.11.2005 of the Town Planning and Environmental Direction that belongs to the Direction General of Development of the Prefecture of Ioannina, which revoked building permit No. 708/2004 granted to the Company for the Kakavia store. For the time being the assignment of a trial date is awaited for discussion of the Company's petition.
- Petition filed before the Administrative Court of Appeals of Ioannina for the annulment of Decision No. 11875/ 14.11.2005 of the Town Planning and Environmental Direction that belongs to the Direction General of Development of the Prefecture of Ioannina, which revoked building permit No. 619/2005 granted to the Company for its liquid fuel station, as well as of all related actions. Further to Ruling No. 4/2006 of the Administrative Court of Appeals of Ioannina, which accepted the Company's petition for suspension and allowed the operation of the Company's liquid fuel station in Kakavia until the issue of a final ruling on the Company's petition for annulment, 24.5.2006 was set as the date for the discussion of the annulment petition.
- Action filed by the Company before the Many-member Athens Court of First Instance against PYRAMIS SA, HOCHTIEF HELLAS SA, and ATHENS INTERNATIONAL AIRPORT SA, whereby it requested that such companies jointly and severally paid to the Company the sum of €152,042.61 for direct

damages, future gain loss and moral harm suffered by it as a result of the works performed at one of the Company's stores at the Athens International Airport. The trial has been set for 17.5.2007, and in an attempt for amicable settlement the defendants were summoned to appear on 16.5.2005, but failed to appear.

- Appeal of the Company lodged before the Administrative Court of First Instance of Kozani against Decision No. 4/29.1.2001 of the Three-member Administrative committee of the Florina Social Security Institute regarding the imposition to the Company of fine for unregistered employees of €7,659.57, following the rejection of the Company's objection to such fine. The foregoing appeal was admitted by virtue of Decision No. 400/2004 of the Administrative Court of First Instance of Kozani, against which the Social Security Institute shall probably lodge an appeal. On 20.1.2005, the Social Security Institute served a personal notice to the Company requesting it to pay the foregoing fine. Given the foregoing ruling, a protest notice was served to the Social Security Institute whereby it was requested to refrain from any action towards the collection of the foregoing fine. Ever since we have not been informed of any notices of the Social Security Institute in respect of the fine at hand.
- Appeal lodged by the Company before the Piraeus Administrative Court of First Instance against Decision No. 535/2002 of the Three-member Administrative committee of the Social Security Institute of Glyfada, which has rejected the largest part of the Company's objection against the deed imposing a fine of €70,782.25 for failure on the part of the Company to duly register employees in the registers of newly hired personnel. The appointment of the trial date is awaited. We believe the appeal to be sustained.
- Appeal lodged by the Company before the Piraeus Administrative Court of Appeals against Ruling No. 1489/2002 of the Piraeus Administrative Court of First Instance which had rejected appeal lodged by the Company against Decision No. 666/83/21.11.1997 of the Local Administrative Committee of the Social Security Institute of Glyfada which rejected the Company's appeal against deeds imposing additional contributions and dues amounting to €37,668.38 and €18,230.44 respective due to failure to timely insure seasonal personnel hired through an ASEP (Supreme Board of Personnel Selection) Competition in the Spring-Summer of 1996. The foregoing appeal was discussed on 2.3.2005 and the issue of a ruling is awaited.
- Appeal lodged by the Company before the Piraeus Administrative Court of First Instance against Decision No. 71/23.8.2004 of the Local Administrative Committee of the Social Security Institute of Glyfada which maintained in force a fine of €20,160 imposed by the Social Security Institute of Glyfada due to violation of the provisions relating to the registers of newly hired personnel (the fine imposed initially amounted to €181,440). The appointment of the trial date is awaited. We believe the appeal to be sustained.
- Imposition by the Regional Social Inspectorate Direction of Crete of fine amounting to €1,500 due to failure to adhere to the reduced working hours of four employees of the Company's store at the State Airport of Chania. An appeal has been lodged against such deed (No. 1646/13.9.2004) before the Administrative Court of First Instance of Heraklion and the assignment of the trial date is awaited.

4.3 HELLENIC DISTRIBUTIONS SA

With regard to the Company's subsidiary HELLENIC DISTRIBUTIONS SA:

- There are no claims by third parties in arbitration nor unexecuted court or arbitration court rulings against such company.
- We have not taken cognizance of any actions for damages or third party injury or unsettled third party claims which may be filed against this company in the foreseeable future, nor of any known or possible future obligations of such company arising from claims that any third party may raise against it in the foreseeable future.

The court cases against such company pending as of 31.12.2005 and to this date (including both contested pecuniary claims of private individuals and appeals against this company brought before Administrative Courts with regard to the imposition of fines) are as follows. We provide an appraisal only for those cases the outcome of which may be forecast:

- Appeal lodged by the company before the Piraeus Administrative Court of First Instance against Decision No. 274/31.3.2004 of the Head of the Piraeus FAE Tax Office imposing a fine of €880 due to failure on the part of the company to show inventory lists with the marketed items of a branch. The assignment of a trial date for such appeal is pending. We believe that the appeal shall be admitted.
- Appeal lodged by the company before the Secretary General of the Attica Region and the Athens Administrative Court of First Instance against Decision No. 905/18.2.2005 of the Prefecture of Eastern Attica, imposing a fine of €2,000 for violation of Market Control Provision No. 16/2003. The Secretary General rejected the company's appeal, while the assignment of a trial date is pending for the discussion of the appeal in the Administrative Court of First Instance.
- Action filed by MAVRIKOS IMPORTS SA against HELLENIC DISTRIBUTIONS SA, PHILIP MORRIS WORLD TRADE SARL and IONIKI SA before the Many-member Athens Court of First Instance whereby it requested, among other things, that the exclusive cigarette brand import and distribution agreements between PHILIP MORRIS, IONIKI SA and the company be found invalid, that the defendants be ordered to jointly and severally pay to the claimant the sum of €500,000 as compensation for moral harm and show documents. The trial date for the discussion of the action has been set for 12.4.2006, however it is expected to be postponed, as the deadline for serving the action abroad has not been adhered to. The case is currently being reviewed and on the basis of the evidence made available to us to this date, no responsibility seems to be substantiated with regard to the company.

4.4 Provisions for future liabilities/ claims resulting from pending judicial cases where the Company is involved

The Company has not formulated provision for future liabilities resulting from pending court actions taken by third parties against it.

Share information

Listing of the Company's shares on the Athens Stock Exchange

The Company's shares were listed for trading on the Main Market of the Athens Stock Exchange on March 30th, 1998. The initial selling price (public offering) of the Company's shares to the public was €9.39 (GRD 3,200). Following the increase of its Share Capital on 10.01.2002 by reserve capitalization (free distribution of shares at a ratio of 4 new shares for every 10 old ones) the price was adjusted to €6.71.

Statistics on closing prices and transactions volume

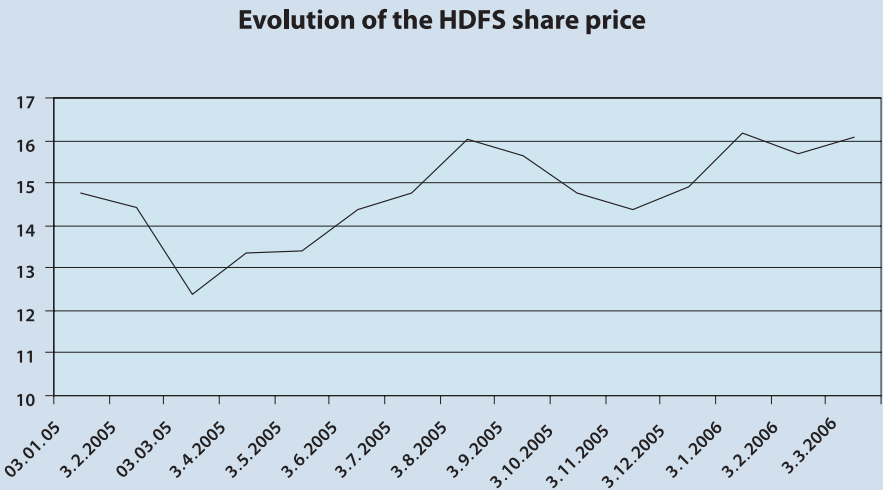
Month	HDFS Price (€)	Monthly transactions volume (shares)	%	Monthly transactions value (thousand €)	General Index	Monthly ASE transactions volume (shares) €	FTSE 20	Retail Index
JAN-05	14.78	2,134,604	4.1%	29,315.4	2,919.93	3,240.0	1,612.86	1,126.86
FEB-05	14.40	904,281	1.7%	13,279.5	3,145.16	3,760.9	1,759.59	1,132.50
MAR-05	12.40	827,757	1.4%	11,219.1	2,854.91	3,557.1	1,593.44	1,015.66
APR-05	13.34	1,002,488	1.9%	13,216.8	2,868.45	2,832.4	1,590.00	1,038.82
MAY-05	13.42	1,011,811	1.9%	13,965.0	2,959.53	2,703.4	1,654.40	1,065.02
JUN-05	14.38	1,685,925	3.2%	23,888.1	3,060.73	3,449.5	1,714.29	1,108.92
JUL-05	14.76	1,019,138	1.4%	14,763.1	3,271.78	5,141.5	1,824.27	1,148.59
AUG-05	16.04	1,852,739	3.5%	28,766.6	3,231.48	2,991.4	1,801.25	1,207.24
SEP-05	15.62	1,569,990	3.0%	24,846.5	3,381.96	4,929.8	1,876.33	1,220.72
OCT-05	14.78	1,212,372	2.3%	18,304.2	3,307.32	3,572.2	1,836.71	1,174.67
NOV-05	14.36	1,103,469	2.1%	15,891.4	3,441.64	4,046.0	1,913.84	1,162.61
DEC-05	14.90	1,107,282	2.1%	16,165.5	3,663.90	3,795.6	2,019.04	1,193.08
JAN-06	16.16	2,141,197	4.1%	34,702.1	3,977.84	6,592.7	2,175.07	5,802.43*
FEB-06	15.68	3,041,052	5.8%	50,075.7	4,202.85	5,771.1	2,334.44	5,851.80*
MAR-06	16.06	1,402,161	2.7%	21,966.2	4,122.34	7,132.8	2,252.41	5,866.88*
		21,644,121	41.1%	325,143.9	63,516.4			

* Since 1.1.2006 the Retail Index has ceased to exist. It has been replaced by the FTSE/ASE Commercial index.

On 31.12.2005 the price of the Company's shares reached €14.90, showing an increase of 122.06% compared to the adjusted price at the time of their listing (€6.71). The share price in 2005 has increased by 15.5%. The average closing price for 2005 was €14.40, while the lowest closing price was €12.40 and the highest €16.34. Total transactions volume for 2005 reached 15,431,856 shares (61,481 shares daily on average), and the total value of transactions reached €223,621,088 (€890,921 daily on average).

Share price performance

The following graph shows the evolution of the Company's share price for the period between January 3rd, 2005 and March 31st, 2006:

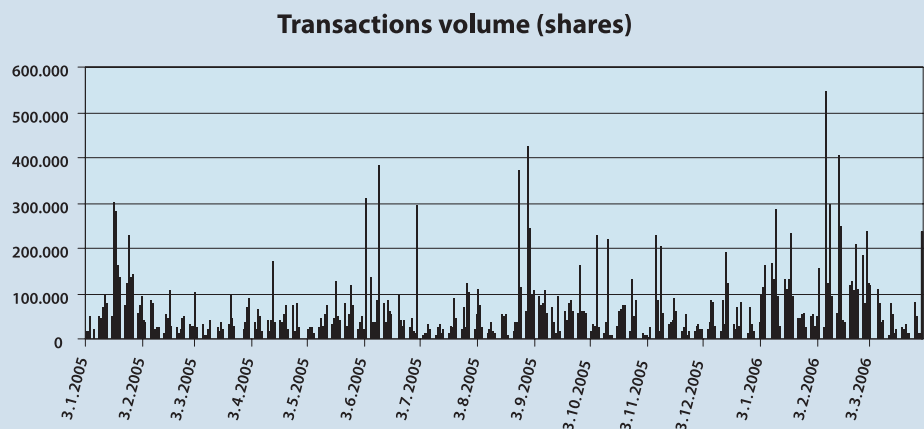


In 2005 the share reached its lowest price on 31.3.2005 (€12.40), and its highest price was €16.34 on 30.08.2005. The average closing price for HDFS's shares in 2005 was €14.40, with a daily fluctuation of €0.29.



Evolution of the daily volume of transactions on HDFS's shares

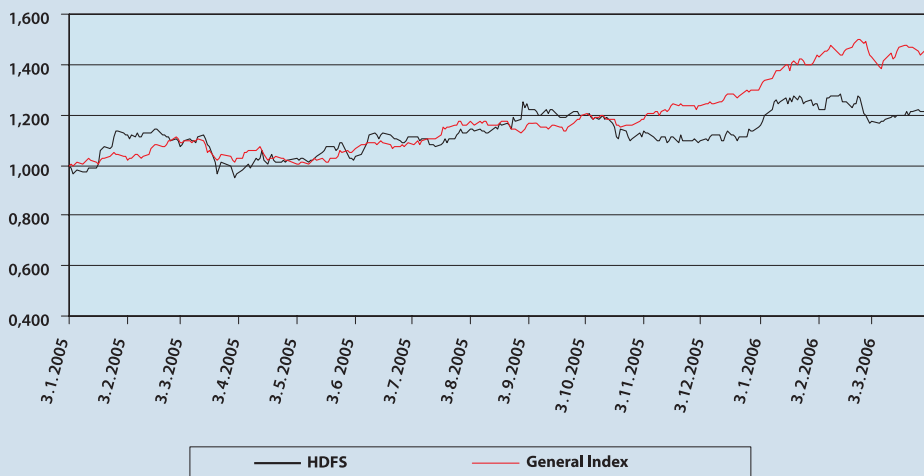
The following graph shows the evolution of the daily volume of transactions on the Company's shares for the period between January 3rd, 2005 and March 31st, 2006:



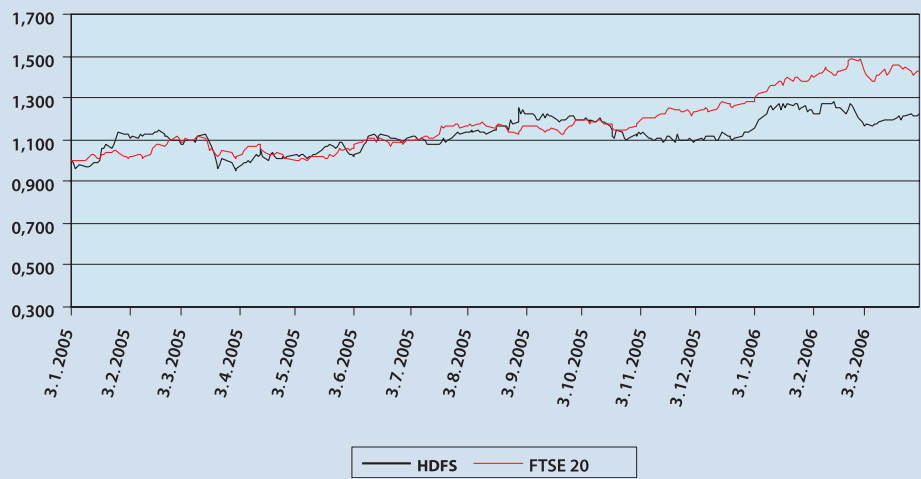
The daily average transactions volume for 2005 reached 61,481 shares, while the average daily value of transactions reached €890,921.

Share price performance in comparison with ASE indexes

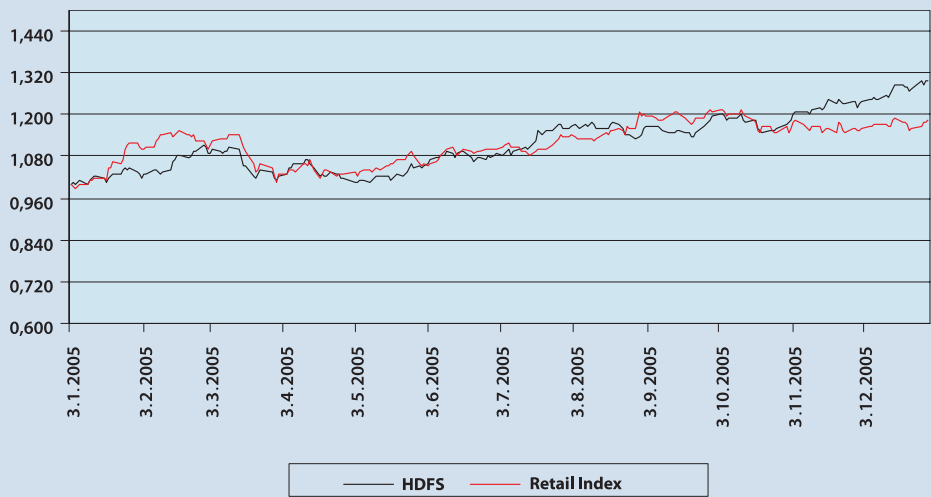
The relative performance of HDFS's shares against the ASE General Index for the period between January 3rd, 2005 and March 31st, 2006 is given in the following graph:



The relative performance of the Company's shares against the FTSE/ASE 20 index for the period between January 3rd, 2005 and March 31st, 2006 is given in the following graph:



The relative performance of the Company's shares against the ASE Retail Index for the period between January 3rd, 2005 and December 31st, 2005 is given below:



Other information of interest regarding the Company's shares

HDFS's shares participate in the ASE General Index with a weighing factor of 100% and 0.92% specific weight, in accordance with the average market cap of 2005, while it participates in the FTSE/ASE 20 index with a weighing factor of 30% and specific weight 0.46%. Also, the Company's shares participate in the Retail Index with a weighing factor of 51.35%.

HDFS's shares also participate in the FTSE Med 100 Index (comprising 100 shares of the stock exchanges of Greece, Cyprus and Israel), with a specific weight of 0.336% and in the newly founded EUROBANK Mid Cap Private Sector 50 Index with a specific weight of 5.07%.

Worldwide, the Company's shares participate in various indexes of international index preparation and publication organization, MORGAN STANLEY. More specifically they are included in the Morgan Stanley Capital International Greece (MSCI Greece) index with a specific weight of 0.62%. Such index comprises Greek shares from various areas of the ASE Main Market. Furthermore, the Company's shares participate in the international Morgan Stanley MSCI World index, the MSCI EAFE index (an index of concern to developed market investors outside the US), the European Monetary Union (EMU) index with a specific weight of 0.001% and lastly in the MSCI Europe index with a specific weight of 0.01%.

Description of the Company's scope of activities

6.1 Information on the Company

The Société Anonyme Hellenic Duty Free Shops SA was founded on February 1st, 1979 by virtue of Presidential Decree No. 86/1979 by authorization of Law 827/78 (Government Gazette Issue No. A 17/ 31.1.1979).

The Company trades under the name of "Hellenic Duty Free Shops". Its registered offices are in Agios Stefanos (Athens - Lamia National Road 23rd Km. 145 65) and it is registered with the Sociétés Anonymes Register with Reg. No. 12416/102/B/86/001. Its term had initially been set to 50 years, and later it was extended for 50 more years, namely until 2079. The Company's operation is governed by the provisions of Codified Law 2190/1920 on Sociétés Anonymes, as has been amended and is currently in force, and due to the nature of its activities (sale of tax and duty free products) it is supervised by the Greek Government, as such supervision is exercised by the Minister of Finances, and governed by the provisions of Presidential Decree 86/1979 and Royal Decree 174/ 1963.

6.2 Object of the Company

In accordance with Article 2 of its Articles of Association it is the Company's object to:

- a.** Operate all types of duty and tax free product stores, including both existing stores and those to be opened at land border crossings, airports and ports or abroad. As well as to trade duty paid items, both in spaces under customs control and free spaces of land border crossings, international airports and ports of the country.
- b.** Act, following agreement with any interested parties, as intermediary facilitating the exemption from or refund of VAT to beneficiaries for a charge agreed upon, in accordance with the VAT refund provisions that are in force each time.
- c.** Supply tax and duty free items, as well as duty paid items to ships, aircraft, embassies and other parties entitled to duty free products and make exports in accordance with applicable provisions.
- d.** Open duty and tax-Free Shops, as well as duty paid stores abroad, as well as on means of land, sea, and air transport.
- e.** Manage duty free items received by persons serving in recognized international organizations, including NATO.

- f.** Establish and participate in subsidiaries, which may exercise all lawful activities, including those of the Company, save the operation of duty and tax free item stores.

In pursuing its objects, the Company may also:

- a.** Enter into any manner of agreements with domestic or foreign natural persons, organizations, companies, or private or public law bodies corporate or states, related to the Company's objects.
- b.** Establish companies or create joint ventures, or manage or participate in companies, joint ventures or acquire shares of companies engaging in activities, in Greece or abroad, directly or indirectly related to the object of the Company.
- c.** Establish or participate in companies engaging in the sale of duty paid items.
- d.** Participate in outbidding tender procedures or tender procedures for lowest bids, public or private, regarding activities related to the Company's object.

6.3 Description of the Company's commercial activity

The Company's commercial activity comprises mainly the retail sale of perfumes, cosmetics alcoholic beverages, tobacco products, oil products, clothing, luxury items, packed and other goods to passengers departing from Greek airports, border crossings, and ports.

Furthermore, the Company engages in the wholesale distribution of the above goods to embassies, armed forces, and the airports of Skopje and Ohrid.

6.4 Right to sell duty free items

In accordance with Article 120 of Law 2533/1997 and for a consideration of €58.7 million, the Company has been granted the right to exclusively operate duty Free Shops in Greece, both present and future, for 50 years starting from January 1st, 1998.

The Management does not believe that the useful life of the right shall be under fifty years, nor that its value has been affected by the Commission's decision to abolish the sale of tax and duty free items within the EU.

Information about the Company's share capital

7.1 Evolution of the Company's Share Capital

Corporate Action	Gen. Meeting Date	Government Gazette Issue No.	Share capital increase amount (€)	Share Capital after the change (€)	Total number of shares (items)	Share nominal value (€)
Establishment of HDFS	01.02.79	17/31.1.79	146,735	146,735	1	146,735
Decrease of the nominal value of shares (in GRD 100)	12.11.97	7457/13.11.97	0	146,735	500,000	0.293
Share Capital increase by cash and reserve capitalization	12.11.97	7457/13.11.97	8,657,374	8,804,109	30,000,000	0.293
Share Capital increase and listing of shares on the ASE	12.11.97	7457/13.11.97	2,237,711	11,041,820	37,625,000	0.293
Share Capital increase by reserve capitalization	10.01.00	907/9.2.00	4,416,728	15,458,548	52,675,000	0.293
Increase of share nominal value	28.06.01	7821/5.9.01	343,952	15,802,500	52,675,000	0.30

Incorporation Share Capital - [February 1st, 1979]

The Company was founded on February 1st, 1979 with a share capital of €146,735.14 paid up by the Greek Government and divided in one nominal, inalienable and non-transferable security for the same amount.

Decrease of the nominal value of shares - [November 12th, 1997]

By decision of the Extraordinary General Meeting held on November 12th, 1997 (Government Gazette Issue No. 7457/ 13.11.1997) the nominal value of the Company's shares was decreased to €0.29 (each) and the Company's share capital was divided into 500,000 ordinary registered shares.

Share capital increase - [November 12th, 1997]

By virtue of the same decision of the Extraordinary General Meeting (November 12th, 1997), HDF's share capital was increased by €8,657,373.44 by the issue of 29,500,000 new shares at par value (€0.29). Such increase was performed by capitalization of reserves amounting to €1,320,616.29 and payment of €7,336,757.15 in cash (by the Greek Government). Following such increase, the Company's share capital stood at €8,804,108.58, divided in 30,000,000 ordinary registered shares with a nominal value of €0.29 each.

Listing of HDF's shares on the ASE - [March 30th, 1998]

The Extraordinary General Meeting held on November 12th, 1997 also decided on the issue of 7,625,000 new ordinary registered shares with a nominal value of €0.29 each. The issue price was set to €9.39 per share. Such increase was performed by a public offering of 7,525,000 new shares and private placement of 100,000 new shares. Resulting from the overall income raised by the issue (namely €71,606,749.82) the difference of €69,369,038.88 was credited to the "Reserve from the issue of shares above par value". Following such increase, the Company's share capital stood at €11,041,819.52, divided in 37,625,000 ordinary registered shares with a nominal value of €0.29 each. HDF's shares were included in the Retail sector of the ASE main market.

Share capital increase - [January 10th, 2000]

By decision of the Extraordinary General Meeting held on January 10th, 2000 the Company's share capital was increased by €4,416,727.81 by the issue of 15,050,000 new shares at par value (€0.29), at a ratio of 4 new shares for every 10 old ones. Such increase was performed exclusively by capitalization

of part of the reserve from the issue of shares above par value. Such increase was approved by Decision No. K2-695/03.02.2000 of the State Secretary for Development (Government Gazette Issue No. 907/09.02.2000) and by decision of the ASE BoD made on 10.02.2000.

Following such increase, the Company's nominal, issued and paid up share capital stood at €15,458,547.32, divided in 52,675,000 ordinary registered shares with a nominal value of €0.29 each.

Conversion of the Company's share capital to euros -[June 28th, 2001]

By decision of the Extraordinary General Meeting held on June 28th, 2001 the Company's share capital was converted to euros and the nominal value of its shares was adjusted from €0.29 to €0.30 each by capitalization of €343,952 from the "Premium from the issue of shares above par value" account.

As a result, the Company's nominal, issued and paid up share capital stood at €15,802,500, divided in 52,675,000 ordinary registered shares with a nominal value of €0.30 each.

7.2 Shareholders

Background of the Company's shareholder composition

The Company's main shareholder in the past has been the Greek Government (Transferable Securities Public Corporation - DEKA). In March 1998, by relevant decision of the General Meeting of the Company's shareholders, its shares were listed on the Athens Stock Exchange following the successful public offering of 7,525,000 new shares (an additional 100,000 new shares were sold by private placement). Next, in August 1999, DEKA transferred 78% of its share capital against an increase of its holding in the share capital of the Agricultural Bank of Greece.

In November 1999, following the successful outcome of an international tender procedure, the Agricultural Bank of Greece sold 25.25% of HDF's Share Capital by concurrently transferring the Company's management to 8 renowned Greek businesses (Greek Shareholders) and 3 foreign strategic investors (Foreign Shareholders).

Next, in April 2003, the Agricultural Bank of Greece sold 40% of HDF's Share Capital to the FOLLI FOLLIE SA and GERMANOS SA joint venture. In June 2003, the Competition Commission by its Decision No. 241/III/2003 approved the sale of the HDF's share package to the foregoing companies. HDF's management is controlled jointly by FOLLI FOLLIE SA and GERMANOS SA.

The Company’s Shareholder Composition as of December 31st, 2005

Shareholder	Shares held	%
FOLLI FOLLIE SA	13,000,000	24.68%
GERMANOS SA	12,999,000	24.68%
Agricultural Bank of Greece S.A.	10,595,056	20.11%
Transferable Securities Public Corporation SA	1,480,262	2.81%
Institutional investors	10,010,684	19.00%
Private investors	4,589,998	8.72%
Total	52,675,000	100.00%

Distribution per number of shares

Number of shares	Shareholders	# of Shares	Share Capital %
0 - 500	3,301	610,252	1.16%
501 - 1,000	601	472,903	0.90%
1,001 - 2,000	316	469,716	0.89%
2,001 - 10,000	310	1,353,653	2.57%
over 10,001	152	49,768,476	94.48%
Total	4,680	52,675,000	100.00%

Management and Personnel

8.1 Board of Directors

The Company is managed by a 13-member Board of Directors (BoD) with a five-year term, which is automatically renewed until the first ordinary General Meeting of the Shareholders and such term may not exceed six years.

The members of the Company’s BoD are:

BoD Member	Profession	Post
Panos Germanos	Businessman	Chairman
Ioannis Karagiannis	Private Sector Employee	Vice Chairman
Dimitrios Koutsolioutsos	Businessman	Managing Director
Georgios Velentzas	Economist	Executive Member - General Director
Georgios Koutsolioutsos	Businessman	Executive Member
Georgios Aronis	Economist	Independent, non Executive Member
Nikolaos Kezos	Forest Agronomist - Economist	Non Executive Member
Efrosyni Kopola	Merchant	Executive Member
Zacharias Mantzavinos	University professor	Independent, non Executive Member
Dimitrios Kyriakopoulos	Private Sector Employee	Executive Member
Victor Pizante	Economist	Non Executive Member
Apostolos Chatziantoniou	Private Sector Employee	Non Executive Member
Dionysios Frangos	Economist	Non Executive Member



8.2 Administrative and executive personnel

In accordance with the Organization Chart below, the Company’s main operations are coordinated by the General Director, Mr. G. Velentzas.

The head of the Procurement & Distribution Division is Mr. Th. Zahmanoglou (Deputy Procurement Director Mr. M. G. Patsourakis, and Deputy Logistics Director Mr. D. Pavlopoulos), the head of the Financial Services Division is Mr. V. Kalamatianos, of the Sales and Marketing Divisions Mr. Mathianakis, of the Human Resources Division, Mr. P. Papachatzis, of the Technical Projects Division, Mr. K. Antonakos, of the Development Division and the Stores Division, Mr. Ch. Pavlidis, of the Internal Audit Division, Mr. S. Papadopoulos, of the Organization Development Division, Mr. Ch. Domenikos, and of the Investor Relations Division, Mr. Th. Gitzos.

8.3 BoD and Management fees

For the period between 1.1.2005 and 31.12.2005, the fees for the BoD Chairman, Vice Chairman and members have been:

Position in the BoD	Monthly fees	Fees per meeting
Chairman	€ 734	€ 734
Vice Chairman	€ 646	€ 646
Members	€ 587	€ 499

In 2005, the total fees paid to the BoD Chairman and Managing Director amounted to €50,215.16. The fees paid to the other BoD members for appearance at the meetings amounted to €139,788.00.

In 2005, the overall annual fees paid to the Company’s directors and managers amounted to €1,609,003.00 (minimum fees €54,271.55 and maximum fees €337,269.00).

The fees paid to all BoD members and other members of the Company’s management and Management are included in the Company’s operating cost. Besides the fees listed above, there has been no other business relationship or transaction in the past two years and in 2006 between the Company’s Management and management personnel and the Company, as well as between them and the businesses that depend on the Company.

The only family relations between BoD members and managers are:

Mr. P. Germanos is married to Ms. E. Kopola.

Mr. D. Koutsolioutsos is Mr. G. Koutsolioutsos’ father.

Mr. Z. Mantzavinis is Mr. G. Koutsolioutsos’ father-in-law.

It is noted that besides the foregoing family relations, there are no other family relations between BoD members and managers.

Furthermore, none of the Company’s BoD members or managers have been sentenced for dishonest acts or financial crimes, or are involved in pending judicial cases regarding bankruptcy, criminal acts; none of such BoD members or managers are prohibited from carrying out business activities, stock exchange transactions, work as investment consultants, bank and insurance company managers, share issue contractor, securities companies executives, etc.

The postal address of the Company’s BoD members and managers is that of the Company.

8.4

Participations of BoD Members or Main Shareholders in the Company’s management or the capital of other companies

The following table lists the companies in the Board of Directors of which members of the Company’s BoD and / or main shareholders participate (participation greater than or equal to 10%).

POSITION IN THE BoD/ MAIN SHAREHOLDERS	COMPANY PARTICIPATED	POSITION IN THE BoD OR THE MANAGEMENT	PARTICIPATION %
P. Germanos	GERMANOS S.A.	BoD Chairman	34.45%
	MULTIRAMA S.A.	---	48.03%
	GERMANOS (CYPRUS) LTD	BoD Member	---
	E-VALUE S.A.	BoD Chairman	21.00%
	GERMANOS TELECOM BULGARIA AD	BoD Chairman	---
	GERMANOS TELECOM ROMANIA S.A.	BoD Chairman	1.45%
	GERMANOS POLSKA Sp. ZO.O	BoD Chairman	---
	TCM Sp.Zo.o	BoD Chairman	1.00%
	LASE S.A.	BoD Vice Chairman	---
	SUNLIGHT UKRAINE SRL	---	0.23%
	GERMANOS TELECOM S.A.- Skopje	Executive Director	1.00%
	ECONOMETRICA LTD	---	0.50%



I. Karagiannis	GERMANOS SA	Managing Director & BoD Member	0.089%
	P. GERMANOS SA	BoD Member	---
	GERMANOS (CYPRUS) Ltd.	BoD Member	---
	E-VALUE SA	BoD Vice Chairman	---
	GERMANOS TELECOM ROMANIA S.A.	BoD Member	0.13%
	GERMANOS POLSKA Sp. ZO.O	BoD Member	---
	TCM Sp.Zo.o	BoD Member	---
	OTENET (CYPRUS) LTD	BoD Member	---
	GERMANOS TELECOM BULGARIA S.A.	BoD Member	---
D. Koutsolioutsos	FOLLI FOLLIE S.A. HELLENIC TOURIST BUREAU S.A.	BoD Chairman & Managing Director BoD Member	50.05% ---
D. Kyriakopoulos	HELLENIC DISTRIBUTIONS S.A.	BoD Member	---
	OMEGA MUTUAL FUNDS MANAGEMENT S.A.	BoD Member	---
	PRC GROUP THE MANAGEMENT HOUSE SA	BoD Member	---
G. Koutsolioutsos	FOLLI FOLLIE SA	BoD Vice Chairman	---
	HELLENIC TOURIST BUREAU S.A.	BoD Member	---
E. Kopola	HELLENIC TOURIST BUREAU S.A.	BoD Member	---
G. Velentzas	HELLENIC DISTRIBUTIONS S.A.	Managing Director	---
	VENUE RETAILING S.A.	BoD Member	---
	HELLENIC TOURIST BUREAU S.A.	BoD Member	---
G. Aronis	ALPHA INSURANCE S.A.	BoD Member	---
	CIVIL NON PROFIT SOCIETY, BANKING - INVESTMENT SERVICES INTERMEDIATOR	BoD Member	---
	ABC FACTORS S.A.	BoD Chairman & Managing Director	---
	CARDLINK SA	BoD Member	---
	ALBA - BUSINESS EXECUTIVES EDUCATIONAL INSTITUTE	BoD Member	---
N. Kezos	GEOGNOMON SA	BoD Member	---
	HELLENIC DISTRIBUTIONS S.A.	BoD Member	---
	DERIVATIVES CLEARING HOUSE S.A.	BoD Member	---
Z. Mantzavinos	FOLLI FOLLIE S.A.	BoD Member	---
A. Chatziantoniou	SYNEDIA S.A.	BoD Chairman	---
	Agricultural Bank of Greece Card S.A.	Vice Chairman	---
V. Pizante	EFG Telesis Finance	BoD Member	---

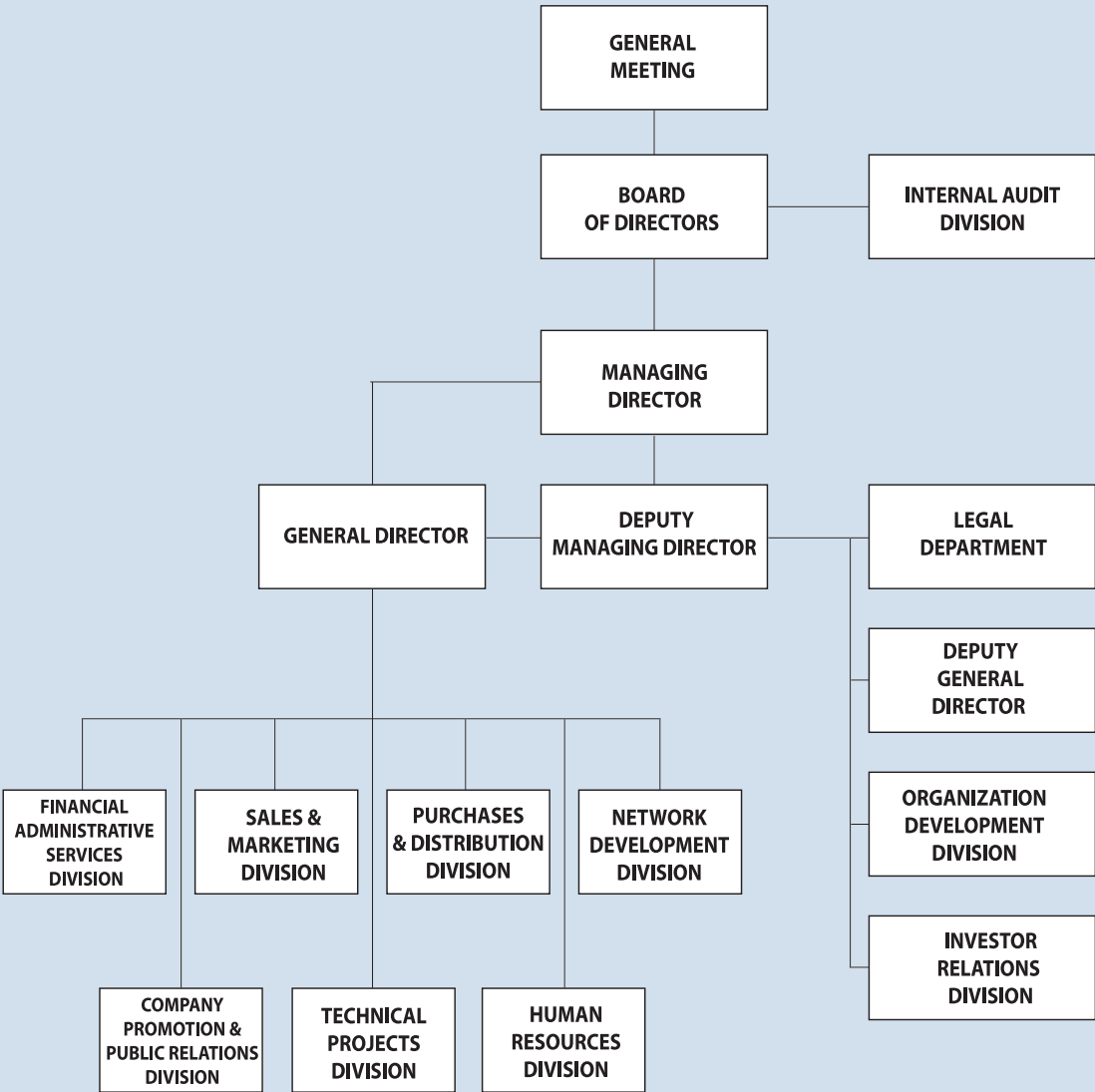
The Company’s BoD members state that they do not participate in the management or the capital of other companies with similar, supplementary or competitive activities with a participation percentage greater than or equal to 10%, and they do not have administrative influence or any relations other than the above and those in Chapter 11 “Affiliates”.

There is no business relationship, agreement, contract, or transaction between the Company and the companies in the capital and management of which the Company’s BoD members and main shareholders participate, besides those listed in chapters “Commercial Policy (Supply Chain)” and “Affiliates”, and the usual commercial transactions with the Company for the year 2005 and which are listed in the following table:

FOLLI FOLLIE SA	Purchases	€ 1,791,778.28	Liabilities	€ 2,663,117.15
GERMANOS SA	Purchases	€ 805,680.85	Liabilities	€ 246,829.27



8.5 Organization Chart



8.6 Brief information about the Company's executives

Mr. Dimitrios Koutsolioutsos, Athens College graduate, studied Financial Sciences in Milan L. BOCCONI University. He is also Chairman of the Board of Directors, Managing Director and General Director of FOLLI FOLLIE SA and Vice Chairman of HELLENIC TOURIST BUREAU S.A.

Mr. Dimitrios Kyriakopoulos, graduated from the Athens University of Business and Economics, and holds a Diploma in Marketing by the British Marketing Institute. He has worked with PROCTER & GAMBLE and then with WARNER LAMBERT. In 1983, he returned to Greece as General Director after having worked for two years at the company's headquarters in New Jersey, USA. From 1985 and thence he became Regional Director and Regional President for WARNER LAMBERT based in Greece. In 2000, following the acquisition of WARNER LAMBERT by PFIZER, he was promoted to President Europe, Middle East & Africa of the confectionery sector, standing down in 2003 when the sector was acquired by CADBURY. Since May 2004, Mr. Kyriakopoulos has been Deputy Managing Director.

Mr. Georgios Velentzas, graduated from the Athens University of Business and Economics and the Faculty of Law of the University of Athens, pursued graduate studies in Business Management and has experience with large enterprises. Concurrently he is Managing Director in the Company's subsidiary, HELLENIC DISTRIBUTIONS SA and Mandated Director in HELLENIC TOURIST BUREAU S.A. Mr. Velentzas has been with the Company since 1980 and since May 2004 he is the General Director of the Company.

Dr. Charilaos Lambropoulos - Deputy General Manager. He holds a Ph.D. degree in Human Resources Finances from the London Schools of Economics. Since 1993 he has been Associate Professor in the University of Patras and has served, among other things, as Special Consultant to the Ministry of Education and Principal Consultant to the World Bank. He has been with the Company since 2000.

Mr. Vasilios Kalamatianos, graduated from the Economics and Business Management Departments of the Piraeus University of Economics and has worked with big companies. He has been with the Company since 1983.

Mr. Theodoros Zahmanoglou, graduated from the Athens University of Business and Economics and pursued graduate studies in Business Management, He has many years of experience in private sector businesses. He has been with the Company since 1979.

Mr. Georgios Patsourakis, International Trade graduate from Hunter College of the City University of New York, USA with graduate studies in International Relations from Queens College of the same university. He has also attended classes on sea transport at the Massachusetts Maritime Academy, USA and has worked with big companies. He has been with the Company since 1985.

Mr. Emmanouil Mathianakis, graduate of the Physics Department of the University of Athens. He has been with the Company since 1982.

Mr. Dimitrios Pavlopoulos, graduated from the Political and Economical Sciences Department of Panteion University. He has been with the Company since 1980.

Mr. Panagiotis Papachatzis, graduated from the Mathematics Department of the University of Athens. He has been with the Company since 1979.

Mr. Konstantinos Antonakos, graduated as Architect Engineer from the National Technical University of Athens, and has worked with many technical companies. He has been with the Company since 2002.

Mr. Christos Pavlidis, graduated from the Biology Department of the University of Patras. In 1995 he became Doctor of Biology at the University of Tuebingen (Germany) and has worked as assistant professor at the University of Tuebingen (Germany) and UCL (England). He has been with the Company since 2000.

Mr. Stylianos Papadopoulos, graduated from the Business Management Department of the Piraeus University of Economics and pursued graduate studies in Finances in Solano College, USA. He has many years of professional experience with companies in various areas, and has also been executive of the Business Risk Services (BRS) Department of a large multinational auditors firm. He has been with the Company since 2003.

Mr. Zacharias Domenicos, Doctor in Engineering, graduated from the Production Mechanical Engineers School of the National Technical University of Athens, and holds a Ph.D degree in integrated production and artificial intelligence systems (CIM). He has worked as senior executive with multinational consultants firms, as well as with a large industrial and commercial company, and has many years of experience in business Management and organization both in Greece and abroad. He has published a number of his papers in scientific journals, and has been a scientific partner and researcher of the NTUA and foreign institutes. He has been with the Company since November 2004.

Mr. Theodoros Gitzos, graduated from the Mathematics Department of the University of La Verne and pursued MBA studies at Henley Management College. He has worked with N. D. DEVLETOGLOU SECURITIES for 9 years, mainly as a financial and investment banking analyst and with LAVIPHARM SA as Investor Relations Director for 4.5 years. He has been with the Company since July 2004.

8.7 Employment relations – Personnel analysis

The Company's personnel are divided into personnel on indefinite term employment agreements and personnel on fixed-term employment agreements, ranging from 2 to 8 months.

Due to the nature of the Company's activities and the variations in passenger traffic, most stores operate around the clock, hence requiring an increased number of salespersons, most of whom are seasonal employees.

In 2005, the Company employed on average 1,093 persons (1,002 in 2004), of whom 873 are administrative employees and the remaining are workers and technicians.

As of December 31st, 2005 the Company's personnel numbered 1,025 persons, compared to 882 in 2004, broken down as follows:

Employment category	Management	Administrative Financial Personnel	Sales	Workers and technicians	Total
Athens International Airport	0	9	286	62	357
Other stores	0	0	451	66	517
Management Offices	16	111	0	24	151
Total	16	120	737	152	1,025

Besides the Managing Director, 416 persons of the Company's total number of staff are permanent employees (on indefinite term employment agreements) and 609 are seasonal employees (on fixed-term employment agreements).

The employment categories for the Company's human resources include:

- The Company's Management comprising the Managing Director, the Deputy Managing Director, the General Director, the Deputy General Director, the Managers and Manager Deputies.
- The Administrative/ Financial personnel, comprising the heads and employees of the departments at the Company's headquarters.
- The sales personnel working at the Company's stores.
- The workers and technicians, including persons working at warehouses, in distribution and the maintenance operations of the Company's stores.

The following table presents statistics pertaining to the educational level of the Group’s overall human resources.

Level of Education	Number of Employees	%
HIGHER	72	5.47
HIGH	96	7.30
GRADUATE STUDIES	16	1.22
SECONDARY	954	72.55
MANDATORY 6 YEAR EDUCATION	123	9.35
MANDATORY 9 YEAR EDUCATION	54	4.11
Total	1,315	100.0

8.8 Organization and operation regulations

In accordance with Article 1 (1) of Law Decree 3789/1957, the Company uses a set of Organization and Operation Regulations since its personnel is over 50 persons.

The Company’s Organization and Operation Regulations establish the organizational structure, the job descriptions, as well as evaluation and payroll issues and other payroll related conditions concerning the Company’s personnel.

8.9 General Personnel Regulations

The Company has in place a set of General Personnel Regulations that regulate employment relations and conditions for the Company’s personnel and mainly tackle issues such hiring, workplace, working hours, leaves, etc.

8.10 Employee Union

A Pan-Hellenic employee union operates in the Company and almost all of the Company’s human resources are members. This union was setup in 1980 and is governed by the provisions of Law 1264/1982. It has an elected seven-member Board of Directors and is member of the Athens Labor Center and the General Confederation of Greek Labor (GSEE).

The sector

The Company is active in the Travel Retail sector which based on 2004 figures is \$ 25 billion high. Since no corresponding companies abroad are listed on stock exchanges (with the exception of Swiss DUFY) it is extremely difficult to gather financial information about all of them, as they are not required to publish financial information. The only information available for the Travel Retail sector comes either from sporadic publication from various companies or by the reliable annual The Duty-Free & Travel-Retail Database & Directory.

On the basis of data from such directory and more specifically from its 2004/2005 issue, the following table has been prepared with the ranking of the twenty largest companies in the sector based on their turnover for 2004:

Ranking			2004 Sales	Share
2004	2003	Company	2004 (million \$)	Market
1	1	The Nuance Group, SWITZERLAND*	1,402.2	5.6%
2	2	DFS Group, USA(e)	1,400.0	5.6%
3	3	World Duty Free, GREAT BRITAIN	1,390.0	5.6%
4	4	Gebr Heinemann, GERMANY**	1,013.7	4.1%
5	5	Lotte Group, SOUTH KOREA	950.0	3.8%
TOTAL TOP 5			6,155.9	24.6%
6	6	Alpha Retail, GREAT BRITAIN	907.8	3.6%
7	7	Aldeasa, SPAIN	777.6	3.1%
8	8	Dufry Group, SWITZERLAND	681.2	2.7%
9	9	Aelia, FRANCE	640.0	2.6%
10	10	Aer Rianta Int'l, IRELAND	550.0	2.2%
11	11	Dubai Duty Free, UNITED ARAB EMIRATES	502.0	2.0%
12	12	King power International, THAILAND	450.0	1.8%
13	13	Silja Line, FINLAND	366.9	1.5%
14	16	ANA Trading, JAPAN	290.0	1.2%
15	17	KNTO, SOUTH KOREA	280.0	1.1%
TOTAL TOP 15			11,601.4	46.4%
16	18	HDFS SA, GREECE	276.2	1.1%
17	14	P&O Line, GREAT BRITAIN	250.0	1.0%
18	15	Viking Line, FINLAND	245.0	1.0%
19	19	SAS Trading, SCANDINAVIA	221.2	0.9%
20	20	Belgian Sky Stores, BELGIUM	202.9	0.8%
TOTAL TOP 20			12,796.7	51.2%
Others			12,203	48.8%
2004 TOTAL			25,000	100.0%
* includes joint ventures				
** includes wholesale				

From a look at the above table and at the information and analysis of the Travel Retail sector it is evident that the Company ranks among the 20 top companies worldwide on the basis of the 2004 turnover, and among the 5 largest companies worldwide based on earnings before taxes figures for the year 2004. Based on unofficial 2004 information, the Company ranks among the top two companies worldwide in terms of earnings before taxes.

Lastly the Company is also part of the specialized ASE retail sector where on the basis of capitalization it is the largest company listed on the Greek Stock Exchange with a capitalization of €784.8 million (31.12.2005), among a total of 16 companies.

Financial review 2005

10.1 10.0% sales increase, earnings before taxes at €55.9 million

In 2005, the Company continued its upward course as its turnover increased by 10.0% and reached €245.7 million from €223.4 million in 2004, and its earnings before taxes amounted to €55.9 million compared to €58.2 million. Earnings before interest, taxes, depreciation and amortization (EBITDA) reached €56.2 million compared to €57.5 million in 2004, and its net earnings after taxes stood at €37.9 million, against €42.3 million in 2004.

10.2 Improvement of store performance

In 2005, the average passenger to customer conversion ratio showed an increase of 14 basis points and reached 29.17% compared to 29.03% in 2004. The average spending per passenger reached €10.83 compared to €10.79 in 2004, increasing by 0.3%, whereas the average spending per customer reached €37.11 against €37.18 in 2004, showing a slight decrease of 0.2%. The further improvement of the foregoing rates is the Management's main goal not only for 2006 but also for the years to come.

10.3 Balance Sheet Information

Amounts in thousand €

		THE GROUP		THE COMPANY	
ASSETS	Note	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Non-current assets					
Tangible fixed assets	8.6	26,041.53	22,391.71	24,416.47	21,607.16
Intangible fixed assets	8.7	53,141.31	50,849.58	53,066.49	50,835.91
Investments on affiliates	8.10	0.00	822.00	2,059.92	1,409.97
Deferred income tax	8.18	640.67	1,473.97	378.03	1,195.33
Other receivables	8.10	3,223.76	3,381.48	2,787.18	2,886.60
		83,047.27	78,918.74	82,708.09	77,934.97
Current assets					
Stocks	8.8	49,783.14	37,453.16	46,212.36	35,306.29
Customers and other receivables	8.9	9,368.05	9,374.41	13,560.77	13,414.19
Financial assets at fair value through profit or loss	8.10	1,866.26	1,258.37	1,866.26	1,258.37
Cash and equivalents	8.11	64,201.52	69,098.21	60,996.72	64,941.78
		125,218.97	117,184.15	122,636.11	114,920.63
Total assets		208,266.24	196,102.89	205,344.20	192,855.60
EQUITY					
Capital and reserves paid to the parent company's shareholders					
Share Capital	8.12	15,802.50	15,802.50	15,802.50	15,802.50
Above par value	8.12	65,259.02	64,608.36	65,259.02	64,608.36
Reasonable Value Reserve	8.13	49.81	49.81	49.81	49.81
Other reserves	8.14	38,869.75	36,005.07	38,516.32	35,734.75
Results carried forward	8.14	1,558.35	9,342.87	1,286.50	8,933.35
		121,539.43	125,808.61	120,914.15	125,128.77
Minority rights		0.12	0.07		
Total equity		121,539.55	125,808.68	120,914.15	125,128.77
LIABILITIES					
Long-term liabilities					
Provisions for employee benefits	8.19	4,326.74	3,842.83	4,260.11	3,800.54
Other provisions	8.15	25.41	0.00	25.41	0.00
		4,352.15	3,842.83	4,285.52	3,800.54
Short-term liabilities					
Suppliers and other obligations	8.16	21,696.57	13,255.79	20,031.74	12,093.15
Current income tax	8.16	18,537.97	16,323.09	17,972.79	14,960.64
Dividends payable	8.27	42,140.00	36,872.50	42,140.00	36,872.50
		82,374.54	66,451.38	80,144.53	63,926.29
Total Liabilities		86,726.69	70,294.21	84,430.05	67,726.83
Total Equity and Liabilities		208,266.24	196,102.89	205,344.20	192,855.60

10.4 Company Profit/ Loss Statement

Amounts in thousand €

	Note	1.1-31.12.2005	1.1-31.12.2004
Turnover	8.20	245,677.03	223,356.08
Cost of goods sold		-126,948.26	-110,052.02
Gross profits		118,728.77	113,304.06
Other income		8,437.50	7,957.46
Administrative expenses	8.25	-12,039.45	-12,296.56
Selling expenses	8.25	-62,696.30	-54,555.95
Other expenses		-800.93	-1,072.22
Earnings before taxes, financial and investment earnings		51,629.59	53,336.79
Depreciation	8.23	4,596.32	4,152.21
Earnings before taxes, financial and investment earnings and depreciation		56,225.91	57,489.00
Financial - investment income		4,268.58	4,908.52
Earnings before taxes		55,898.17	58,245.31
Less taxes	8.25	-17,972.79	-15,936.91
Earnings after taxes		37,925.38	42,308.40
<u>Allocated to:</u>			
Company Shareholders		37,925.38	42,308.40
Minority rights			
Profit after taxes per share - basic in €	8.26	0.72	0.80

10.5 Group Profit/ Loss Statement

Amounts in thousand €

	Note	1.1-31.12.2005	1.1-31.12.2004
Turnover	8.20	261,450.91	234,804.87
Cost of goods sold		-138,042.76	-117,363.31
Gross profits		123,408.15	117,441.56
Other income		13,158.07	12,305.10
Administrative expenses	8.25	-12,550.62	-12,842.69
Selling expenses	8.25	-69,955.06	-61,525.82
Other expenses		-817.98	-1,144.15
Earnings before taxes, financial and investment earnings		53,242.56	54,234.00
Depreciation	8.23	4,796.83	4,319.28
Earnings before taxes, financial and investment earnings and depreciation		58,039.39	58,553.28
Financial - investment income		3,166.28	4,067.35
Earnings before taxes		56,408.84	58,301.35
Less taxes	8.25	-18,537.97	-16,323.09
Earnings after taxes		37,870.87	41,978.26
<u>Allocated to:</u>			
Company Shareholders		37,870.82	41,978.23
Minority rights		0.05	0.03
Profit after taxes per share - basic in €	8.26	0.72	0.80

10.6 Equity Change Statement for the period

THE COMPANY

Amounts in thousand €

	Notes	Share capital	Above par value	Treasury stock	Reserves at fair value	Foreign exchange differences	Other reserves	Results carried forward	Total	Equity Totals
Balance at 01.01.2004		15,802.50	64,608.36		49.81		19,841.17	19,441.05	119,742.89	119,742.89
Changes in accounting methods and corrections of errors		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Corrected balance		15,802.50	64,608.36	0.00	49.81	0.00	19,841.17	19,441.05	119,742.89	119,742.89
Equity changes in the 01.01 -31.12.2004 period									0.00	0.00
Income tax to / from Equity							-50.02		-50.02	-50.02
Net profit recognized at Equity		0.00	0.00	0.00	0.00	0.00	-50.02	0.00	-50.02	-50.02
- Profit/ loss for the period								42,308.40	42,308.40	42,308.40
Total profit for the period		0.00	0.00	0.00	0.00	0.00	-50.02	42,308.40	42,258.38	42,258.38
- Dividends payable								-36,872.50	-36,872.50	-36,872.50
- Transfer to reserves							15,943.60	-15,943.60	0.00	0.00
Balance at 31.12.2004		15,802.50	64,608.36	0.00	49.81	0.00	35,734.75	8,933.35	125,128.77	125,128.77
Balance at 01.01.2005		15,802.50	64,608.36	0.00	49.81	0.00	35,734.75	8,933.35	125,128.77	125,128.77
Changes in accounting methods and corrections of errors		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Corrected balance		15,802.50	64,608.36	0.00	49.81	0.00	35,734.75	8,933.35	125,128.77	125,128.77
- Profit/ loss for the period								37,925.38	37,925.38	37,925.38
Total profit for the period		0.00	0.00	0.00	0.00	0.00	0.00	37,925.38	37,925.38	37,925.38
- Dividends payable								-42,140.00	-42,140.00	-42,140.00
- Transfer to reserves			650.66				2,781.57	-3,432.23	0.00	0.00
Balance at 31.12.2005		15,802.50	65,259.02	0.00	49.81	0.00	38,516.32	1,286.50	120,914.15	120,914.15

THE GROUP

Amounts in thousand €

	PAYABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY						MINORITY	
Notes:	Share Capital	Above par value	Reasonable Value Reserve	Other reserves	Results carried forward	Total	Minority rights	Equity Totals
Balance on 01.01.2004	15,802.50	64,608.36	49.81	21,352.28	19,683.36	121,496.31	1,318.88	122,815.19
Changes in accounting methods and corrections of errors						0.00		0.00
Corrected balance	15,802.50	64,608.36	49.81	21,352.28	19,683.36	121,496.31	1,318.88	122,815.19
Equity changes in the 01.01 -31.12.2004 period						0.00		0.00
- Income tax to / from equity				-50.02		-50.02		-50.02
Net profit recognized at equity	0.00	0.00	0.00	-50.02	0.00	-50.02		-50.02
- Profit/ loss for the period					41,978.26	41,978.26		41,978.26
Total profit for the period	0.00	0.00	0.00	-50.02	41,978.26	41,928.24		41,928.24
- Dividends payable					-36,872.50	-36,872.50		-36,872.50
- Company reserves sold on 06.12.2004				-269.91	-473.53	-743.44	-1,318.81	-2,062.25
- Transfer to reserves				14,972.72	-14,972.72	0.00		0.00
Balance on 31.12.2004	15,802.50	64,608.36	49.81	36,005.07	9,342.87	125,808.61	0.07	125,808.68
Balance on 01.01.2005	15,802.50	64,608.36	49.81	36,005.07	9,342.87	125,808.61	0.07	125,808.68
Changes in accounting methods and corrections of errors						0.00		0.00
Corrected balance	15,802.50	64,608.36	49.81	36,005.07	9,342.87	125,808.61	0.07	125,808.68
Equity changes in the 01.01 -31.12.2005 period						0.00		0.00
Net profit recognized at equity	0.00	0.00	0.00	0.00	0.00	0.00		0.00
- Profit/ loss for the period					37,870.82	37,870.82	0.05	37,870.87
Total profit for the period	0.00	0.00	0.00	0.00	37,870.82	37,870.82		37,870.82
- Dividends payable					-42,140.00	-42,140.00		-42,140.00
- Transfer to reserves		650.66		2,864.68	-3,515.34	0.00		0.00
Balance on 31.12.2005	15,802.50	65,259.02	49.81	38,869.75	1,558.35	121,539.43	0.12	121,539.55

10.7 Cash Flow Statement Information

Amounts in thousand €

CASH FLOW STATEMENT INFORMATION FOR THE PERIOD

Amounts in thousand €

	THE GROUP		THE COMPANY	
	01.01-31.12.2005	01.01-31.12.2004	01.01-31.12.2005	01.01-31.12.2004
Cash flow from operations				
Earnings before taxes	56,408.84	58,301.35	55,898.17	58,245.31
<i>Earnings adjustments in respect of the following transactions:</i>				
Depreciation	4,796.83	4,919.28	4,596.32	4,152.21
Provisions	-98.46	189.82	-122.91	157.98
Results (income) from investments	-3,330.68	-4,204.85	-4,405.39	-5,036.96
Debit interest & related expenses	152.40	137.51	136.80	128.44
Other non-cash expenses/ income	-18,537.97	-16,323.09	-17,972.79	-15,936.91
Operating profit before changes to working capital	39,390.96	43,020.02	38,130.20	41,710.07
Decrease/(increase) of stocks	-12,461.00	-7,847.47	-10,671.57	-7,151.64
Increase/(decrease) of receivables from customers and other accounts	1,950.42	-3,402.65	-114.30	-3,596.60
Increase/(decrease) of liabilities (except banks)	10,655.55	1,863.66	10,950.76	319.23
Cash inflow from main business operations	39,535.93	33,633.56	38,295.09	31,281.06
Interest paid & related expenses paid	-152.40	-137.51	-136.80	-128.44
<i>Cash flow from operations</i>	39,383.53	33,496.05	38,158.29	31,152.62
Cash flow from investments				
Purchase of tangible and intangible fixed assets.	-10,738.40	-8,357.26	-9,636.24	-7,554.28
Interest received	2,412.66	2,100.63	2,337.43	2,032.80
Dividends collected - Securities expenses	918.02	2,104.21	2,067.96	3,004.16
<i>Cash flow from investment activities</i>	-7,407.72	-4,152.42	-5,230.85	-2,517.32
Cash flow from financing				
Dividends paid	-36,872.50	-31,605.00	-36,872.50	-31,605.00
<i>Cash flow from financing</i>	-36,872.50	-31,605.00	-36,872.50	-31,605.00
Net increase/(decrease) in cash flow and equivalents	-4,896.69	-2,261.37	-3,945.06	-2,969.70
Cash at period start	69,098.21	71,359.58	64,941.78	67,911.48
Cash at period end	64,201.52	69,098.21	60,996.72	64,941.78

10.8 Annex to the interim corporate and consolidated financial statements

10.8.1 General Information

HELLENIC DUTY FREE SHOPS SA engages in Travel Retail. More specifically, the Company holds the right to the exclusive operation of duty Free Shops in Greece, existing or future, which has been granted to the Company under Article 120 of Law 2533/1997. It operates 85 stores in 41 locations (20 airports, 11 border crossings and 10 ports) in Greece and one store in FYROM through its subsidiary HDF5 SKOPJE DOO that is expected to open in the first half of 2006. Also its subsidiary, HTB HELLENIC TOURIST BUREAU SA, which engages in tourism services, such as the establishment and operation of tourist enterprises, congress organization, etc., is anticipated to operate in the first half of 2006. HDF5 SA is a Société Anonyme with its seat on the Athens - Lamia National Road, 23rd Km., Agios Stefanos and is listed on the Athens Stock Exchange (Retail sector); its web page URL is www.dutyfreeshops.gr.

The Company’s financial statements cover the Company and its affiliates (the “Group”).

- Group Structure

Company	Seat	Participation %
HDF5 SA, GREECE	Agios Stefanos	Parent company
HELLENIC DISTRIBUTIONS SA	Agios Stefanos	99.99% subsidiary
HDF5 SKOPJE DOO	SKOPJE	100.00% subsidiary
HELLENIC TOURIST BUREAU SA	Agios Stefanos	99.99% subsidiary

10.8.2 Major accounting principles implemented by the Group

Financial statements preparation framework

These consolidated and corporate financial statements as of December 31st, 2005 have been prepared on the basis of:

- The historic cost principle
- The going concern principle
- The accounting period independence principle
- Presentation uniformity
- Importance of information

Such financial statements comply with the IFRSs that have been issued by the International Accounting Standards Board (IASB), as well as their interpretations that have been issued by the IASB International Financial Reporting Interpretations Committee (I.F.R.I.C) that were adopted by the European Union by Regulation 1606/2002 of the European Union on December 31st, 2005.

These financial statements are covered by IFRS 1 "First-time Adoption of International Financial Reporting Standards" given that these financial statements pertain to the first year in which financial statements are prepared and published in accordance with the IFRSs (2005). The date of transition of the Group to the new standards, in accordance with IFRS 1, is considered to be January 1st, 2004.

The accounting principles laid down below have been applied to all periods reported.

The financial statements of HDFSA up to 31.12.2004 have been prepared in accordance with the Greek Accounting Principles. Such standards differ in certain areas from the IFRSs. The comparative 2004 information has been restated in accordance with the accounting principles and estimates adopted for the IFRSs.

The preparation of financial statements, in accordance with the IFRSs, requires the use of detailed accounting estimates and evaluations for the implementation of the accounting principles.

Consolidation – Valuation of Subsidiaries and Affiliates

The accounting method as it applies to the consolidation is the purchase method. The acquisition cost for a subsidiary is the fair value of the assets that were provided, the participation titles that were issued and the liabilities that were undertaken on the date of the exchange, plus any cost that results directly from this transaction. The personalized assets, liabilities and possible liabilities that constitute a business consolidation are valued at the time of acquisition at fair value regardless of the participation rate. The cost that exceeds the fair value at which the various items were acquired is registered as goodwill.

If the total cost of acquisition is less than the fair value of the various items that were acquired, the difference is entered directly in the results.

More specifically regarding cases of business consolidation prior to the date of transition of the Group to the IFRSs (January 1st, 2004) the exception under IFRS 1 has been used and the acquisition method was not applied retrospectively. Within the context of the above exception, the Company has not recalculated the cost of acquisition of the subsidiaries that had been acquired prior to the transition to the IFRSs, nor the fair value of the assets and liabilities acquired as of the date of the acquisition, nor has it recognized goodwill in its consolidated financial statements in accordance with the IFRSs.

Intraorganization transactions and balances and unrealized gains from transactions among companies of the Group are not included. Unrealized losses are excluded provided there is no indication of diminished value of the asset transferred. The accounting principles of the subsidiaries are the same as those implemented by the Group.

Participations in subsidiaries in the parent company balance sheet are assessed at acquisition cost less any provisions regarding their diminished value.

The Group's companies with their respective percentages of participation included in the consolidated financial statements (using the full consolidation method) are:

Company	Seat	Participation %
HDFS SA, GREECE	Agios Stefanos	Parent company
HELLENIC DISTRIBUTIONS SA	Agios Stefanos	99.99% subsidiary
HDFS SKOPJE DOO	SKOPJE	100.00% subsidiary
HELLENIC TOURIST BUREAU SA	Agios Stefanos	99.99% subsidiary

In the 4th quarter the company THE NUANCE GROUP (HELLAS) LTD was also officially acquired in accordance with Decision No. K2-16747-30.12.2005 of the SA and approval of the Credit Direction of the Secretariat General of Trade of the Ministry of Development. The acquisition was implemented pursuant to the provisions of Article 78 of Codified Law 2190/1920 and Articles 1-5 of Law 2166/1993, but was included in the Company's financial statements in accordance with the IFRSs.

Information per sector

The primary type of information per sector is broken down by geographical areas which are divided into tax free and tax paid sales.

Tangible assets

Tangible assets are valued at their acquisition cost less depreciation. The cost of acquisition includes all directly attributable expenses involved in their acquisition. Later expenses are entered in addition to the accounting value of tangible assets only if it is deemed possible that the Group shall have financial benefits and their cost may be measured reliably.



Repairs and maintenance are entered in the results on an as occurred basis. Premises on third party property (new stores) are depreciated over the estimated lease period.

Land is not depreciated. The depreciation of buildings - premises on third party property is calculated using the fixed method over their useful life, while that of other tangible assets is calculated using the rates set forth in Presidential Decree 299/2003. These are:

- Buildings (privately owned)	50	Years
- Premises on third party property (buildings)	20	»
- Premises on third party property (other premises)	12.50	»
- Mechanical equipment	8.33	»
- Cars - Vehicles	6.67 – 8.33	»
- Other equipment	6.67	»

The useful life of tangible assets is periodically reviewed and depreciation rates are adjusted for the current and future periods if they differ significantly from the initial estimates. When the carrying amount of a tangible asset exceeds its recoverable value, the difference (in value) shall be recognized in profit or loss.

Residual values are not recognized.

When the carrying amount of a tangible asset exceeds its recoverable value, the difference (in value) shall be recognized in profit or loss.

When tangible assets are sold, the differences between the price received and the carrying amount is recognized as profit or loss in profit or loss.

Intangible fixed assets

(a) Granting of license for the exclusive operation of Duty Free Shops

The license (right) for the exclusive operation of Duty Free Shops (Article 120 of Law 2533/1997) is valued at acquisition cost less depreciation. Depreciation is calculated using the straight line method to allocate the cost of each asset to its estimated useful life, which is 50 years (depreciation rate: 2%).

(b) Software

Software licenses are valued at acquisition cost less depreciation. Depreciation is calculated using the straight-line method to allocate the cost of each asset to its estimated useful life, which is about 4.17 years (depreciation rate: 24%).

(c) Lease rights

These pertain to the lease value of stores which have been acquired at the time of acquisition of THE NUANCE GROUP (HELLAS) SA and which have resulted from an independent appraiser on the basis of future cash flow.

Stock

Stock is valued at acquisition cost or net realizable value, whichever is the lowest. Cost is determined using the weighted average method. The net realizable value is estimated on the basis of the current selling prices of stock in the ordinary course of business, less any applicable selling expenses, as the case may be.

Receivables from customers

Receivables from customers are initially entered at fair value, which coincides with their nominal value, less any impairment losses. Impairment losses (losses from bad debt) are recognized when there is objective evidence that the Company shall not be able to collect all amounts due under the relevant contractual terms. The amount corresponding to impairment loss is the difference between the carrying amount of receivables and estimated future cash flow. The amount corresponding to the impairment loss is entered as expense in profit/ loss.

Cash and equivalents

Cash and equivalents include cash, current deposits, and low risk, short-term investments of up to 3 months, which can be easily liquidated.

Transactions in foreign currencies

Transactions in foreign currencies are converted to euros using the exchange rate applicable on the date they are made. As of the date of the balance sheet, cash assets and liabilities expressed in foreign currencies are converted in euros using the exchange rate applicable on that date. Foreign exchange differences that result from the conversion are entered in the profit/loss account.

Share Capital

Ordinary shares are included in equity. Direct expenses for the issue of shares are shown after the corresponding income tax has been deducted, decreasing the share value. Direct costs relating to the issue of new shares for the acquisition of enterprises, are included in the cost of acquisition of the new company.

The cost of acquisition of treasury shares reduced by income tax (if necessary) shall appear to decrease the Groups equity, until such shares have been sold or cancelled. All profits or losses from the sale of treasury shares net of all other direct costs relating to the sale and tax income, as the case may be, shall appear as reserve under equity.

Subsidies

Subsidies are entered at fair value when there is reasonable certainty that they shall be collected and the Company shall comply with all required terms and conditions. Subsidies that relate to costs shall be postponed and entered in the profit or loss statement in such a period so that there is correspondence with the costs they are intended to compensate.

Deferred income tax

Deferred income tax is established using the method of the liability that results from temporary differences arising between the carrying amount and the tax basis of assets and liabilities.

Deferred tax is determined using the tax rates that are anticipated to apply at the time of recovery of the carrying amount of assets and liabilities.

Deferred tax liabilities shall be recognized to the extent there shall be future taxable profit to use the temporary difference generated by the deferred tax liability.

Personnel Benefits**(a) Short-term benefits**

Short-term personnel benefits in cash and in kind are recognized as expenses as they become accrued.

(b) Termination benefits

Retirement benefits include both defined contribution termination plans (State insurance) and defined benefits plans (flat rate benefits payable at retirement under Law 2112/20). The accrued cost of defined contribution termination plans is recognized as expense during the relevant period.

A liability recognized in the balance sheet for defined benefits plans is the current value of the commitment to the defined benefit. The commitment to the defined benefit is calculated annually by an independent actuary using the projected unit credit method. In accordance with such method, the benefits that correspond to the completed service at the date of the valuation are treated separately from the anticipated benefits for the year past the valuation date (future service). The most significant financial principles that have been used during the two valuation dates are:

Valuation date	Prepayment rate	Inflation	Pay increase
31.12.2004	4.50%	2.80%	4.00%
31.12.2005	4.00%	2.80%	4.00%

Provisions

Provisions are recognized when:

- a) there is a legal or documented commitment as a result of past events;
- b) it is possible that an outflow of funds shall be necessary to settle such commitment; and
- c) such outflow can be reliably estimated.

Revenue recognition

Revenue includes the fair value of goods sold and services rendered, net of recovered taxes, rebates and discounts. Interorganization revenue in the Group is fully derecognized. Revenue is recognized as follows:

(a) Sale of goods

Sale of goods is recognized when the Group delivers the goods to customers, and the latter take delivery of them and the collection of the claim is reasonably secured. Goods are usually sold on a cash or credit card basis.

(b) Interest

Revenue from interest is recognized on an accrued interest basis using the effective interest method.

(c) Marketing-Royalties

Revenue from marketing and royalties is recognized on an accruals basis in accordance with the substance of the relevant agreements.

(d) Dividends

Dividends are recognized as revenue when the shareholder's right to receive payment is established, namely when they are approved by the body, which is legally competent to grant them (General Meeting).

Dividend distribution

The distribution of dividends to shareholders is recognized as liability in the individual and consolidated financial statements when such distribution is proposed and approved by the Company's Board of Directors. Thus dividends to be distributed under the Balance Sheets as of the end of each year (31.12) appear as liabilities and not as increasing equity.

New accounting standards and IFRICs

The International Accounting Standards Board and the International Financial Reporting Interpretations Committee have already issued a number of new accounting standards and interpretations, the implementation of which is mandatory for the accounting periods that start on January 1st, 2006. The Group estimates the following with regard to the effects of such new standards and interpretations:

- IFRS 6: Exploration for and Evaluation of Mineral Assets
This standard does not apply to the Group; hence it shall not affect its financial statements
- IFRS 7: Financial Instruments: Disclosures
It shall not affect the Group's financial statements
- IFRIC 3: Emissions Rights
This interpretation does not apply to the Group; hence it shall not affect its financial statements
- IFRIC 4: Determining Whether an Arrangement Contains a Lease
This interpretation does not apply to the Group; hence it shall not affect its financial statements
- IFRIC 5: Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
This interpretation does not apply to the Group; hence it shall not affect its financial statements
- IFRIC 6: Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
This interpretation does not apply to the Group; hence it shall not affect its financial statements
- IFRIC 7: Applying the Restatement Approach under IAS 29
This interpretation does not apply to the Group; hence it shall not affect its financial statements
- IFRIC 8: Scope of IFRS 2
This interpretation does not apply to the Group; hence it shall not affect its financial statements

10.8.3 Financial Risk Management - Financial Risk Factors

a) Credit Risk:

The Company has not assumed significant credit risk because the main part of its sales are retail either in cash or credit cards, and its wholesale operations, which account for a small part of sales, concern mainly customers with a reduced loss.

(b) Liquidity risk

The liquidity risk is zero due to the increased availability of cash.

(c) Cash flow risk and fair value change risk due to changes in interest rates.

The Company has interest bearing assets due to the placement of its cash in zero risk time deposits, the rate of which has been previously agreed and rate fluctuations are not significant enough to generate cash flow risk and fair value change risk as a result of changes in rates.

10.8.4 Significant accounting estimates and opinions of the Management

Estimates and opinions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next 12 months.

10.8.5 Transition to the IFRSs

Basis for the transition to the IFRSs

IFRS 1 implementation

The Company's and the Group's financial statements for the year that ends on December 31st, 2005, are the first annual financial statements prepared in accordance with the IFRSs. These financial statements have been prepared in accordance with Note 10.8.2. The Group has implemented IFRS 1. The date of reference is December 31, 2005. The IFRSs were adopted on January 1, 2005. For the purpose of preparing these financial statements, the Group has implemented some of the optional exceptions regarding retrospective implementation. Exceptions from full retrospective implementation that have been selected by the Group.

Employee benefits

The Company chose to recognize all accrued actuarial profits and losses as of 01.01.2004.

Estimate consistency between the Greek Accounting Standards and the IFRSs

The estimates made under the IFRSs as of 01.01.2004 are consistent with the estimates made at the same date under the Greek Accounting Standards, with the exception of the cases where there is evidence that such estimates were erroneous. Such cases concerned the useful life of assets, which under the previous rules were based on tax provisions.

Agreement between the IFRSs and the Greek Accounting Standards

The following reconciliation provides a complete and clear picture of the Company’s asset structure in respect of the previous Accounting Standards.

Equity adjustment table at period start (01.01.2005 and 01.01.2004 respectively) between the Greek Accounting Standards (GASs) and the International Accounting Standards (IFRS)

AMOUNTS IN €

	Group		Company	
	01.01.2005	01.01.2004	01.01.2005	01.01.2004
Equity at period start (01.01.2005 and 01.01.2004 respectively) under the GASs	130,681,212	126,833,384	129,363,326	123,661,202
Personnel compensation provision	-3,800,541	-3,573,231	-3,800,541	-3,573,231
Recognition of deferred taxes payable	1,473,969	1,905,853	1,195,335	1,871,581
Change due to the use of useful life to depreciate assets and reinclusion of the adjusted acquisition value in the historic cost	-176,591	-76,584	-83,142	-5,838
Derecognizing of capitalized expenses	-378,932	-1,303,245	-380,910	-1,299,506
Transfer of untaxed reserve taxes retained to untaxed reserves	-192,539	-142,522	-192,539	-142,522
Adjustment of income receivable for the period	-770,831	0	0	0
Recognition of foreign exchange difference accounts in the profit/ loss statement	68	16,802	68	16,802
Valuation of securities at market values (31.12.2004)	48,153	0	48,153	0
Adjustment of long-term receivables at market values	-439,114	-509,032	-420,478	-485,601
Valuation of holdings at acquisition value	12,000	0	0	0
Provision for tax audit differences	-648,180	-336,180	-600,000	-300,000
Equity at period start (01.01.2005 and 01.01.2004 respectively) under the IFRS	125,808,674	122,815,245	125,129,272	119,742,887

PROFIT/ LOSS ADJUSTMENT TABLE FOR THE 1.1-31.12.2004 PERIOD BETWEEN GREEK ACCOUNTING STANDARDS (GASs) AND INTERNATIONAL ACCOUNTING STANDARDS (IAS)

AMOUNTS IN €

	Group	Company
Net earnings for the period after taxes in under the GASs	42,821,476.30	42,601,467.84
Reversal of capitalized expenses depreciation under the GASs not recognized under the IFRS	1,102,610.08	1,100,632.14
Change due to the use of useful life for asset depreciation	-278,297.11	-259,838.63
Adjustment of long-term receivables at market values	69,918.36	65,123.36
Recognition of personnel compensation provisions	-227,310.00	-227,310.00
Valuation of securities at market values	396,425.99	396,425.99
Provision for tax audit differences	-312,000.00	-300,000.00
Adjustment of income receivable for the period	-770,831.00	0.00
Reversal of foreign exchange difference accounts recognized in the profit/ loss statement as of 31.12.03	-16,734.61	-16,734.61
Earnings distributed to the personnel	-375,116.77	-375,116.77
Deferred tax recognition 1.1/31.12.04	-431,884.36	-676,246.03
Net profit for the period under the IFRS.	41,978,256.88	42,308,403.29



10.8.6 Tangible assets

Group

	Fields - Land	Buildings and building facilities	Machines & mechanical equipment	Means of Transportation	Furniture & other equipment	Assets under construction	Total
01.01.2004							
Cost	86.60	15,519.46	2,772.62	1,152.16	12,863.09	728.52	33,122.45
Additions	0.00	4,627.99	252.43	0.00	2,823.77	-684.20	7,019.99
Balance at 31.12.2004	86.60	20,147.45	3,025.05	1,152.16	15,686.86	44.32	40,142.44
Accrued depreciation							
Balance at 01.01.2004	0.00	4,481.35	1,349.99	683.95	8,401.84	0.00	14,917.13
Amortization for the period	0.00	852.42	252.92	102.21	1,626.05	0.00	2,833.60
Balance at 31.12.2004	0.00	5,333.77	1,602.91	786.16	10,027.89	0.00	17,750.73
Undepreciated value 31.12.04	86.60	14,813.68	1,422.14	366.00	5,658.97	44.32	22,391.71
01.01 - 31.12.2005							
Starting balance	86.60	20,147.45	3,025.05	1,152.16	15,686.86	44.32	40,142.44
Additions	17.70	1,880.26	85.56	327.97	1,899.02	3,422.96	7,633.47
Sales	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance at 31.12.2005	104.30	22,027.71	3,110.61	1,480.13	17,585.88	3,467.28	47,775.91
Accrued depreciation							
Balance at 01.01.2005	0.00	5,333.77	1,602.91	786.16	10,027.89	0.00	17,750.73
Amortization for the period	0.00	1,399.56	263.28	134.54	2,186.27	0.00	3,983.65
Depreciation decrease	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance at 31.12.2005	0.00	6,733.33	1,866.19	920.70	12,214.16	0.00	21,734.38
Undepreciated value 31.12.2005	104.30	15,294.38	1,244.42	559.43	5,371.72	3,467.28	26,041.53

Company

	Fields - Land	Buildings and building facilities	Machines & mechanical equipment	Means of Transportation	Furniture & other equipment	Assets under construction	Total
01.01.2004							
Cost	86.60	14,909.61	2,737.42	1,152.16	12,195.50	728.62	31,809.91
Additions	0.00	4,597.26	248.17	0.00	2,945.10	-684.30	7,106.23
Balance at 31.12.2004	86.60	19,506.87	2,985.59	1,152.16	15,140.60	44.32	38,916.14
Accrued depreciation							
Balance at 01.01.2004	0.00	4,342.67	1,345.97	683.95	8,129.73	0.00	14,502.32
Amortization for the period	0.00	801.84	249.04	102.21	1,653.57	0.00	2,806.66
Balance at 31.12.2004	0.00	5,144.51	1,595.01	786.16	9,783.30	0.00	17,308.98
Undepreciated value 31.12.04	86.60	14,362.36	1,390.58	366.00	5,357.30	44.32	21,607.16
01.01-31.12.2005							
Starting balance	86.60	19,506.87	2,985.59	1,152.16	15,140.60	44.32	38,916.14
Additions	17.70	1,875.51	81.02	268.06	1,861.51	2,520.79	6,624.59
Sales	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance at 31.12.2005	104.30	21,382.38	3,066.61	1,420.22	17,002.11	2,565.11	45,540.73
Accrued depreciation							
Balance at 01.01.2005	0,00	5,144.51	1,595.01	786.16	9,783.30	0,00	17,308.98
Amortization for the period	0.00	1,348.67	257.78	130.75	2,078.08	0.00	3,815.28
Depreciation decrease	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance at 31.12.2005	0.00	6,493.18	1,852.79	916.91	11,861.38	0.00	21,124.26
Undepreciated value 31.12.2005	104.30	14,889.20	1,213.82	503.31	5,140.73	2,565.11	24,416.47



10.8.7 Intangible assets

	Group			Company		
	Other establishment expenses	Stores and industrial property rights	Group Total	Other establishment Expenses	Stores and industrial property rights	Company Total
01.01.2004						
Cost	940.07	58,718.34	59,658.41	869.98	58,694.06	59,564.04
Additions/ Decreases	440.99	-24.29	416.70	447.96	0.00	447.96
Balance at 31.12.2004	1,381.06	58,694.05	60,075.11	1,317.94	58,694.06	60,012.00
Accrued depreciation						
Balance at 01.01.2004	825.18	7,067.57	7,892.75	787.24	7,043.29	7,830.53
Amortization for the period	183.20	1,149.58	1,332.78	171.68	1,173.88	1,345.56
Balance at 31.12.2004	1,008.38	8,217.15	9,225.53	958.92	8,217.17	9,176.09
Undepreciated value 31.12.2004	372.68	50,476.90	50,849.58	359.02	50,476.89	50,835.91
01.01 -31.12.2005						
Starting balance	1,381.06	58,694.05	60,075.11	1,317.94	58,694.06	60,012.00
Additions	3,904.12	0.00	3,904.12	3,810.15	0.00	3,810.15
Sales	0.00	0.00	0.00	0.00	0.00	0.00
Balance at 31.12.2005	5,285.18	58,694.05	63,979.23	5,128.09	58,694.06	63,822.15
Accrued depreciation						
Balance at 01.01.2005	1,008.38	8,217.15	9,225.53	958.92	8,217.17	9,176.09
Depreciation for the period	438.51	1,173.88	1,612.39	405.69	1,173.88	1,579.57
Depreciation decrease	0.00	0.00	0.00	0.00	0.00	0.00
Balance at 31.12.2005	1,446.89	9,391.03	10,837.92	1,364.61	9,391.05	10,755.66
Undepreciated value 31.12.2005	3,838.29	49,303.02	53,141.31	3,763.48	49,303.01	53,066.49

10.8.8 Stocks

	Group		Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Merchandise	49,783.14	37,453,16	46,212.36	35,306,29
	49,783.14	37,453,16	46,212.36	35,306,29

10.8.9 Customers

	Group		Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Receivables from customers				
Customer net balance	1,218.61	136.95	6,964.00	5,299.68

10.8.10 Other receivables

	Group		Company	
	31.12.2005	31.12.2004	31.12.05	31.12.2004
Holdings & other long-term financial receivables	3,223.76	4,203.48	4,847.10	4,296.57
Deferred tax receivables	640.67	1,473.97	378.03	1,195.33
Checks	572.40	0.00	82.77	0.00
Sundry debtors	6,124.74	3,092.79	5,466.89	2,856.30
Securities	1,866.26	1,258.37	1,866.26	1,258.37
Other receivables	1,451.82	6,144.67	1,047.11	5,258.21
	13,879.65	16,173.28	13,688.16	14,864.78

10.8.11 Cash and equivalents

	Group		Company	
	31.12.2005	31.12.2004	1.12.2005	31.12.2004
Cash at hand	2,020.15	1,041.32	1,962.55	926.86
Current and time deposits	62,181.38	68,051.08	59,034.17	64,009.29
Bank Credit Cards	0.00	5.81	0.00	5.63
	64,201.53	69,098.21	60,996.72	64,941.78

10.8.12 Share capital and above par value

	Number of shares	Ordinary shares	Capital issued	Above par value	Total
January 1st 2004	52,675,000	52,675,000	15,802.50	64,608.36	0 80,410.86
December 31st, 2004	52,675,000	52,675,000	15,802.50	64,608.36	0 80,410.86
2005 Credits				650.66	650.66
December 31st, 2005	52,675,000	52,675,000	15,802.50	65,259.02	0 81,061.52

A total of 52,675,000 have been issued with a nominal value of €0.30 each. All shares issued have been paid up.

10.8.13 Revaluation reserves – Investment grants and subsidies

	Group		Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Holdings & securities value adjustment reserve	49.81	49.81	49.81	49.81
	49.81	49.81	49.81	49.81

10.8.14 Profit carried forward and other reserves

	Group		Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Profit carried forward	1,558.35	9,342.88	1,286.50	8,933.35
Statutory reserves	12,474.26	10,542.25	12,273.00	10,398.18
Special law untaxed reserves	26,395.49	25,462.82	26,243.12	25,336.57
Minority rights	0.12	0.07		
	40,428.22	45,348.02	39,802.62	44,668.10

In accordance with the provisions of Greek Corporate Law (Law 2190/20), the formation of a Statutory Reserve by transferring each year an amount equal to 5% of earnings after taxes for the year is mandatory until the amount of such statutory reserve reaches one third (1/3) of the share capital. The remaining reserves (untaxed reserves) regard accrued profits exempt from taxation or taxed with a lower tax rate, if not distributed. If they are distributed, income tax shall be payable at the rate applicable at the time of the distribution. The distribution of reserves is decided by the General Meeting of the shareholders.

10.8.15 Long-term liabilities

	Group		Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Provision for personnel compensation	4,326.74	3,842.83	4,260.11	3,800.54
Other provisions	25.41		25.41	
	4,352.15	3,842.83	4,285.52	3,800.54

10.8.16 Suppliers, provisions for other liabilities and expenses

	Group		Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Suppliers	26,023.82	16,536.16	24,477.24	15,267.39
Customers down payments	152.05	9.90	130.43	9.90
Tax and duties payable	10,200.59	8,845.17	9,842.24	8,327.89
Amounts due to insurance funds	1,735.37	1,505.34	1,490.39	1,276.22
Dividends payable	42,140.00	36,872.50	42,140.00	36,872.50
Other liabilities	2,122.71	2,682.31	2,064.22	2,172.39
	82,374.54	66,451.38	80,144.52	63,926.29

10.8.17 Short-term provisions for other liabilities and expenses

	Group		Company	
	31.12.2005	31.12.04	31.12.2005	31.12.2004
Tax payable on unaudited periods	516.00	336.00	480.00	600.00
	516.00	336.00	480.00	600.00

10.8.18 Deferred income tax

Deferred tax receivables and liabilities shall be offset when there is a legally enforceable right to offset and they relate to taxes imposed by the same tax authority.

The offset amounts are:

COMPANY	31.12.2005	31.12.2004
Deferred taxes receivable		
Recoverable after 12 months	1,425,268.23	1,292,913.90
Recoverable within 12 months	19,553.70	21,771.78
	1,444,821.93	1,314,685.68
Deferred taxes payable		
Recoverable after 12 months	1,064,947.40	97,867.66
Recoverable within 12 months	1,846.50	21,483.15
	1,066,793.90	119,350.81

Transactions on the deferred taxes receivable and payable accounts during the period regarding taxes imposed by the same tax authority, without taking account of offset operations, are:

Deferred taxes receivable

	Provisions	Assets	Long-term receivables	Total
January 1st 2004	1,250,630.85	253,530.78	169,960.25	1,674,121.88
Debits/Credits to profits/losses	-300,495.60	-1,263.24	-57,677.36	-359,436.20
December 31st 2004	950,135.25	252,267.54	112,282.89	1,314,685.68
Debits/Credits to profits/losses	108,559.75	42,415.98	-20,839.48	130,136.25
December 31st 2005	1,058,695.00	294,683.52	91,443.41	1,444,821.93

Deferred taxes payable

	Capitalized expenses	Total differences	Total
January 1st 2004	203,339.97	-5,880.95	197,459.02
Debits/Credits to profits/losses	-322,690.78	5,880.95	-316,809.83
December 31st 2004	-119,350.81	0.00	-119,350.81
Debits/Credits to profits/losses	-91,104.20	0.00	-91,104.20
Debits/Credits to capital	-856,338.89	0.00	-856,338.89
December 31st 2005	-1,066,793.90	0.00	-1,066,793.90

GROUP	31.12.2005	31.12.2004
Deferred taxes receivable		
Recoverable after 12 months	1,195,008.00	1,324,265.53
Recoverable within 12 months	249,813.93	268,437.70
	1,444,821.93	1,592,703.23
Deferred taxes payable		
Recoverable after 12 months	1,064,356.97	97,251.42
Recoverable within 12 months	2,096.10	21,483.15
	1,066,453.07	118,734.57

Transactions on the deferred taxes receivable and payable accounts during the period regarding taxes imposed by the same tax authority, without taking account of offset operations, are:

Deferred taxes receivable

	Provisions	Receivables Reversal	Assets	Long-term receivables	Total
January 1st 2004	1,250,630.85	0.00	278,293.61	178,161.02	1,707,085.48
Debits/Credits to profits/ losses	-300,495.60	246,665.92	139.17	-60,691.79	-114,382.30
December 31st 2004	950,135.25	246,665.92	278,432.78	117,469.23	1,592,703.18
Debits/Credits to profits/ losses	108,559.75	-23,124.93	48,295.93	-19,305.08	114,425.67
December 31st 2005	1,058,695.00	223,540.99	326,728.71	98,164.15	1,707,128.85

Deferred taxes payable

	Capitalized expenses	Total differences	Total
January 1st 2004	204,648.49	-5,880.95	198,767.54
Debits/Credits to profits/losses	-323,383.06	5,880.95	-317,502.11
December 31st 2004	-118,734.57	0.00	-118,734.57
Debits/Credits to profits/losses	-91,379.61	0.00	-91,379.61
Debits/Credits to equity	-856,338.89	0.00	-856,338.89
December 31st 2005	-1,066,453.07	0.00	-1,066,453.07

10.8.19 Liabilities for personnel benefits due to employment termination (Law 2112/20)

In accordance with Law 2112/20, the Company is required to pay to retired personnel flat rate benefits that are a multiple of the their monthly salaries at the time of termination of their employment (established by Law) based on their years of service. Such benefits have been established by an independent actuary. The main actuarial assumptions used are the following:

	2005	2004
Prepayment rate (%)	4.00%	4.50%
Future salary increases	4.00%	4.00%

The transactions performed on the account between 01.01.2004 and 31.12.2005 were:

	Group	Company
Liability balance as of 01.01.2004	3,598,086	3,573,231
Expenses incurred during the 01.01 - 31.12.2004 period	886,257	814,441
Compensation paid during the 01.01 - 31.12.2004 period	-641,516	-587,131
Liability balance as of 31.12.2004	3,842,827	3,800,541
Expenses incurred during the 01.01 - 31.12.2005 period	646,853	595,557
Compensation paid during the 01.01 - 31.12.2005 period	-162,942	-135,992
Liability balance as of 31.12.2005	4,326,738	4,260,106

10.8.20 Sales

	Group		Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Sales to third country passengers (duty free)	137,578.64	120,827.12	132,670.22	120,471.00
Sales to Community passengers (duty paid)	123,670.32	113,895.05	112,804.86	102,802.36
Other sales	201.95	82.72	201.95	82.72
TOTAL	261,450.91	234,804.89	245,677.03	223,356.08

10.8.21 Other operating income

	Group		Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Marketing-Royalties	11,866.00	11,380.00	7,207.72	7,205.92
Other Income	377.25	216.50	323.79	160.39
	12,243.25	11,596.50	7,531.51	7,366.31

10.8.22 Employee benefits

	Group		Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Salaries and daily wages	28,422.23	25,103.42	24,572.43	21,585.32
Employer's contributions	7,280.25	6,435.97	6,217.76	5,471.16
Compensation to dismissed employees	164.37	641.52	137.41	625.99
Provision for retirement compensation	434.24	227.31	434.24	227.31
Other benefits	664.93	591.53	580.46	503.59
	36,966.02	32,999.75	31,942.30	28,413.37

10.8.23 Depreciation

	Group		Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Tangible Asset Depreciation	1,539.02	1,332.78	1,531.62	1,345.56
Intangible Asset Depreciation	3,257.81	2,986.50	3,064.69	2,806.65
	4,796.83	4,319.28	4,596.31	4,152.21

10.8.24 Other operating expenses

	Group		Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Third-party compensation & expenses	2,199.77	3,344.94	1,968.89	3,112.28
Insurance premiums, rent, repairs, maintenance and other expenses	31,516.20	27,751.28	29,353.86	25,308.08
Taxes & duties	132.03	130.88	89.58	93.70
Transportation expenses	473.31	470.49	446.08	466.66
Logistics	2,215.65	1,979.55	2,215.65	1,979.55
Promotion & advertisement expenses	1,465.13	1,114.52	1,437.68	1,113.00
Various expenses (travels, exhibitions - shows, subscriptions, donations-sponsorships, office supplies, consumables, publications, etc.)	2,740.76	2,260.82	2,685.40	2,213.67
	40,742.85	37,052.48	38,197.14	34,286.94

10.8.25 Administrative - Sales Expense Breakdown

THE GROUP

	31.12.2005		31.12.2004	
	Administrative expenses	SALES expenses	Administrative expenses	SALES expenses
Employee compensation & expenses	6,620.84	30,345.18	5,996.53	27,003.22
Third-party compensation & expenses	1,064.64	1,135.13	2,371.49	973.45
Third party benefits	1,539.76	29,976.44	1,385.07	26,366.21
Taxes & duties	33.87	98.16	25.39	105.49
Sundry expenses	1,144.42	5,750.41	1,033.61	4,788.77
Fixed asset depreciation	2,147.09	2,649.74	2,030.60	2,288.68
	12,550.62	69,955.06	12,842.69	61,525.82

THE COMPANY

	31.12.2005		31.12.2004	
	Administrative expenses	SALES expenses	Administrative expenses	SALES expenses
Employee compensation & expenses	6,347.38	25,594.42	5,681.73	22,731.64
Third-party compensation & expenses	859.79	1,109.10	2,162.64	949.64
Third party benefits	1,522.54	27,831.32	1,372.70	23,935.38
Taxes & duties	23.70	65.88	23.99	69.71
Sundry expenses	1,131.42	5,653.89	1,022.61	4,750.26
Fixed asset depreciation	2,154.62	2,441.69	2,032.89	2,119.32
	12,039.45	62,696.30	12,296.56	54,555.95

10.8.26 Income tax

	Group		Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Current income tax	17,709.02	15,579.21	17,171.82	14,960.64
Differences from previous periods (2003-2004) tax audit	984.00	0.00	960.00	0.00
Less: provision formed	-624.00	0.00	-600.00	0.00
Plus: Tax provision for unaudited periods	492.00	312.00	480.00	300.00
Deferred Tax	-23.05	431.88	-39.03	676.27
	18,537.97	16,323.09	17,972.79	15,936.91

10.8.27 Earnings per share

Basic

Basic earnings per share are calculated by dividing the earnings by the weighted average number of ordinary shares during the period, excluding treasury shares purchased by the company.

	THE GROUP		THE COMPANY	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Net profit for the period	37,870.87	41,978.26	37,925.38	42,308.40
Allocated to:				
Company Shareholders	37,870.82	41,978.23	37,925.38	42,308.40
Minority rights	0.05	0.03		
Weighted average number of shares	52,675,000	52,675,000	52,675,000	52,675,000
Basic earnings per share	0.72	0.8	0.72	0.8

10.8.28 Dividends per share

The dividends paid in 2005, amounted to €36,872.50 thousand (dividend per share = €0.70) and concerned earnings generated in 2004. The proposed dividend for 2005 amounts to €0.80, namely €42,140.00 thousand.

10.8.29 Contingent Liabilities

The Group has contingent liabilities towards the Greek Government, other guarantees and other issues that arise in the usual course of business. No substantial charges are anticipated as a result of contingent liabilities. No additional payments are anticipated past the date of preparation of these financial statements. The parent Company has been audited by the tax authorities up to 2004 and its subsidiary HELLENIC DISTRIBUTIONS up to 2002. A relevant provision has been formed for the unaudited periods. THE NUANCE GROUP (HELLAS) SA, which was acquired, has been audited up to 2002. No tax audit differences are anticipated for the unaudited 2003-2005 periods. With regard to the other companies of the Group no tax audit differences are anticipated.

10.8.30 Transactions with associated parties

The following concern transactions with associated parties.

i) Sale of goods and services

	31.12.2005	31.12.2004
Sale of goods to subsidiaries	3,661.69	3,453.09

ii) End of period balance from the sale of goods and services

	31.12.2005	31.12.2004
Receivables from associated parties		
- Subsidiaries	8,331.85	6,444.36

10.8.31 Detailed accounting estimates

Tangible asset useful life

The Company's Management establishes the estimated useful life of its assets and the respective depreciation.

10.8.32 Number of employees

The average number of employees at the end of this period is: 1,315 persons for the Group and 1,093 persons for the Company.

10.8.33 Existing liens

There are no liens on the company's fixed assets.

10.8.34 Litigations or disputes in arbitration

There are no litigations or disputes in arbitration, and court or arbitration court rulings that could significantly affect the Company's financial situation or business.

10.8.35 Events posterior to the Balance Sheet

There are no events posterior to the Balance Sheet as of 31.12.2005 concerning the Company that should be reported under the International Financial Reporting Standards.

10.8.36 Financial Statements past the HDFS- THE NUANCE GROUP (HELLAS) SA merger

For comparative presentation purposes, we present here the financial statements of HDFS SA after the inclusion of THE NUANCE GROUP (HELLAS) SA, the final merger of which was completed by virtue of the approving decision of the Ministry of Development dated 30.12.2005, for both 31.12.2005 and 31.12.2004.

I. BALANCE SHEET

	31.12.2005	31.12.2004
ASSETS		
Non-current assets		
Tangible assets	24,416.47	22,133.29
Intangible assets	53,066.49	50,838.61
Investments in subsidiaries	2,059.92	1,409.97
Deferred income tax	378.03	1,195.33
Other receivables	2,787.18	3,678.67
	82,708.09	79,255.87
Current assets		
Stocks	46,212.36	36,179.45
Customers and other receivables	13,560.77	13,779.30
Financial assets at fair value through profit or loss	1,866.26	1,258.37
Cash and equivalents	60,996.72	65,804.07
	122,636.11	117,021.19
Total assets	205,344.20	196,277.06
EQUITY		
Capital and reserves paid to the parent company's shareholders		
Share Capital	15,802.50	16,661.87
Above par value	65,259.02	64,608.36
Reasonable Value Reserve	49.81	49.81
Foreign exchange differences		
Other reserves	38,531.35	35,735.41
Results carried forward	1,286.50	6,975.39
	120,914.15	124,030.84
Total equity	120,914.15	124,030.84
LIABILITIES		
Long-term liabilities		
Deferred income tax		
Provisions for employee benefits	4,260.11	3,836.95
Other provisions	25.41	0.00
	4,285.52	3,836.95
Short-term liabilities		
Suppliers and other liabilities	20,031.74	16,576.13
Current income tax	17,972.79	14,960.64
Dividends payable	42,140.00	36,872.50
Provisions and other liabilities		
	80,144.53	68,409.27
Total liabilities	84,430.05	72,246.22
Total Equity and Liabilities	205,344.20	196,277.06

The Company’s Profit/ Loss Statement for the Period

	1.1-31.12.2005	1.1-31.12.2004
Turnover	245,677.03	241,570.39
Cost of goods sold	-126,948.26	-120,469.89
Gross profits	118,728.77	121,100.50
Other income	8,437.50	8,943.49
Administrative expenses	-12,039.45	-14,854.10
Selling expenses	-62,696.30	-60,472.12
Other expenses	-800.93	-1,175.47
Earnings before taxes, financial and investment earnings	51,629.59	53,542.30
Depreciation	4,596.32	4,631.58
Earnings before taxes, financial and investment earnings and depreciation	56,225.91	58,173.88
Financial - investment income	4,268.58	4,774.71
Earnings before taxes	55,898.17	58,317.01
Less taxes	-17,972.79	-15,962.73
Earnings after taxes	37,925.38	42,354.28

10.9 Report of the Company’s transactions with its associated companies during 2005

Board of Directors Report

Dear Shareholders,

In implementing Article 2 (4) of Law 3016/2002 on Corporate Government, we hereby present the transactions for 2005 between the parent company HELLENIC DUTY FREE SHOPS SA and its subsidiary HELLENIC DISTRIBUTIONS SA as defined in accordance with Article 42 (e) of Codified Law 2190/1920.

The following tables present the transactions during 2005 per category:

A. Purchase of goods

ASSOCIATED COMPANY	VALUE OF TRANSACTIONS in €	DESCRIPTION OF TRANSACTIONS
HELLENIC DISTRIBUTIONS SA	67,483.63	Purchase of goods

B. Sale of goods

ASSOCIATED COMPANY	VALUE OF TRANSACTIONS in €	DESCRIPTION OF TRANSACTIONS
HELLENIC DISTRIBUTIONS SA	3,594,211.67	Sales of merchandise
HELLENIC DISTRIBUTIONS SA	400.00	Sale of fully depreciated assets

C. Employee Assignment

ASSOCIATED COMPANY	VALUE OF TRANSACTIONS in €	DESCRIPTION OF TRANSACTIONS
HELLENIC DISTRIBUTIONS SA	3,233,616.24	Personnel charges for employees assigned to HDFs SA

D. Real estate subletting

ASSOCIATED COMPANY	VALUE OF TRANSACTIONS in €	DESCRIPTION OF TRANSACTIONS
HELLENIC DISTRIBUTIONS SA	11,856.00	Rent regarding the subletting of a real estate on the Athens - Lamia National Road 23rd Km. (Agios Stefanos)

This report includes all the transactions between the parent company, HELLENIC DUTY FREE SHOPS SA and its subsidiary HELLENIC DISTRIBUTIONS SA in the year 2005.

Agios Stefanos, April 17th, 2005

The Board of Directors of
Hellenic Duty Free Shops S.A.

Georgios Velentzas
General Director



Associated companies

11.1 Subsidiaries

HELLENIC DISTRIBUTIONS S.A.

The company was established on November 27th, 2000 (Government Gazette, Societes Anonymes and Limited Liability Companies Issue No. 8772/26.09.00). The Company’s headquarters are located in the Municipality of Agios Stefanos at the Athens - Lamia National Road, 23rd Km., and its term has been set to 50 years. Its share capital amounts to €600,000 and is divided into 20,000 shares with a nominal value of €30 each. Its shareholder composition as of 31.12.2005 was:

Shareholder name	Number of shares	%
HELLENIC DUTY FREE SHOPS SA	19,999	99.99%
Charilaos Lambropoulos son of Spilios	1	0.01%
Total	20,000	100.00%

The object of the company in accordance with article 4 of its Articles of Association is:

- To setup a duty paid and duty free distribution, wholesale and retail network abroad in accordance with applicable legislation.
- To setup a duty paid distribution, wholesale and retail network in Greece in accordance with applicable legislation, in, including but not limited to, arrivals terminals of existing and future airports, ports and land border crossings, on ships and at marinas in accordance with applicable legislation.
- To distribute, represent, supply, act as agent, franchiser with regard to all manner of Greek and foreign products in Greece and abroad by concluding the respective agreements.
- To buy all manner of urban and non-urban real estates in order to use, operate (for tourism purposes or otherwise), resell or lease them.
- To erect all manner of constructions on lots of land belonging to the company or third parties by owelry or otherwise in order to sell or operate (for tourism purposes or otherwise) them.
- To seek, make the most of and benefit from investment opportunities in the real estate sector including but not limited to airports, ports, marinas, and border crossings, in accordance with the legislation in force each time, and to that end to cooperate, in any way, with technical, construction, design, project management companies, real estate agencies, etc.

- To establish, run and in any way operate tourist businesses and offices, rent hotels, tourist accommodation in general, apartments and all manner of buildings and facilities, organize excursions, tours, cruises, and similar events, provide tourist transport services as well as all manner of passenger transport services, act as tourist agent and broker, provide tourist services in cooperation with hotels, restaurants, entertainment companies and similar undertakings on a commission, act as agent for the above activities, and in general to undertake all activities directly or indirectly related to tourism.
- To establish and operate offices and stores for the purpose of attaining the above objectives.
- To make investments and in general provide services related to the above objectives.
- To participate in calls for tenders, joint ventures, undertakings and companies of any form, in respect of the above objectives.
- To take related actions and activities in order to achieve the foregoing objectives.

The company’s object is wholesale and retail.

The results from the period and the company’s equity as of December 31st, 2005 have been included in the Consolidated Financial Statements of the HDFS Group for the year 2005 using the “full consolidation” method.

The company’s commercial activities mainly include retail wholesale of largely consumed products.

The company is managed by a 7-member Board of Directors the term of which ends on May 30th, 2008. The members of the BoD are:

BoD Members	Post
Georgios Koutsolioutsos	Chairman
Ioannis Karagiannis	Vice Chairman
Georgios Velentzas	Managing Director
Nikolaos Kezos	Member
Dimitrios Kyriakopoulos	Member
Panagiotis Lambiris	Member
Charilaos Lambropoulos	Member



The Company has been audited by Tax Authorities for the accounting periods from its establishment (15.9.2000) and until 2002, while a forecast has been developed for the unaudited periods.

The company’s financial statements for the year 2005 are given in the annex.

“HDFS SKOPJE DOO import - export”

The company was established on November 5th, 2003 and has its headquarters in FYROM (Lermontova 3/4, 1000 Skopje).

It engages in retail sales and HELLENIC DUTY FREE SHOPS SA is its sole shareholder.

Its Board of Directors is made up of Messrs. Theodoros Zahmanoglou and Fotios Berberidis, and its share capital amounts to €810,000.

The company’s legal representative is the company ETTEA DOO SKOPJE which is represented by Ms. Elizabeta Kocovka Iceva.

H.T.B. - HELLENIC TOURIST BUREAU SA

The company was established April 22nd, 2005. The company’s headquarters are located in the Municipality of Agios Stefanos at the Athens - Lamia National Road, 23rd Km., and its term has been set to 50 years. Its object is to provide tourist services of any manner and kind including but not limited to: To establish, run and in any way operate tourist enterprises, agencies, and offices; to prepare and implement travel, excursion, tour, cruise, recreational, entertainment plans and organize other events both in Greece and abroad; to organize congresses and provide similar services.

Its share capital amounts to €500,000 and is divided into 10,000 shares with a nominal value of €50 each. Its shareholder composition as at 31.12.2005 was:

Shareholder name	Number of shares	%
HELLENIC DUTY FREE SHOPS SA	9,999	99.99%
Ms. Eleni Tsapoga	1	0.01%
Total	10,000	100.00%

The company is managed by a five-member Board of Directors, the term of which ends on April 22nd, 2008. The members of the BoD are:

BoD Members	Post
Georgios Koutsolioutsos	Chairman
Dimitrios Koutsolioutsos	Vice Chairman
Charilaos Lambropoulos	Managing Director
Georgios Velentzas	Mandated Director
Efrosyni Kopola	Member

11.2 Disclosure of Company's main shareholders and BoD members

GERMANOS S.A.

GERMANOS SA, trading under GERMANOS SA was established in 1989 (Government Gazette Issue No. 3971/20.11.1989) with Societes Anonymes Registration Number 20523/04/B/89/577 and its headquarters are located in the Municipality of Athens. By decision of the General Meeting of the Shareholders dated 5.12.1991, the company's headquarters were transferred to the Municipality of Metamorfosi, Attica, and then by decision of the General Meeting of the Shareholders dated 10.5.1993 the company's headquarters moved to the Community of Neo Olvio in the Prefecture of Xanthi. SA Reg. No.: 20523/06/B/89/45.

Currently, by decision of the General Meeting dated 9.01.2006 the company's headquarters have been transferred to the Municipality of Agios Stefanos, Attica, on the Athens - Lamia National Road, 23rd Km.

In accordance with its Articles of Association, the company's term has been set to 90 years, namely until 31.12.2079.

The object of the company in accordance with article 3 of its Articles of Association is:

- a) To manufacture, trade, import, export, wholesale and retail, as well as assemble all manner of batteries and wireless and wired devices and electrical, electronic and telecommunications devices, computers, as well as electrical and telecommunications material.
- b) To provide telecommunications services and products with the restrictions of Law 2246/94, as is in force, develop, install, operate, manage, and profit from all manner of cellular and landline telephony, Internet, e-mail, internet relay chat (IRC), file transfer (FTR) services, as well as access to allocated information bases.
- c) To broadcast on a radio and/or television frequency, cable or digital television, through the participation or establishment of legal entities or other authorities.
- d) To engage in telecommunications related activities including system planning and telecommunications equipment development, manufacturing, use, sale, leasing, renting, financial leasing, maintenance, acquisition of ownership or use rights thereon, or operation.
- e) To acquire ownership of, use or operate telecommunications equipment and telecommunication services media, install, operate, profit from and all other activities in relation to all manner of cellular and landline telephony systems, present or future.
- f) To research and develop new technologies, inventions, designs/models and patents, relating to new and/or future Internet services, especially electronic directory, advertising services, and product promotion over the Internet.

- g) To develop and provide new advanced services, especially interactive video services and personal multimedia services.
- h) To buy, store, manufacture, pack, bar code, label, and distribute goods and products.
- i) To design, and develop software for commercial and financial applications to serve retail networks, customer relations management (CRM) applications, and retail systems in general.
- j) To represent domestic and foreign firms that manufacture and trade the foregoing items and provide services relating to the design, application and use of the immediately foregoing products.
- k) To found, collaborate, and participate in other companies, similar or not, of any corporate type both in Greece and abroad; and
- l) Engage in all production and trade activities relating to the company's objectives.

To achieve its objectives, the company may buy real estate and vehicles, invest its cash in securities, listed or unlisted on Greek or foreign exchanges, in Greek and foreign business capital investment companies, etc. and raise funds for its investment strategies from all sources provided for under Greek Development Legislation (Law 1892/1990 etc.) and the Regulations and Directives of the European Union, as well as furnish all manner of guarantees, third party guarantees, etc. in the name of the company in favor of third parties, individuals or legal entities.

Based on 31.12.2005 information, the company's shareholder composition is:

Shareholders	No. of shares	%
Panos Germanos	27,973,016	34.3%
Greek institutional investors	11,012,692	13.5%
Foreign institutional investors	31,977,596	39.2%
Private individuals	10,612,196	13.0%
TOTAL	81,575,500	100.0%

The company is managed by an eight-member Board of Directors. The BoD members are:

BoD Members	Post
Panos Germanos	BoD Chairman, executive member
Christos Germanos	BoD Vice Chairman, executive member
Ioannis Karagiannis	Managing Director, executive member
Christos Kartalis	Member, executive member
Loukas Petkidis	Member, executive member
Dimitrios Goumas	Member, independent non-executive member
Aggelos Plakopitas	Member, independent non-executive member
Theodosios Boundourakis	Member, independent non-executive member

The group’s main financial figures for the year 2005 are given next (amounts in thousand €):

Equity	387,929
Turnover	1,025,531
Earnings before taxes	78,579
Earnings after taxes	63,061

The agreements entered into by and between GERMANOS SA and the Company are:

- 1) Logistics-warehousing and distribution service agreement.
- 2) Private lease agreement for space in GERMANOS’s warehouse in Avlona.
- 3) Private agreement for the sale by HDFs of GERMANOS products in the Extra Schengen zone of the airport.
- 4) Employee loaning agreement between HDFs SA and GERMANOS SA, further to the logistics agreement under point (1).



FOLLI FOLLIE S.A.

H FOLLI -FOLLIE SA, trading under FOLLI FOLLIE, was established in 1986 (Government Gazette Issue No. 800/2.4.86) by the conversion of sole proprietorship of the main shareholder, Mr. Dimitrios Koutsolioutsos, which had been in existence since 1982. In 1989 the company merged with EK. KOUTSOLIOUTSOU & ASSOCIATES General Partnership, the objective of which was to trade in clothing, shoes, other accessories and jewelry. Its headquarters are located in the Municipality of Agios Stefanos, Athens - Lamia National Road, 23rd Km., tel: 210.62.41.000 and it is registered with the Societes Anonymes Register of the Prefecture of Athens with Registration No. 18989/06/B/89/17. The company's term extends until 2039.

In accordance with Article 3 of its Articles of Association, the company's objective, which has been modified by decision of the Ordinary General Meeting held on 26.6.2003, is:

- To create gold and silver jewelry, watches with or without semi-precious or precious stones.
- To manufacture clothing, shoes, and clothing accessories of any manner.
- To represent foreign firms that manufacture jewelry, watches, clothing, shoes and accessories of any kind, as well as to import such items.
- To retail and/ or wholesale foregoing products and goods in Greece and abroad.
- To buy, sell, rent, build, and lease real estate, as well as to enter into real estate leasing agreements for real estate, which the leasing company (lessor) buys either from third parties or the company.
- To participate as founding member, shareholder, partner or member in legal entities, joint ventures of any form in Greece and abroad, buy and sell stock, corporate shares or shares of participation in the foregoing entities, and in general to participate, directly or indirectly, in any business with the same or similar objectives, in Greece or abroad, and in any form.
- To cooperate with agents, representatives, and in general with all individuals or legal entities and in any way in Greece or abroad; and
- To establish all manner of branches or agencies or offices anywhere in Greece or abroad.

The company engages in silver-goldsmithing activities and more specifically in jewelry manufacturing using precious metals and stones. In accordance with the NSSG codification, the company engages in areas 525.2 "Jewelry and watches retail", 524.3 "Leather product retail", and 514.9 "Jewelry and leather product wholesale".

The company's main shareholder is Mr. Dimitrios Koutsolioutsos, who holds 16,490,048 ordinary, unregistered shares, namely 50.05% of the company's total share capital:

Shareholders (31.12.2005)	No. of shares	%
Dimitrios Koutsolioutsos	16,490,048	50.05%
Public	16,456,827	49.95%
Total	32,946,875	100.00%

The company’s Board of Directors, which has been elected by decision of the Ordinary General Meeting of the Shareholders held on 28.06.2002, is comprised of six members and its term ends in 2007. Its composition is:

BoD Members	Post
Dimitrios Koutsolioutsos	BoD Chairman & Managing Director, Executive Member
Georgios Koutsolioutsos	Vice Chairman, Executive Member
Ekaterini Koutsolioutsou	Executive Member
Ilias Kouloukountis	Independent, non Executive Member
Charalambos Papadopoulos	Independent, non Executive Member
Zacharias Mantzavinos	Non Executive Member

The group’s main financial figures for the year 2005 are (amounts in million €):

Equity	156.13
Turnover	222.80
Earnings before taxes	70.05
Earnings after taxes	56.66

The agreements entered into by and between FOLLI FOLLIE SA and the Company are:

Lease agreement for office space and warehouses at the Athens - Lamia National Road, 23rd Km., with a total surface area of 3,513 sq.m, at a rent of €20 per sq.m.

MULTIRAMA S.A.

The company was established in January 1957 (Government Gazette Issue No. 24/29.1.1957) with the corporate name “ATHINEA Textile Trading and Industrial Societe Anonyme”. The change of its name from ATHINEA SA to its current name MULTIRAMA SA was decided by the Repeated Extraordinary General Meeting of the Shareholders on 11.10.2000, which also approved the merger by absorption of former MULTIRAMA SA into ATHINEA SA.

The new company that resulted from the merger by the absorption of MULTIRAMA S.A. by ATHINEA SA has its headquarters in the Municipality of Agios Stefanos, Attica at the Athens - Lamia National Road, 23rd Km.

In accordance with its Articles of Association, the Company’s objective is to assemble and sell all manner of computers, printers, peripherals, consumables, accessories, software, entertainment, customization products, videogames, sell all manner of bookstore and office supply items, provide related or similar services or services that relate to the promotion of the above items, such as digital photography, Internet services, service for the items it sells, Internet cafe services, etc.

The following table shows the shareholders that as of 31.3.2006 held over 5% each in the company’s share capital:

Shareholder	Shares	%
Panos Germanos	3,140,545	48.03
Other shareholders	3,398,159	51.97
TOTAL	6,538,704	100.00

The company’s Board of Directors, which has been elected by decision of the Board of Directors taken on 23.2.2005, is comprised of five members and has a 5-year term; it shall manage the company until the Ordinary General Meeting of 2007 and its members are:

BoD Members	Post
Giorgos Kamaris	BoD Chairman, non-Executive Member
Ioannis Vasilakos	Vice Chairman, Executive Member
Stavros Papadopoulos	Managing Director, Executive Member
Anastasios Thermos	Member, independent non-Executive Member
Ilias Monacholias	Member, independent non-Executive Member

The company’s main financial figures for the year 2005 are (amounts in thousand €):

Equity	654
Turnover	80,492
Earnings before taxes	-1,830
Earnings after taxes	-2,127

E-VALUE SA
E-VALUE SA DIRECT MARKETING AND CUSTOMER SUPPORT SERVICES PROVIDER

The Company was established on 13.9.1999. Its term is 90 years and its headquarters are located in the Municipality of Xanthi. It is registered with the Societes Anonymes Register of the Prefecture of Drama-Kavala-Xanthi with Registration No. 43813/66/B/99/014.

In accordance with its Articles of Association, the objective of the Company is paid by fee for providing Direct Marketing services over any telecommunications network (inclusive of the Internet) to natural or legal persons, Help Desk services for electrical and electronic devices, IT products as well as telecommunications products, to develop, install, operate, manage and profit from new services based on technological developments in telecommunications, information technology, and tele-informatics, as well as all other services that may be provided over any network, provide electronic data processing services (including consultation services) to third parties, as well as build alone or with others information bases, to research, develop, design, apply and implement all manner of projects or provide consultation services, and undertake to prepare and provide to the private or public sector integrated designs and applications in telecommunications and direct marketing, to produce, process, trade, import, export and install software.

The company's shareholders are:

Shareholder	Shares	%
GERMANOS SA	1,117,066	70%
P. Germanos	335,120	21%
TRADETORIA LTD	95,749	6%
DLX Co Limited	47,875	3%
Total	1,595,810	100%

The company is managed by a 6-member Board of Directors with a 5-year term, until the first Ordinary General Meeting of the Shareholders to be held in the first half of 2010. The members of the Board of Directors are:

Name	Post
Panos Germanos	Chairman
Ioannis Karagiannis	Vice Chairman
Loukas Petkidis	Managing Director
Christos Kartalis	Member
Amvrosios Kardaris	Member



The company’s main financial figures for the year 2005 are (amounts in thousand €):

Equity	4,676
Turnover	7,156
Earnings before taxes	336
Earnings after taxes	242

SILKWAY HOLDING B.V.

The company was established in 2004 as a limited liability company. Its headquarters are located in Amsterdam, Holland and is registered with the competent Chamber of Commerce and Industry of Amsterdam with Registration No. 34211582.

In accordance with its Articles of Association, the company’s objective is, among others, to acquire shares and participate in the share capital of other companies and businesses, and provide consultation, administrative, technical and financial services to other companies and persons.

The company’s share capital amounted to €62,833,000 divided into 62,833,000 shares of €1.00 each.

The company’s shareholders are:

Shareholder	Shares	%
GERMANOS SA	12,566,600	20.0
P. Germanos	45,868,090	73.0
E.B.R.D.	4,398,310	7.0
Total	62,833,000	100.0

On 9.2.2006 the foregoing shareholders sold 100% of their shares to Russian cellular telephony provider “Vimpel-Communications” Open Joint Stock Company.

The company’s main financial figures for the year 2005 are (amounts in thousand €):

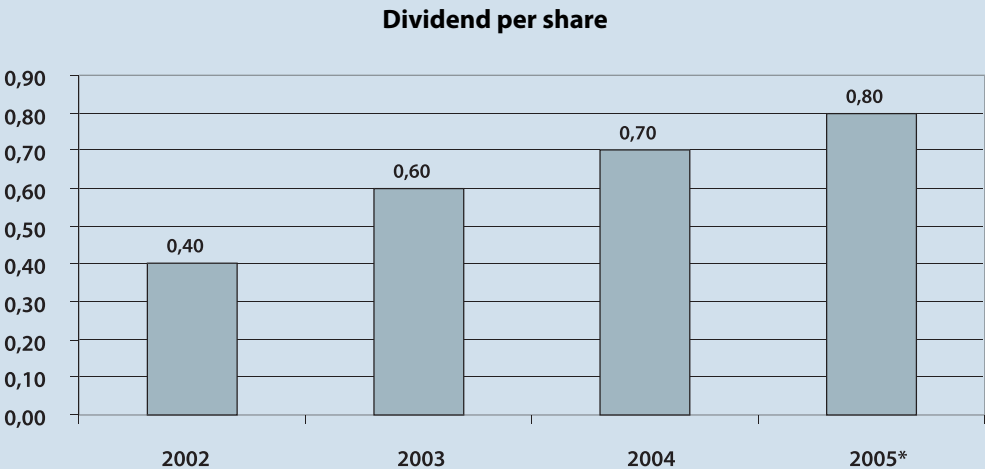
Turnover	36,140
Earnings before taxes	22,651
Earnings after taxes	19,453

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Dividend policy

In the past, when the Company belonged to the public sector, its dividend policy provided for the total distribution of Earnings with taxes to its shareholders (namely the Greek Government). The Company undertook to distribute at least 85% of its Earnings after taxes as dividend for the year on which its shares were listed in the ASE (1998).

Over time, the Company's BoD has decided to amend the dividend policy so that the anticipated dividends generate sufficient return for the Company's shareholders, always taking into account its future financial needs.



** proposed dividend*

Proposed dividend for 2005

The Company's BoD submitted for approval to the General Meeting of the Shareholders a motion suggesting that an €0.80 dividend per share be paid for the year 2005. Hence the Dividend to Net earnings for the period ratio for the year 2005 shall be 111.11%.

Dividend taxation

In accordance with applicable legislation, companies whose shares are listed on the ASE shall pay taxes at 32% on their taxable gains prior to any distribution.

Dividends are distributed from profits already taxed; hence shareholders are not subject to taxation for the dividends they receive. The date of generation of dividend income shall be the date of approval of the Balance Sheet by the General Meeting of the Shareholders.



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Investor information

The following table lists (by reference to the Internet) all information published by the Company and made available to the public during 2005 in accordance with the law, as well as the Internet address of the locations where such files are available.

22.11.05	2005 Nine-month results	http://www.dutyfreeshops.gr/entryimages/20/31-03-2006_KAE_AGII.pdf
09.11.05	Duty free fuel oil station at the Greek Albanian frontier	http://www.dutyfreeshops.gr/entryimages/20/09-11-2005_KAE_Kakavia.pdf
23.09.05	Completion of the acquisition of THE NUANCE GROUP (HELLAS) SA	http://www.dutyfreeshops.gr/entryimages/20/23-09-2005_Nuance_Greek.pdf
25.08.05	2005 First Half Results	http://www.dutyfreeshops.gr/entryimages/20/25_08_2005_kae_6m_2005.pdf
30.05.05	General Meeting Decisions	http://www.dutyfreeshops.gr/entryimages/20/30_05_2005_kae_etgs.pdf
27.05.05	Dividend setting and payment communication	http://www.dutyfreeshops.gr/entryimages/20/27_05_2005_kae_merisma.pdf
27.05.05	Annual Ordinary General Meeting of the Shareholders held May 27th, 2005	http://www.dutyfreeshops.gr/entryimages/20/27_05_2005_kae_etgs.pdf
25.05.05	Distribution agreement with PHILIP MORRIS	http://www.dutyfreeshops.gr/entryimages/20/25_05_2005_kae_philip_morris.pdf
23.05.05	2005 First Quarter Results	http://www.dutyfreeshops.gr/entryimages/20/23_05_2005_kae_3m_2005.pdf
10.05.05	Investors Calendar 2005	http://www.dutyfreeshops.gr/entryimages/20/10-05-2005_KAE_Investors_Calendar__2005.pdf
04.05.05	The HDFS Board of Directors shall propose a €0.70 dividend per share to the Annual General Meeting	http://www.dutyfreeshops.gr/entryimages/20/04_05_2005_kae_12m_2004.pdf
26.04.05	Signature of preliminary agreement with "THE NUANCE GROUP AG"	http://www.dutyfreeshops.gr/entryimages/20/26_04_2005_kae_nuance_hellas.pdf
04.03.05	Communication of change of Audit Committee	http://www.dutyfreeshops.gr/entryimages/20/04_03_2005_kae_elegktiki_epitropi.pdf
02.03.05	Presentation to the Institutional Investors Association	http://www.dutyfreeshops.gr/entryimages/20/02_03_2005_kae_ethe.pdf
22.02.05	2004 results	http://www.dutyfreeshops.gr/entryimages/20/22_02_2005_kae_12m_2004.pdf
10.02.05	Intended Corporate Action Plan	http://www.dutyfreeshops.gr/entryimages/20/10_02_2005_kae_programma_skopoumenon_etairikon_prakseon.pdf
21.01.05	Publication Commentary	http://www.dutyfreeshops.gr/entryimages/20/21_01_2005_kae_sxoliasmos_dimosieumatatos.pdf
20.01.05	Person responsible for corporate communications	http://www.dutyfreeshops.gr/entryimages/20/20_01_2005_kae_upeuthini_etairikon_anakoinoseon.pdf
18.01.05	Communication of intention to dividend setting	http://www.dutyfreeshops.gr/entryimages/20/18_01_2005_kae_prothesi_apokopis_merismatos.pdf
13.01.05	Sale of shares	http://www.dutyfreeshops.gr/entryimages/20/13_01_2005_kae_ekpoiisi_metoxon.pdf
	Financial Figures	http://www.dutyfreeshops.gr/pages.fds?pageCode=04.02.01&langID=1

Items on the agenda

Dear Shareholders,

We believe that the analysis of the 2005 Balance Sheet and Results, as well as of other information included in the Management Report has provided a clear picture of both the issues treated and the Company situation in that year.

We hereby summon you next to decide on the following Items on the Agenda:

1. Submission and approval of the annual financial statements for the fiscal year 2005 (January 1 – December 31 2005) following the hearing of the reports of the Board of Directors and the Chartered Auditors for the fiscal year of 2005.
2. Approval for the appropriation of profits for the fiscal year 2005 and approval of the dividend distribution to the shareholders.
3. Waiver of liability of the Board of Directors and the Chartered Auditors for the fiscal year 2005.
4. Election of two regular and two deputy Chartered Auditors for the fiscal year 2006.
5. Ratification of the appointment of new members of the Board of Directors in replacement of resigned members.
6. Approval of remuneration or compensation for the members of the Board of Directors paid during 2005 and pre-approval of remuneration and compensation for the fiscal year 2006.
7. Approval of a share buyback scheme according to the article 16 paragraph 5 of the law 2190/1920.
8. Various announcements and decisions.

The Board of Directors





annex



BALANCE SHEET ACCOUNTS

	Amounts in € thousand			
	CONSOLIDATED ACCOUNTS		PARENT COMPANY	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
ASSETS				
Fixed Assets				
Tangible Fixed Assets	26,041.53	22,391.71	24,416.47	21,607.16
Intangible Fixed Assets	53,141.31	50,849.58	53,066.49	50,835.91
Investment to Subsidiaries	0.00	822.00	2,059.92	1,409.97
Deferred taxation	640.67	1,473.97	378.03	1,195.33
Other debtors	3,223.76	3,381.48	2,787.18	2,886.60
	83,047.27	78,918.74	82,708.09	77,934.97
Current Assets				
Inventory	49,783.14	37,453.16	46,212.36	35,306.29
Trade debtors and other debtors	9,368.05	9,374.41	13,560.77	13,414.19
Financial Assets fairly valued	1,866.26	1,258.37	1,866.26	1,258.37
Cash and other cash equivalents	64,201.52	69,098.21	60,996.72	64,941.78
	125,218.97	117,184.15	122,636.11	114,920.63
Total Assets	208,266.24	196,102.89	205,344.20	192,855.60
EQUITY				
Capital and reserves for Company's shareholders				
Share Capital	15,802.50	15,802.50	15,802.50	15,802.50
Share Premium	65,259.02	64,608.36	65,259.02	64,608.36
Fair value reserves	49.81	49.81	49.81	49.81
Other reserves	38,869.75	36,005.07	38,516.32	35,734.75
Profits carried forward	1,558.35	9,342.87	1,286.50	8,933.35
	121,539.43	125,808.61	120,914.15	125,128.77
Minority Rights	0.12	0.07		
Total Equity	121,539.55	125,808.68	120,914.15	125,128.77
LIABILITIES				
Long term Liabilities				
Provision for employees benefit	4,326.74	3,842.83	4,260.11	3,800.54
Other Provisions	25.41	0.00	25.41	0.00
	4,352.15	3,842.83	4,285.52	3,800.54
Short term Liabilities				
Trade Creditors and other liabilities	21,696.57	13,255.79	20,031.74	12,093.15
Income Tax	18,537.97	16,323.09	17,972.79	14,960.64
Dividends Payable	42,140.00	36,872.50	42,140.00	36,872.50
	82,374.54	66,451.38	80,144.53	63,926.29
Total Liabilities	86,726.69	70,294.21	84,430.05	67,726.83
Total Equity and Liabilities	208,266.24	196,102.89	205,344.20	192,855.60

NET WORTH STATEMENT FOR THE PERIOD

	Amounts in € thousand			
	CONSOLIDATED ACCOUNTS		PARENT COMPANY	
	01/01-31/12/2005	01/01-31/12/2004	01/01-31/12/2005	01/01-31/12/2004
Net Worth for the Beginning of Period (1.1.2005 and 1.1.2004 respectively)	125,808.68	122,815.19	125,128.77	119,742.89
Profit for the Period, after Taxes	37,870.87	41,978.26	37,925.38	42,308.40
Dividends paid	-42,140.00	-36,872.50	-42,140.00	-36,872.50
Tax related to 2004 tax-free reserves.	0.00	-50.02	0.00	-50.02
Own equity of company that was sold on 06.12.04 and consolidated in the fiscal year 2003	0.00	-2,062.25	0.00	0.00
Net Worth for the End of Period (31.12.2005 and 31.12.2004 respectively)	121,539.55	125,808.68	120,914.15	125,128.77

Additional data and information:

1. The following table presents the addresses and the ownership stakes of the Group's Companies:

Full Consolidation Method	Ownership
HELLENIC DUTY FREE SHOPS SA, Agios Stefanos	Parent
HELLENIC DISTRIBUTIONS SA, Agios Stefanos	99.99%
	100.00%
	99.99%

HELLENIC TOURIST BUREAU S.A. Agios Stefanos, (consolidated for the first time on 30.09.2005).

2.The Company compiled its financial statements according to the same basic accounting principles, used for the Balance Sheet as of 31.12.2004.

3. In the current Fiscal year and more specific on 01.10.2005 "THE NUANCE GROUP (HELLAS) S.A." was absorbed. The effect of this in the balance sheet does not exceed 25%.

4.Tax authorities have audited the Company up to the fiscal year 2004 and its subsidiary up to the fiscal year 2002, whereas for the non-audited financial years, the Company has made certain provisions. The company "THE NUANCE GROUP (HELLAS) S.A. that was consolidated has been audited by the tax authorities up to the fiscal year 2002. For the non-audited financial years 2003-2004 we predict that there will not be any tax audit differences. For the rest of the companies we predict that there will not be any tax audit differences.

5. The Company has not utilized any of its fixed assets as collateral against bank debt.

6. There are no pending judicial cases or court decisions that may have a significant effect on the financial statements or the operations of the Company.

7. Average number of employees at the end of the current period: 1,315 persons for the Group and 1,093 persons for the Company.

8. Investments in fixed assets for the year amounted to : €10,407.75 th. for the Group, and €9,305.57 th. for the Company.

9. The Company's cumulative sales to the affiliated company, from the start of the period, amounts to €3,661.69 thousand.

The balance of the Company's receivables against the affiliated companies amounts to €8,331.85 thousand.

10. Profits per Share were calculated based on the distribution of the profits divided to the total amount of shares.

11. The Financial Statements for the fiscal year 2005 of the Group and the Company were approved by the Board of Directors of the Company on the 21.02.2006

The Members of the Board are: Panos Germanos, Koutsolioutsos Dimitrios, Kyriacopoulos Dimitrios, Velentzas George, Karagiannis Ioannis, Aronis George, Kezos Nikolaos, Kopola Efsrosini, Koutsolioutsos George, Mantzavinos Zacharias, Chatziantoniou Apostolos, Victor Pizante, Fragos Dionisios.

12. Turnover breakdown based on classification STAKOD 91 is the following: 521.4.

INCOME STATEMENT ACCOUNTS FOR THE PERIOD				
Amounts in € thousand				
	CONSOLIDATED ACCOUNTS		PARENT COMPANY	
	1.1-31.12.2005	1.1-31.12.2004	1.1-31.12.2005	1.1-31.12.2004
Turnover	261,450.91	234,804.87	245,677.03	223,356.08
Cost of Goods Sold	-138,042.76	-117,363.31	-126,948.26	-110,052.02
Gross Profit	123,408.15	117,441.56	118,728.77	113,304.06
Other Income – Expenses (Net)	13,158.07	12,305.10	8,437.50	7,957.46
Administrative Expenses	-12,550.62	-12,842.69	-12,039.45	-12,296.56
Distribution & Operation Expenses	-69,955.06	-61,525.82	-62,696.30	-54,555.95
Other expenses	-817.98	-1,144.15	-800.93	-1,072.22
Profit before Interest and Taxes	53,242.56	54,234.00	51,629.59	53,336.79
Depreciation	4,796.83	4,319.28	4,596.32	4,152.21
Profit before Interest, Depreciation and Taxes (EBITDA)	58,039.39	58,553.28	56,225.91	57,489.00
Financial Income	3,166.28	4,067.35	4,268.58	4,908.52
Profit before Taxes	56,408.84	58,301.35	55,898.17	58,245.31
Less: Taxes	-18,537.97	-16,323.09	-17,972.79	-15,936.91
Profit after Taxes	37,870.87	41,978.26	37,925.38	42,308.40
Distributed into:				
Company's Shareholders	37,870.82	41,978.23	37,925.38	42,308.40
Minority Rights	0.05	0.03		
Earnings after Taxes per Share (in €)	0.72	0.80	0.72	0.80
Proposed Dividend per share (in €)			0.80	0.70
CASH FLOW STATEMENTS				
Amounts in € thousand				
	CONSOLIDATED ACCOUNTS		PARENT COMPANY	
	01.01-31.12.2005	01.01-31.12.2004	01.01-31.12.2005	01.01-31.12.2004
Cash Flows from Operating Activities				
Profit before Taxes	56,408.84	58,301.35	55,898.17	58,245.31
Profit Adjustments due to the Following Transactions:				
Depreciation	4,796.83	4,319.28	4,596.32	4,152.21
Provisions	-98.46	189.82	-122.91	157.98
Results (Income) from Investment Activity	-3,330.68	-4,204.85	-4,405.39	-5,036.96
Debit Interest and Similar Expenses	152.40	137.51	136.80	128.44
Other Non Cash Expenses / Income	-18,537.97	-16,323.09	-17,972.79	-15,936.91
Operating Profit prior to Working Capital Changes	39,390.96	42,420.02	38,130.20	41,710.07
Decrease / (Increase) of Inventory	-12,461.00	-7,847.47	-10,671.57	-7,151.64
Decrease / (Increase) of Customer Receivables and Other Accounts	1,950.42	-3,402.65	-114.30	-3,596.60
Increase / (Decrease) of Current Liabilities (other than banks)	10,655.55	1,863.66	10,950.76	319.23
Cash Inflows from Core Operations	39,535.93	33,033.56	38,295.09	31,281.06
Debit Interest and Similar Expenses Paid	-152.40	-137.51	-136.80	-128.44
Total Cash Inflows from Operating Activities	39,383.53	32,896.05	38,158.29	31,152.62
Cash Flows from Investment Activities				
Purchase of Tangible and Intangible Fixed Assets	-10,738.40	-7,757.26	-9,636.24	-7,554.28
Interest Received	2,412.66	2,100.63	2,337.43	2,032.80
Dividends received	918.02	2,104.21	2,067.96	3,004.16
Total Inflow (Outflows) from Investment Activities	-7,407.72	-3,552.42	-5,230.85	-2,517.32
Cash Flows from Financing Activities				
Dividends Payment	-36,872.50	-31,605.00	-36,872.50	-31,605.00
Total Inflows (Outflows) from Financing Activities	-36,872.50	-31,605.00	-36,872.50	-31,605.00
Increase / (Decrease) in Cash	-4,896.69	-2,261.37	-3,945.06	-2,969.70
Cash, at the Beginning of the Period	69,098.21	71,359.58	64,941.78	67,911.48
Cash at the End of the Period	64,201.52	69,098.21	60,996.72	64,941.78

Agios Stefanos February 21, 2005

The President of the BoD	The Managing Director	The General Director	The Deputy Financial Manager	Head of Accounting
PANOS GERMANOS	DIMITRIOS KOUTSOLIOUTSOS	GEORGIOS VELENTZAS	VASILIS KALAMATIANOS	ANNA BOUGA - TSOPELA
I.D. Π 661254	I.D H 159150	I.D K 158202	I.D Π 36266815	I.D K 044348



Annual financial statements for year 2005

HELLENIC DUTY FREE SHOPS SA
ANNUAL FINANCIAL STATEMENTS
COMPILED IN ACCORDANCE WITH THE INTERNATIONAL
FINANCIAL REPORTING STANDARDS
FINANCIAL YEAR 2005
(Period from January 1st to December 31st 2005)

It is declared that the accompanying Financial Statements are those, which have been published by posting them on the internet, at the address www.dutyfreeshops.gr. It is noted that, the published in the press, data and information of the financial year 2005 from January 1st to December 31st, in accordance with the common Ministerial Decision with reg.nr. 172/10.01.2006 of the Ministers of National Economy, Finance and Development respectively, aim at providing the public with certain general elements of financial information but they do not present a comprehensive view of the financial position and the results of operations of the Company and the Group, in accordance with International Financial Reporting Standards.

Therefore, it is recommended, to any reader, before proceeding to any kind of investment decision or other transaction with the Company, to visit the Company's web site, at the address www.dutyfreeshops.gr where are posted the Annual financial statements prepared in accordance with the International Financial Reporting Standards accompanied with the Review Report of the Certified Auditor Accountants whenever it is required.

Ag. Stefanos, February 21, 2006

For H.D.F.S. S.A.

Georgios Velentzas

General Director

Member of the Board of Directors

audit report

To the Shareholders of «HELLENIC DUTY FREE SHOPS S.A.»

We have audited the accompanying financial statements of «HELLENIC DUTY FREE SHOPS 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 as of 31 December 2005, and of the results of its operations, its cash flows and the changes in shareholders' equity 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, February 23, 2006

Certified Public Accountant

GEORGIOS I. VARTHALITIS
SOEL Reg. No. 10251

DIMITRIOS I. IAKOVIDIS
SOEL Reg. No. 13251

SOL S.A. - Certified Auditors Accountants

15.1 Balance Sheet

(Amounts reported in thousand Euros)

		THE GROUP		THE COMPANY	
ASSETS	Note	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Non current assets					
Property, plant and equipment	6.6	26,041.53	22,391.71	24,416.47	21,607.16
Intangible assets	6.7	53,141.31	50,849.58	53,066.49	50,835.91
Investments to subsidiaries	6.10	0.00	822.00	2,059.92	1,409.97
Deferred tax income	6.18	640.67	1,473.97	378.03	1,195.33
Other debtors	6.10	3,223.76	3,381.48	2,787.18	2,886.60
		83,047.27	78,918.74	82,708.09	77,934.97
Current Assets					
Inventory	6.8	49,783.14	37,453.16	46,212.36	35,306.29
Trade debtors and other debtors	6.9	9,368.05	9,374.41	13,560.77	13,414.19
Financial assets evaluated at fair value through results	6.10	1,866.26	1,258.37	1,866.26	1,258.37
Cash and cash equivalents	6.11	64,201.52	69,098.21	60,996.72	64,941.78
		125,218.97	117,184.15	122,636.11	114,920.63
Total Assets		208,266.24	196,102.89	205,344.20	192,855.60
NET EQUITY					
Capital and reserves returned to parent company shareholders					
Share Capital	6.12	15,802.50	15,802.50	15,802.50	15,802.50
Share premium	6.12	65,259.02	64,608.36	65,259.02	64,608.36
Fair value reserves	6.13	49.81	49.81	49.81	49.81
Other reserves	6.14	38,869.75	36,005.07	38,516.32	35,734.75
Retained earnings	6.14	1,558.35	9,342.87	1,286.50	8,933.35
		121,539.43	125,808.61	120,914.15	125,128.77
Minority rights		0.12	0.07		
Total Equity		121,539.55	125,808.68	120,914.15	125,128.77
CURRENT LIABILITIES					
Long Term liabilities					
Provisions for employees benefits	6.19	4,326.74	3,842.83	4,260.11	3,800.54
Other provisions	6.15	25.41	0.00	25.41	0.00
		4,352.15	3,842.83	4,285.52	3,800.54
Short Term liabilities					
Trade creditors and other liabilities	6.16	21,696.57	13,255.79	20,031.74	12,093.15
Current tax income	6.16	18,537.97	16,323.09	17,972.79	14,960.64
Dividends payable	6.27	42,140.00	36,872.50	42,140.00	36,872.50
		82,374.54	66,451.38	80,144.53	63,926.29
Total Liabilities		86,726.69	70,294.21	84,430.05	67,726.83
Total Equity and liabilities		208,266.24	196,102.89	205,344.20	192,855.60

15.2 Company Financial Statement for the year 2005

(Amounts reported in thousand Euros)

THE COMPANY

	Note	1.1-31.12.2005	1.1-31.12.2004
Turnover (Sales)	6.20	245,677.03	223,356.08
Cost of Sales		-126,948.26	-110,052.02
Gross Profit		118,728.77	113,304.06
Other income		8,437.50	7,957.46
Administration expenses	6.25	-12,039.45	-12,296.56
Selling and distribution expenses	6.25	-62,696.30	-54,555.95
Other expenses		-800.93	-1,072.22
Earnings before tax, from financing and investing results		51,629.59	53,336.79
Depreciations	6.23	4,596.32	4,152.21
Earnings before tax from financing and investing activities and depreciations		56,225.91	57,489.00
Proceeds generated from financing and investing activities		4,268.58	4,908.52
Profit before taxes		55,898.17	58,245.31
Less taxes	6.25	-17,972.79	-15,936.91
Profit after tax		37,925.38	42,308.40
<u>Attributable to:</u>			
Equity holders of the company		37,925.38	42,308.40
Minority interest			
Earning per share - basic (in €)	6.26	0.72	0.80

15.3 Group Financial Statements for the year 2005

(Amounts reported in thousand Euros)

	Note	1.1-31.12.2005	1.1-31.12.2004
Turnover (sales)	6.20	261,450.91	234,804.87
Cost of sales		-138,042.76	-117,363.31
Gross Profit		123,408.15	117,441.56
Other income		13,158.07	12,305.10
Administration expenses	6.25	-12,550.62	-12,842.69
Selling and distribution expenses	6.25	-69,955.06	-61,525.82
Other expenses		-817.98	-1,144.15
Earnings before taxes, from financing and investing results		53,242.56	54,234.00
Depreciations	6.23	4,796.83	4,319.28
Earnings before taxes, from financing and investing results and depreciations		58,039.39	58,553.28
Proceeds generated from financing and investing activities		3,166.28	4,067.35
Profit before taxes		56,408.84	58,301.35
Less taxes	6.25	-18,537.97	-16,323.09
Profit after tax		37,870.87	41,978.26
<u>Attributable to:</u>			
Equity holders of the company		37,870.82	41,978.23
Minority interest		0.05	0.03
Earnings per share – basic (in €)	6.26	0.72	0.80

15.4 Statement of Changes in Net Equity for the year 2005

THE COMPANY

(Amounts reported in thousand Euros)

	Notes	Share Capital	Share premium	Own Shares	Fair Value reserves	Currency exchanges differences	Other reserves	Retained earnings	Total	Total Equity
Balance at 01.01.2004		15,802.50	64,608.36		49.81		19,841.17	19,441.05	119,742.89	119,742.89
Accounting methods changes and revised amounts		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Revised balance		15,802.50	64,608.36	0.00	49.81	0.00	19,841.17	19,441.05	119,742.89	119,742.89
Changes in net equity 01.01 - 31.12.2004									0.00	0.00
Tax income to and from net equity							-50.02		-50.02	-50.02
Net profit recognized in net equity		0.00	0.00	0.00	0.00	0.00	-50.02	0.00	-50.02	-50.02
- Period results								42,308.40	42,308.40	42,308.40
Total profit for the period		0.00	0.00	0.00	0.00	0.00	-50.02	42,308.40	42,258.38	42,258.38
- Paid dividends								-36,872.50	-36,872.50	-36,872.50
- Transfer to reserves							15,943.60	-15,943.60	0.00	0.00
Balance at 31.12.2004		15,802.50	64,608.36	0.00	49.81	0.00	35,734.75	8,933.35	125,128.77	125,128.77
Balance at 01.01.2005		15,802.50	64,608.36	0.00	49.81	0.00	35,734.75	8,933.35	125,128.77	125,128.77
Accounting methods changes and revised amounts		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Revised balance		15,802.50	64,608.36	0.00	49.81	0.00	35,734.75	8,933.35	125,128.77	125,128.77
- Period results								37,925.38	37,925.38	37,925.38
Total profit for the period		0.00	0.00	0.00	0.00	0.00	0.00	37,925.38	37,925.38	37,925.38
- dividends payable								-42,140.00	-42,140.00	-42,140.00
- Transfer to reserves			650.66				2,781.57	-3,432.23	0.00	0.00
Balance at 31.12.2005		15,802.50	65,259.02	0.00	49.81	0.00	38,516.32	1,286.50	120,914.15	120,914.15

THE GROUP

(Amounts reported in thousand Euros)

		ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY						MINORITY	
	Notes	Share Capital	Share premium	Fair value reserves	Other reserves	Retained earnings	Total	Minority interest	Total net equity
Balance at 01.01.2004		15,802.50	64,608.36	49.81	21,352.28	19,683.36	121,496.31	1,318.88	122,815.19
Accounting method changes and revised amounts							0.00		0.00
Revised balance		15,802.50	64,608.36	49.81	21,352.28	19,683.36	121,496.31	1,318.88	122,815.19
Net equity changes 01.01 - 31.12.2004							0.00		0.00
- Tax income to and from net equity					-50.02		-50.02		-50.02
Net profit recognized in net equity		0.00	0.00	0.00	-50.02	0.00	-50.02		-50.02
- Period results						41,978.26	41,978.26		41,978.26
Total profit for the period		0.00	0.00	0.00	-50.02	41,978.26	41,928.24		41,928.24
- Paid dividends						-36,872.50	-36,872.50		-36,872.50
- Reserves from company sold on 06.12.2004					-269.91	-473.53	-743.44	-1,318.81	-2,062.25
• Transfer to reserves					14,972.72	-14,972.72	0.00		0.00
Balance at 31.12.2004		15,802.50	64,608.36	49.81	36,005.07	9,342.87	125,808.61	0.07	125,808.68
Balance at 01.01.2005		15,802.50	64,608.36	49.81	36,005.07	9,342.87	125,808.61	0.07	125,808.68
Accounting methods changes and revised amounts							0.00		0.00
Revised amounts		15,802.50	64,608.36	49.81	36,005.07	9,342.87	125,808.61	0.07	125,808.68
Net equity changes 01.01 - 31.12.2005							0.00		0.00
Net profit recognized in net equity		0.00	0.00	0.00	0.00	0.00	0.00		0.00
- Period results						37,870.82	37,870.82	0.05	37,870.87
Total profit for the period		0.00	0.00	0.00	0.00	37,870.82	37,870.82		37,870.82
- Dividends payable						-42,140.00	-42,140.00		-42,140.00
- Transfer to reserves			650.66		2,864.68	-3,515.34	0.00		0.00
Balance at 31.12.2005		15,802.50	65,259.02	49.81	38,869.75	1,558.35	121,539.43	0.12	121,539.55

15.5 Cash Flow Statement

(Amounts reported in thousand Euros)

CASH FLOW STATEMENT FOR THE YEAR 2005

(Amounts reported in thousand Euros)

	THE GROUP		THE COMPANY	
	01.01-31.12.2005	01.01-31.12.2004	01.01-31.12.2005	01.01-31.12.2004
Cash flow from operating activities				
Profit before taxes	56,408.84	58,301.35	55,898.17	58,245.31
<i>Profit adjustments related to:</i>				
Depreciations	4,796.83	4,919.28	4,596.32	4,152.21
Provisions	-98.46	189.82	-122.91	157.98
Results (earnings) from investing activities	-3,330.68	-4,204.85	-4,405.39	-5,036.96
Debit interest and similar expenses	152.40	137.51	136.80	128.44
Other non-cash expenses	-18,537.97	-16,323.09	-17,972.79	-15,936.91
Operating profit before any changes of the working capital	39,390.96	43,020.02	38,130.20	41,710.07
Decrease (increase) of inventories	-12,461.00	-7,847.47	-10,671.57	-7,151.64
Decrease (increase) of receivables	1,950.42	-3,402.65	-114.30	-3,596.60
Increase (decrease) of current liabilities (except banks)	10,655.55	1,863.66	10,950.76	319.23
Cash generated from main operations	39,535.93	33,633.56	38,295.09	31,281.06
Interest and other similar expenses paid	-152.40	-137.51	-136.80	-128.44
<i>Net cash generated from operating activities</i>	39,383.53	33,496.05	38,158.29	31,152.62
Cash Flows from Investing Activities				
Purchase of property, plant, equipment and intangible assets	-10,738.40	-8,357.26	-9,636.24	-7,554.28
Interest received	2,412.66	2,100.63	2,337.43	2,032.80
Dividends received – Investments income	918.02	2,104.21	2,067.96	3,004.16
<i>Net cash generated from operating activities</i>	-7,407.72	-4,152.42	-5,230.85	-2,517.32
Cash Flows from Financing Activities				
Dividends paid	-36,872.50	-31,605.00	-36,872.50	-31,605.00
<i>Cash Flows from financing activities</i>	-36,872.50	-31,605.00	-36,872.50	-31,605.00
Net increase (decrease) in cash and cash equivalent	-4,896.69	-2,261.37	-3,945.06	-2,969.70
Cash at beginning of period	69,098.21	71,359.58	64,941.78	67,911.48
Cash at the end of period	64,201.52	69,098.21	60,996.72	64,941.78

15.6 Notes To The Annual Financial Statements And To The Consolidated Annual Financial Statements

15.6.1 General Information

The company HELLENIC DUTY FREE SHOPS S.A. is engaged in the retail travel sector. In particular the company holds the exclusive right to operate duty free shops in existence or that may later be established in Greece. This right was conceded to the company under art. 120 of L. 2533/1997. The Company operates 80 shops in 41 points (20 airports, 11 border stations and 10 ports) in Greece as well as one shop in FYROM, through its subsidiary “HDFS SKOPJE DOO”, which shall be in operation within the first half of 2006. The same provision applies for the other subsidiary HTB HELLENIC TOURIST BUREAU S.A., whose main object is to provide tourist services such as the establishment and operation of tourist enterprises, organization of conventions etc. HELLENIC DUTY FREE SHOPS S.A. is a limited company incorporated and domiciled in Greece. The address of its registered office is 23rd km Athens - Lamia National Road, Ag. Stefanos, web site www.dutyfreeshops.gr, and has its primary listing on the Athens Stock Exchange (sector “Retail Commerce”). The consolidated annual financial statements of the company cover the company and its subsidiaries (The Group).

- Structure of the Group

Company	Registered Office	Shareholding
HDFS S.A.	AG. STEFANOS	Parent
HELLENIC DISTRIBUTIONS S.A.	AG. STEFANOS	99.99% Subsidiary
HDFS SKOPJE DOO	SKOPJE	100% Subsidiary
HTB HELLENIC TRAVEL BUREAU S.A.	AG. STEFANOS	99.99% Subsidiary

15.6.2 Summary of significant accounting policies

15.6.2.1 Basis of preparation

These annual financial statements of HDFS S.A. for the period 1st January 2005 to 31st December 2005, have been prepared based on:

- The principle of historical cost
- The principle of continuation of activity (going concern)
- The principle of independence of each financial year

- The uniformity of presentation
- The significance of data

They have also been prepared in accordance with the IFRS that have been issued from the International Accounting Standards Board (IASB), as well as their interpretations issued by the Standards Interpretation Committee (IFRIC) of IASB, adopted by the European Union under the Regulation nr. 1606/2002 of the European Union on December 31st, 2005.

The current financial statements are covered by IFRS 1 “First time adoption of IFRS”, as they are part of the group’s first financial statements for the year for which financial statements are prepared and published in accordance with IFRS (financial year 2005). 1st January 2004 is considered as the Group’s transition date to the new standards in accordance with IFRS 1.

The policies set out below have been consistently applied to all the periods presented.

Hellenic Duty Free Shops’ financial statements were prepared in accordance with Greece’s Generally Accepted Accounting Principles (GAAP) until 31 December 2004. GAAP differs in some areas from IFRS. The comparative figures in respect of 2004 were restated to reflect the adjustments, according to the adopted for IFRS, in the accounting policies and the accounting estimates.

These interim financial statements have been prepared under the historical cost convention.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates and judgments in the process of applying the Company’s accounting policies.

15.6.2.2 Consolidation – Evaluation of subsidiaries and other related companies

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Specifically, for those business mergers that have been realized before the date of transition of the Group to the IFRS (1st January 2004), the exception of IFRS 1 was used and the purchase method was not applied retrospectively. In the context of the aforementioned exception, the Company did not recalculate the acquisition cost of the subsidiaries acquired before the transition date to the IFRS, nor the fair value of the acquired assets and liabilities at the acquisition date, and therefore no goodwill has been recognized in its consolidated financial statements in accordance with IFRS.

Inter - company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

The participations in subsidiaries in the balance sheet of the parent are measured at acquisition cost less any provision for impairment of their values.

The Companies of the Group with their respective participation percentages that are included in the consolidated financial statements (with the method of full consolidation) are:

Company	Seat	Participation
HDFS S.A.	AGIOS STEFANOS	Parent
HELLENIC DISTRIBUTIONS S.A.	AGIOS STEFANOS	99.99% subsidiary
HDFS SKOPJE DOO	SKOPIA	100.00% subsidiary
HTB HELLENIC TOURIST BUREAU S.A.	AGIOS STEFANOS	99.99% subsidiary

Within the 4th quarter of the year, the formal absorption of the company “THE NUANCE GROUP (HELLAS) L.T.D was completed in accordance with the approval decision K2-16747-30/12/2005 of the General Secretariat of Commerce and the Ministry of Development. The absorption was realized in accordance with the provisions of article 78 of L. 2190/1920 and the articles 1-5 of L.2166/1993, yet incorporated in the current financial statements of the Company in accordance with the framework of IFRS.

15.6.2.3 Segment reporting

Primary format for reporting segment information is geographical segments that are based on revenue from duty free and duty paid sales

15.6.2.4 Property, plant and equipment

Property, plant and equipment is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Installations of third parties’ property (establishment of stores) are depreciated over the estimated time of the lease.

Land is not depreciated. Depreciation on buildings - installations on third parties' property is calculated using the straight - line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, the other PPE is calculated based on the rates provided by P.D. 299/2003, as follows:

- Buildings (privately owned)	50	Years
- Installations on third parties' property (buildings)	20	»
- Installations on third parties' property (other)	12.50	»
- Plant and machinery	8.33	»
- Motor vehicles	6.67 – 8.33	»
- Other equipment	6.67	»

The useful life of PPE is periodically revised and the depreciations factors are readjusted for the current and the future financial years, if they differ significantly from the preceded estimations. When the accounting values of tangible assets exceed their recovered value, the difference (impairment) is recognized directly in the income statement.

Residual values are not recognized.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

15.6.2.5 Intangible assets

a) Exclusive Right to operate Duty Free shops

The exclusive right to operate Duty Free shops (art. 120 L. 2533/1997) is shown at cost less accumulated amortization. Amortization is calculated using the straight - line method to allocate the cost of licenses over their estimated useful lives, which is set to 50 years (amortization rate 2%).

(b) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives, which is estimated to 4,17 years approx. (amortisation rate 24%).

(c) Concession Rights

Concession Rights are related to the value of stores obtained with the acquisition of the company “THE NUANCE GROUP (HELLAS) S.A.” and are calculated by an independent evaluator, based on future cash flows.



15.6.2.6 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost formula. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

15.6.2.7 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

15.6.2.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short - term highly liquid investments with original maturities of three months or less, and bank overdrafts.

15.6.2.9 Transactions in foreign currencies

Transactions expressed in foreign currencies, are translated into Euro at the exchange rate effective at the date of the transaction. At the balance sheet date the monetary property assets and liabilities that are expressed in foreign currencies are translated into Euro at the exchange rate effective at this date. The exchange differences that arise at this conversion are recognized in the income statement.

15.6.2.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where any Group company purchases the Company's equity share capital (Treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

15.6.2.11 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

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

15.6.2.12 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax is determined using tax rates (and laws) that are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

15.6.2.13 Employee benefits

(a) Short - term employee benefits

Short - term employee benefits towards the employees in money and in kind are recognized as an expense when accrued.

(b) Post - employment benefits

Post - employment benefit schemes comprise both defined contribution plans (Government pension insurance) and defined benefit plans (lump sum benefit paid to employee on retirement dependent on years of service that is imposed by the L. 2112/20). Accrued cost of defined contribution plans is recognized as an expense over the vesting period.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. According to this method, the defined benefit obligations that relate to past - service at the date of value determination are accounted for separately from the expected benefits at the year after the date of value determination (employees remaining in service for a specific period of time).

The most significant assumptions that were used at the two as above dates are as follows:

Date of value determination	Discount interest rate	Inflation	Future salary increases
31.12.2004	4.50%	2.80%	4.00%
31.12.2005	4.00%	2.80%	4.00%

15.6.2.14 Provisions

Provisions are recognized when:

- a) There is a present legal or constructive obligation as a result of past events,
- b) It is more likely than not that an outflow of resources will be required to settle the obligation and,
- c) The required amount has been reliably estimated.

16.2.15 Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of value - added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognized as follows:

(a) Sales of goods - retail

Sales of goods are recognized when a Group entity has delivered products to the customer; the customer has accepted the products; and collectibility of the related receivables is reasonably assured. The sales of goods are mainly carried out in cash or by credit cards.

(b) Interest Income

Interest income is recognized based on the principle of accrued income, using the effective interest.

(c) Royalty income from Marketing

Royalty income from marketing is recognized on an accruals basis, in accordance with the substance of the relevant agreements.

(d) Dividend income

Dividend income is recognized when the right to receive payment is established, i.e. when approved by the body entitled to pay them out (General Meeting).

15.6.2.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's and in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Thus, the dividend for distribution in the closing Balance Sheets (31/12) of each year is shown as a liability instead of as an increase in Equity.

15.6.2.17 New Accounting Standards and interpretations of the IFRIC

The International Accounting Standards Board, as well as the Interpretations Committee has already issued a series of new accounting standards and interpretation, the implementation of which is mandatory for the accounting periods starting as of 1st January 2006. The Company evaluates the impact of those new standards and interpretations as follows:

- IFRS 6 : Exploration and evaluation of mineral assets
Not applicable, and not influencing its financial statements
- IFRS 7 : Financial Instruments Disclosures
Will not affect the financial statements of the Group
- IFRS 3 : Emission Rights
Not applicable to the Group and not influencing its financial statements
- IFRS 4: Determining whether an arrangement contains a lease
Not applicable to the Group and not influencing its financial statements
- IFRS 5: Rights to interests from Decommissioning, restoration and environmental rehabilitation funds
Not applicable to the Group and not influencing its financial statements
- IFRS 6: Liabilities arising from participating in a specific market-waste, electrical and electronic equipment
Not applicable to the Group and not influencing its financial statements
- IFRS 7: Applying the restatement approach under IAS 29
Not applicable to the Group and not influencing its financial statements
- IFRS 8: Scope of IFRS 2
Not applicable to the Group and not influencing its financial statements

15.6.3 Financial risk management – Financial Risk Factors

(a) Credit risk

The Company has no significant concentrations of credit risk on the one hand because most of the sales concern retail customers, carried out in cash or via major credit cards and on the other hand the wholesale sales, which concern a small percentage on total sales are mainly made towards customers with an appropriate credit history.

(b) Liquidity risk

Liquidity risk is zero owing to availability of sufficient cash and marketable securities.

(c) Cash flow and fair value interest rate risk

The company has interest - bearing assets due to placing its cash and cash equivalents at bank time deposit accounts, of zero risk, at an interest rate fixed in advance the floating of which is not significant as such to rise a cash flow and fair value interest rate risk.

15.6.4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next 12 months

15.6.5 Transition to IFRS.

15.6.5.1 Basis of transition to IFRS

15.6.5.1.1 Application of IFRS 1

The Company's and the Group's financial statements for the year ended 31 December 2005 will be the first annual financial statements that comply with IFRS. These financial statements have been prepared as described in Note 6.2.1. The Group has complied with IFRS 1. The reporting date of these financial statements is 31st December 2005. The IFRS adoption date is 1st January 2005. The Group has applied certain of the optional exemptions from full retrospective application of IFRS, in preparing these annual financial statements in accordance with IFRS 1.

15.6.5.1.2 Exemptions from full retrospective application elected by the Group

Employee benefits exemption

The Company has elected to recognize all cumulative actuarial gains and losses as at 1st January 2004.

15.6.5.1.3 Consistency of estimates under Greek GAAP and IFRS

The estimates under IFRS, as of 01.01.2004 are consistent with the estimates made for the same date under Greek GAAP, with the exception of the cases where there is evidence that those estimates were in error. Such is the case of the assets' useful lives, which under previous GAAP were based on tax provisions.

15.6.5.2 Compliance of IFRS with Greek GAAP

The following reconciliations provide an overview of the impact on equity of the transition to IFRS.

TABLE OF ADJUSTMENTS OF THE PERIOD OPENING NET EQUITY (01.01.2005 AND 01.01.2004 RESPECTIVELY) BETWEEN THE GENERAL ACCOUNTING POLICIES (GAAP) AND THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

	THE GROUP		THE COMPANY	
	01.01.2005	01.01.2004	01.01.2005	01.01.2004
Total equity under local GAAP (as at 1/1/2005 and 1/1/2004 respectively)	130,681,212	126,833,384	129,363,326	123,661,202
Set - up provision for employee indemnity	-3,800,541	-3,573,231	-3,800,541	-3,573,231
Recognition of deferred tax liabilities	1,473,969	1,905,853	1,195,335	1,871,581
Restatement due to useful life used for fixed assets depreciation and restatement of their revalued cost to historical cost.	-176,591	-76,584	-83,142	-5,838
Write - off of amortisable expenses	-378,932	-1,303,245	-380,910	-1,299,506
Transfer of withheld taxes related to tax free reserves to tax free reserves	-192,539	-142,522	-192,539	-142,522
Adjustment of accrued income	-770,831	0	0	0
Recognition of exchange differences in income statement	68	16,802	68	16,802
Measurement of securities at market prices (31.12.2004)	48,153	0	48,153	0
Adjustment of long term liabilities to current values	-439,114	-509,032	-420,478	-485,601
Measurement of participations at cost	12,000	0	0	0
Provision for tax differences	-648,180	-336,180	-600,000	-300,000
Total equity of the period opening under IFRS (as at 1/1/2005 and 1/1/2004 respectively)	125,808,674	122,815,245	125,129,272	119,742,887

TABLE OF ADJUSTMENTS OF FINANCIAL RESULTS FOR 1.1-31.12.2004 BETWEEN THE GENERAL ACCOUNTING POLICIES AND THE INTERNATIONAL ACCOUNTING STANDARDS

Amounts reported in Euros

	Group	Company
Net profit of period after taxes in accordance with the General Accounting Policies	42,821,476.30	42,601,467.84
Counter entries of long term depreciation expenses, in accordance with GAAP not recognized by the IAS	1,102,610.08	1,100,632.14
Restatement due to useful life used for PPE's depreciation	-278,297.11	-259,838.63
Adjustment of non-current liabilities to current values	69,918.36	65,123.36
Set up provision for employees indemnity	-227,310.00	-227,310.00
Measurement of participations at cost	396,425.99	396,425.99
Provision for tax differences	-312,000.00	-300,000.00
Adjustment of accrued income	-770,831.00	0.00
Counter entries of accounting exchange differences recognized in the Income Statement of 31.12.2003	-16,734.61	-16,734.61
Profit to be distributed to the employees	-375,116.77	-375,116.77
Recognisiton of diferred taxation 1/1 - 31/12/04	-431,884.36	-676,246.03
Net profit for the period revised in accordance with IAS	41,978,256.88	42,308,403.29
	38,224,221.39	32,392,251.80



15.6.6 Property, plant and equipment

THE GROUP

	Land	Buildings	Machinery & Mechanical equipment	Transportation means	Furniture, fittings & equipment	Fixed assets under construction	Total
01.01.2004							
Cost	86.60	15,519.46	2,772.62	1,152.16	12,863.09	728.52	33,122.45
Additions/Reductions	0.00	4,627.99	252.43	0.00	2,823.77	-684.20	7,019.99
Balance 31.12.04	86.60	20,147.45	3,025.05	1,152.16	15,686.86	44.32	40,142.44
Accumulated depreciation							
Balance 01.01.2004	0.00	4,481.35	1,349.99	683.95	8,401.84	0.00	14,917.13
Depreciations	0.00	852.42	252.92	102.21	1,626.05	0.00	2,833.60
Balance 31.12.04	0.00	5,333.77	1,602.91	786.16	10,027.89	0.00	17,750.73
Residual value 31.12.2004	86.60	14,813.68	1,422.14	366.00	5,658.97	44.32	22,391.71
01.01 – 31.12.2005							
Opening balance	86.60	20,147.45	3,025.05	1,152.16	15,686.86	44.32	40,142.44
Additions	17.70	1,880.26	85.56	327.97	1,899.02	3,422.96	7,633.47
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance 31.12.05	104.30	22,027.71	3,110.61	1,480.13	17,585.88	3,467.28	47,775.91
Accumulated depreciation							
Balance 01.01.2005	0.00	5,333.77	1,602.91	786.16	10,027.89	0.00	17,750.73
Depreciations	0.00	1,399.56	263.28	134.54	2,186.27	0.00	3,983.65
Impairment of depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance 31.12.05	0.00	6,733.33	1,866.19	920.70	12,214.16	0.00	21,734.38
Residual value 31.12.2005	104.30	15,294.38	1,244.42	559.43	5,371.72	3,467.28	26,041.53

THE COMPANY

	Land	Buildings	Machinery & Mechanical equipment	Transportation means	Furniture, fittings & equipment	Fixed assets under construction	Total
01.01.2004							
Cost	86.60	14,909.61	2,737.42	1,152.16	12,195.50	728.62	31,809.91
Additions	0.00	4,597.26	248.17	0.00	2,945.10	-684.30	7,106.23
Balance 31.12.04	86.60	19,506.87	2,985.59	1,152.16	15,140.60	44.32	38,916.14
Accumulated depreciation							
Balance 01.01.2004	0.00	4,342.67	1,345.97	683.95	8,129.73	0.00	14,502.32
Depreciations	0.00	801.84	249.04	102.21	1,653.57	0.00	2,806.66
Balance 31.12.04	0.00	5,144.51	1,595.01	786.16	9,783.30	0.00	17,308.98
Residual value 31.12.2004	86.60	14,362.36	1,390.58	366.00	5,357.30	44.32	21,607.16
01.01 – 31.12.2005							
Opening balance	86.60	19,506.87	2,985.59	1,152.16	15,140.60	44.32	38,916.14
Additions	17.70	1,875.51	81.02	268.06	1,861.51	2,520.79	6,624.59
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance 31.12.05	104.30	21,382.38	3,066.61	1,420.22	17,002.11	2,565.11	45,540.73
Accumulated depreciation							
Balance 01.01.2005	0,00	5,144.51	1,595.01	786.16	9,783.30	0,00	17,308.98
Depreciations	0.00	1,348.67	257.78	130.75	2,078.08	0.00	3,815.28
Impairment of depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance 31.12.05	0.00	6,493.18	1,852.79	916.91	11,861.38	0.00	21,124.26
Residual value 31.12.2005	104.30	14,889.20	1,213.82	503.31	5,140.73	2,565.11	24,416.47



15.6.7 Intangible Assets

	THE GROUP			THE COMPANY		
	Other set-up expenses	Grant & right for industrial ownership	Group TOTAL	Other set-up expenses	Grant & right for industrial ownership	Company TOTAL
01.01.2004						
Cost	940.07	58,718.34	59,658.41	869.98	58,694.06	59,564.04
Additions/Impairment	440.99	-24.29	416.70	447.96	0.00	447.96
Balance 31.12.04	1,381.06	58,694.05	60,075.11	1,317.94	58,694.06	60,012.00
Accumulated amortisation						
Balance 01.01.2004	825.18	7,067.57	7,892.75	787.24	7,043.29	7,830.53
Depreciations	183.20	1,149.58	1,332.78	171.68	1,173.88	1,345.56
Balance 31.12.04	1,008.38	8,217.15	9,225.53	958.92	8,217.17	9,176.09
Residual value 31.12.2004	372.68	50,476.90	50,849.58	359.02	50,476.89	50,835.91
01.01 – 31.12.2005						
Opening balance	1,381.06	58,694.05	60,075.11	1,317.94	58,694.06	60,012.00
Additions	3,904.12	0.00	3,904.12	3,810.15	0.00	3,810.15
Disposals	0.00	0.00	0.00	0.00	0.00	0.00
Balance 31.12.05	5,285.18	58,694.05	63,979.23	5,128.09	58,694.06	63,822.15
Accumulated amortisation						
Balance 01.01.2005	1,008.38	8,217.15	9,225.53	958.92	8,217.17	9,176.09
Depreciations	438.51	1,173.88	1,612.39	405.69	1,173.88	1,579.57
Impairment of amortisation	0.00	0.00	0.00	0.00	0.00	0.00
Balance 31.12.05	1,446.89	9,391.03	10,837.92	1,364.61	9,391.05	10,755.66
Residual value 31.12.2005	3,838.29	49,303.02	53,141.31	3,763.48	49,303.01	53,066.49

15.6.8 Inventories

	THE GROUP		THE COMPANY	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Merchandise	49,783.14	37,453.16	46,212.36	35,306.29
	49,783.14	37,453.16	46,212.36	35,306.29

15.6.9 Trade receivables

	THE GROUP		THE COMPANY	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Trade receivables				
Net balance of trade receivables	1,218.61	136.95	6,964.00	5,299.68

15.6.10 Other receivables

	THE GROUP		THE COMPANY	
	31.12.2005	31.12.2004	31.12.05	31.12.2004
Participations & other long - term debt	3,223.76	4,203.48	4,847.10	4,296.57
Receivables from deferred taxes	640.67	1,473.97	378.03	1,195.33
Checks	572.40	0.00	82.77	0.00
Sundry debtors	6,124.74	3,092.79	5,466.89	2,856.30
Ssecurities	1,866.26	1,258.37	1,866.26	1,258.37
Other receivables	1,451.82	6,144.67	1,047.11	5,258.21
	13,879.65	16,173.28	13,688.16	14,864.78

15.6.11 Cash and cash equivalents

	THE GROUP		THE COMPANY	
	31.12.2005	31.12.2004	1.12.2005	31.12.2004
Cash in hand	2,020.15	1,041.32	1,962.55	926.86
Current and time deposits	62,181.38	68,051.08	59,034.17	64,009.29
Credit cards (Banks)	0.00	5.81	0.00	5.63
	64,201.53	69,098.21	60,996.72	64,941.78

15.6.12 Share capital and share premium

	Number of shares	Ordinary shares	Authorised capital	Share premium	Treasury shares	Total
1st January 2004	52,675,000	52,675,000	15,802.50	64,608.36	0	80,410.86
31st December 2004	52,675,000	52,675,000	15,802.50	64,608.36	0	80,410.86
Credits of financial year 2005				650.66		650.66
31st December 2005	52,675,000	52,675,000	15,802.50	65,259.02	0	81,061.52

The total authorized number of ordinary shares is 52.765.000 million shares with a par value of € 0,30 per share. All issued shares are fully paid.

15.6.13 Revaluation surplus - Investment Grants

	THE GROUP		THE COMPANY	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Revaluation surplus from participations & securities valuation	49.81	49.81	49.81	49.81
	49.81	49.81	49.81	49.81

15.6.14 Profit carried forward and other reserves

	THE GROUP		THE COMPANY	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Profit carried forward	1,558.35	9,342.88	1,286.50	8,933.35
General reserve	12,474.26	10,542.25	12,273.00	10,398.18
Tax - free reserves under specific law provisions	26,395.49	25,462.82	26,243.12	25,336.57
Minority interest	0.12	0.07		
	40,428.22	45,348.02	39,802.62	44,668.10

According to the provisions of the Companies’ Act of Greece (L. 2190/20) the formation of Legal Reserve, with the per annum transfer of an amount equal to 5% of annual net profits, is mandatory until the size of the legal reserve reaches the one third (1/3) of the Share Capital. The other reserves (tax - free reserves) concern accumulated profit for which it is provided either an exemption from taxation or taxation at a lower tax rate, as long as they are not distributed. In case of appropriation it shall be paid income tax at the tax rate effective at the time of its appropriation. The General Meeting of Shareholders decides the appropriation of reserves.

15.6.15 Long term liabilities

	THE GROUP		THE COMPANY	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Employees’ indemnity provision	4,326.74	3,842.83	4,260.11	3,800.54
Other provisions	25.41		25.41	
	4,352.15	3,842.83	4,285.52	3,800.54

15.6.16 Trade and other payables

	THE GROUP		THE COMPANY	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Trade payables and other creditors	26,023.82	16,536.16	24,477.24	15,267.39
Prepayments from trade receivables	152.05	9.90	130.43	9.90
Taxes - duties	10,200.59	8,845.17	9,842.24	8,327.89
Social security	1,735.37	1,505.34	1,490.39	1,276.22
Dividends payable	42,140.00	36,872.50	42,140.00	36,872.50
	2,122.71	2,682.31	2,064.22	2,172.39
	82,374.54	66,451.38	80,144.52	63,926.29

15.6.17 Short provisions for other payables and expenses

	THE GROUP		THE COMPANY	
	31.12.2005	31.12.04	31.12.2005	31.12.2004
Taxes for unaudited fiscal years	516.00	336.00	480.00	600.00
	516.00	336.00	480.00	600.00

15.6.18 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The offset amounts are as follows:

THE COMPANY	31.12.2005	31.12.2004
Deferred tax assets:		
To be recovered after more than 12 months	1,425,268.23	1,292,913.90
To be recovered within 12 months	19,553.70	21,771.78
	1,444,821.93	1,314,685.68
Deferred tax liabilities:		
To be recovered after more than 12 months	1,064,947.40	97,867.66
To be recovered within 12 months	1,846.50	21,483.15
	1,066,793.90	119,350.81

The movement in deferred tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets:

	Provisions	Assets	Long term	Total
1 January 2004	1,250,630.85	253,530.78	169,960.25	1,674,121.88
Charged/Credited to the income statement	-300,495.60	-1,263.24	-57,677.36	-359,436.20
31 December 2004	950,135.25	252,267.54	112,282.89	1,314,685.68
Charged/Credited to the income statement	108,559.75	42,415.98	-20,839.48	130,136.25
31 December 2005	1,058,695.00	294,683.52	91,443.41	1,444,821.93

Deferred tax liabilities:

	Amortisable expenses	Exchange Differences	Total
1 January 2004	203,339.97	-5,880.95	197,459.02
Charged/Credited to the income statement	-322,690.78	5,880.95	-316,809.83
31 December 2004	-119,350.81	0.00	-119,350.81
Charged/Credited to the income statement	-91,104.20	0.00	-91,104.20
31 December 2005	-856,338.89	0.00	-856,338.89
	-1,066,793.90	0.00	-1,066,793.90

THE GROUP	31.12.2005	31.12.2004
Deferred tax assets:		
To be recovered after more than 12 months	1,195,008.00	1,324,265.53
To be recovered within 12 months	249,813.93	268,437.70
	1,444,821.93	1,592,703.23
Deferred tax liabilities:		
To be recovered after more than 12 months	1,064,356.97	97,251.42
To be recovered within 12 months	2,096.10	21,483.15
	1,066,453.07	118,734.57

The movement in deferred tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets:

	Provisions	Counter entries of receivables	Fixed Assets	Long term receivables	Total
1 January 2004	1,250,630.85	0.00	278,293.61	178,161.02	1,707,085.48
Charged/Credited to the income statement	-300,495.60	246,665.92	139.17	-60,691.79	-114,382.30
31 December 2004	950,135.25	246,665.92	278,432.78	117,469.23	1,592,703.18
Charged/Credited to the income statement	108,559.75	-23,124.93	48,295.93	-19,305.08	114,425.67
31 December 2005	1,058,695.00	223,540.99	326,728.71	98,164.15	1,707,128.85

Deferred tax liabilities:

	Long term amortization expenses	Exchange differences	Total
1 January 2004	204,648.49	-5,880.95	198,767.54
Charged/credited to the income statement	-323,383.06	5,880.95	-317,502.11
31 December 2004	-118,734.57	0.00	-118,734.57
Charged/credited to the income statement	-91,379.61	0.00	-91,379.61
Charged/credited to the own share capital	-856,338.89	0.00	-856,338.89
31 December 2005	-1,066,453.07	0.00	-1,066,453.07

15.6.19 Retirement benefit obligations (L. 2112/20)

Based on the provisions of L. 2112/20 the company is obliged to pay to the retired employees a lump sum multiple amount of the monthly salary at the time of retirement (determined by the Law), on the basis of the years of service. These benefits were determined by an independent actuary. The main actuarial assumptions used are as follows:

	2005	2004
Discount interest rate (%)	4.00%	4.50%
Future salary increases	4.00%	4.00%

The movement of the account from 01.01.2004 to 31.12.2005 is as follows:

	THE GROUP	THE COMPANY
Balance of obligations at 01.01.2004	3,598,086	3,573,231
Expense charged to period 01.01.-31.12.2004	886,257	814,441
Paid compensation 01.01.-31.12.2004	-641,516	-587,131
Balance of obligation at 31.12.2004	3,842,827	3,800,541
Expense charged to period 01.01.-31.12.2005	646,853	595,557
Paid compensation 01.01.-31.12.2005	-162,942	-135,992
Balance of obligation at 31.12.2005	4,326,738	4,260,106

15.6.20 Sales

	THE GROUP		THE COMPANY	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Sales to passengers from third countries (duty free)	137,578.64	120,827.12	132,670.22	120,471.00
Sales to E.U. passengers (duty paid)	123,670.32	113,895.05	112,804.86	102,802.36
Other sales	201.95	82.72	201.95	82.72
TOTAL:	261,450.91	234,804.89	245,677.03	223,356.08

15.6.21 Other operating income

	THE GROUP		THE COMPANY	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Income from royalties - marketing rights	11,866.00	11,380.00	7,207.72	7,205.92
Other income	377.25	216.50	323.79	160.39
	12,243.25	11,596.50	7,531.51	7,366.31

15.6.22 Employee benefits expenses

	THE GROUP		THE COMPANY	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Salaries and wages	28,422.23	25,103.42	24,572.43	21,585.32
Social security costs	7,280.25	6,435.97	6,217.76	5,471.16
Dismissal pay	164.37	641.52	137.41	625.99
Provision for retirement benefits	434.24	227.31	434.24	227.31
Other benefits	664.93	591.53	580.46	503.59
	36,966.02	32,999.75	31,942.30	28,413.37

15.6.23 Depreciation - Amortization

	THE GROUP		THE COMPANY	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Depreciation of tangible assets	1,539.02	1,332.78	1,531.62	1,345.56
Amortisation of intangible assets	3,257.81	2,986.50	3,064.69	2,806.65
	4,796.83	4,319.28	4,596.31	4,152.21

15.6.24 Other operating expenses

	THE GROUP		THE COMPANY	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Fees & expenses to third parties	2,199.77	3,344.94	1,968.89	3,112.28
Insurance premiums, Leases, Repairs, Maintenance, and other	31,516.20	27,751.28	29,353.86	25,308.08
Taxes - duties	132.03	130.88	89.58	93.70
Transportation expenses	473.31	470.49	446.08	466.66
Logistics	2,215.65	1,979.55	2,215.65	1,979.55
Promotion and advertisement expenses	1,465.13	1,114.52	1,437.68	1,113.00
Sundry expenses (travelling, exhibitions expositions, subscriptions, donations, grants, stationery, consumables, ect.)	2,740.76	2,260.82	2,685.40	2,213.67
	40,742.85	37,052.48	38,197.14	34,286.94

15.6.25 Administration expenses breakdown

THE GROUP

	31.12.2005		31.12.2004	
	ADMINISTRATION EXPENSES	DISTRIBUTION EXPENSES	ADMINISTRATION EXPENSES	DISTRIBUTION EXPENSES
Employees' salaries and wages	6,620.84	30,345.18	5,996.53	27,003.22
Third parties fees	1,064.64	1,135.13	2,371.49	973.45
Third parties wages	1,539.76	29,976.44	1,385.07	26,366.21
Duties, taxes	33.87	98.16	25.39	105.49
Other expenses	1,144.42	5,750.41	1,033.61	4,788.77
Fixed assets' depreciation	2,147.09	2,649.74	2,030.60	2,288.68
	12,550.62	69,955.06	12,842.69	61,525.82

THE COMPANY

	31.12.2005		31.12.2004	
	ADMINISTRATION EXPENSES	DISTRIBUTION EXPENSES	ADMINISTRATION EXPENSES	DISTRIBUTION EXPENSES
Employees' salaries and wages	6,347.38	25,594.42	5,681.73	22,731.64
Third parties fees	859.79	1,109.10	2,162.64	949.64
Third parties wages	1,522.54	27,831.32	1,372.70	23,935.38
Duties, taxes	23.70	65.88	23.99	69.71
Other expenses	1,131.42	5,653.89	1,022.61	4,750.26
Fixed assets' depreciation	2,154.62	2,441.69	2,032.89	2,119.32
	12,039.45	62,696.30	12,296.56	54,555.95

15.6.26 Income tax

	THE GROUP		THE COMPANY	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Current tax for the period	17,709.02	15,579.21	17,171.82	14,960.64
Tax audit differences for years 2003 - 2004	984.00	0.00	960.00	0.00
Less: estimated provision	-624.00	0.00	-600.00	0.00
Provision for additional tax for unaudited fiscal years	492.00	312.00	480.00	300.00
Deferred tax	-23.05	431.88	-39.03	676.27
	18,537.97	16,323.09	17,972.79	15,936.91

15.6.27 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares.

	THE GROUP		THE COMPANY	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Net profit for the period (Group)	37,870.87	41,978.26	37,925.38	42,308.40
Attributable to:				
Equity holders of the Company	37,870.82	41,978.23	37,925.38	42,308.40
Minority interest	0.05	0.03		
Weighted average number of ordinary shares in issue	52,675,000	52,675,000	52,675,000	52,675,000
Basic earnings per share	0.72	0.8	0.72	0.8

15.6.28 Dividends per share

The dividends paid in 2005, were € 36.872,50 thousands (€ 0,70 per share) and concerned the year 2004 earnings. The proposed dividend for the year 2005 is € 0,80 equals to 42.140,00 thousands euros.

15.6.29 Contingencies

The Group has contingent liabilities in respect of Greek Government, other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. No additional payments are anticipated at the date of these financial statements. The parent company has been audited by the tax authorities until the financial year 2004 and its subsidiary until the financial year 2002. For the non-audited years a respective provision has been formed. The merged company “THE NUANCES GROUP (HELLAS)” L.T.D., has been audited by tax authorities until the financial year 2002. It is predicted that, for the non-audited years 2003-2005, there will be no tax audited differences. It is also predicted that there will be no tax audited differences for the other group companies.

15.6.30 Related - party transactions

The following transactions were carried out with related parties:

i) Sales of goods and services

	31.12.2005	31.12.2004
Sales of goods to subsidiaries	3,661.69	3,453.09

ii) Year - end balances arising from sale of goods and services

	31.12.2005	31.12.2004
Receivables from related parties		
	8,331.85	6,444.36

15.6.31 Detailed accounting estimates

15.6.31.1 Useful lives of tangible assets

The management of the company determines the estimated useful lives and the relevant depreciation impairments of the tangible assets.

15.6.32 Number of employed personnel

Average number of employed personnel at the end of the current period: Group 1.315, Company 1.093 persons.

15.6.33 Real liens

There are no real liens on the property assets of company

15.6.34 Contested or under arbitration disputes

There are no contested or under arbitration disputes nor any decisions of national or arbitral courts, which may have a material effect on the financial position or operation of the company.

15.6.35 Any incident subsequent to the balance sheet

There are no incidents subsequent to the balance sheet of 31 December 2005 related to the Company and which need to be reported according to the International Financial Information Standards.

15.6.36 HDFs Financial statements following the merger with The Nuance Group (Hellas) S.A.

For reasons of comparative presentation, the financial statements of HDFs of 31.12.2005 and 31.12.2004 are presented after the inclusion of the Nuance Group (Hellas) S.A, the final absorption of which was concluded with the approving resolution of 30.12.2005 of the Ministry of Development.

	31.12.2005	31.12.2004
ASSETS		
Non current assets		
Property, plant and equipment	24,416.47	22,133.29
Intangible assets	53,066.49	50,838.61
Investments to subsidiaries	2,059.92	1,409.97
Deferred tax income	378.03	1,195.33
Other debtors	2,787.18	3,678.67
	82,708.09	79,255.87
Current Assets		
Inventory	46,212.36	36,179.45
Trade debtors and other debtors	13,560.77	13,779.30
Financial assets evaluated at fair value through results	1,866.26	1,258.37
Cash and cash equivalents	60,996.72	65,804.07
	122,636.11	117,021.19
Total Assets	205,344.20	196,277.06
EQUITY		
Capital and reserves returned to shareholders of the mother company		
Share Capital	15,802.50	16,661.87
Share premium	65,259.02	64,608.36
Fair value reserves	49.81	49.81
Currency exchanges differences		
Other reserves	38,531.35	35,735.41
Retained earnings	1,286.50	6,975.39
Total Equity	120,914.15	124,030.84
	120,914.15	124,030.84
CURRENT LIABILITIES		
Long term liabilities		
Deferred income tax		
Provisions for employees benefits	4,260.11	3,836.95
Other provisions	25.41	0.00
	4,285.52	3,836.95
Short Term liabilities		
Trade creditors and other liabilities	20,031.74	16,576.13
Current tax income	17,972.79	14,960.64
Dividends payable	42,140.00	36,872.50
Provisions and other liabilities		
	80,144.53	68,409.27
Total Liabilities	84,430.05	72,246.22
Total Equity and liabilities	205,344.20	196,277.06

Company Financial Statement for the year 2005

	1.1-31.12.2005	1.1-31.12.2004
Turnover (Sales)	245,677.03	241,570.39
Cost of Sales	-126,948.26	-120,469.89
Gross Profit	118,728.77	121,100.50
Other income	8,437.50	8,943.49
Administration expenses	-12,039.45	-14,854.10
Selling and distribution expenses	-62,696.30	-60,472.12
Other expenses	-800.93	-1,175.47
Earnings before tax, from financing and investing results	51,629.59	53,542.30
Depreciations	4,596.32	4,631.58
Earnings before tax from financing and investing activities and depreciations	56,225.91	58,173.88
Proceeds generated from financing and investing activities	4,268.58	4,774.71
Profit before taxes	55,898.17	58,317.01
Less taxes	-17,972.79	-15,962.73
Profit after tax	37,925.38	42,354.28



HELLENIC

SOCIETE ANONYME REGISTRATION NUMBER: 46980/04/B/00/73(04)

INFORMATION FOR THE PERIOD

The following elements and information provide a general view of the financial position and financial results of HELLENIC DISTRIBUTIONS S.A. according to the International Financial Reporting Standards (IFRS), as well as the relevant certified auditor accountant's report. For instance he/she can navigate Audit Company: S.O.L a.e.o.e.

BALANCE SHEET ACCOUNTS

Amounts in € thousand

	THE COMPANY	
	31.12.2005	31.12.2004
ASSETS		
Fixed Assets		
Tangible Fixed Assets	722,882.32	784,553.68
Intangible Fixed Assets	65,068.83	13,661.39
Deferred taxation	262,647.80	278,633.79
Other debtors	436,576.46	506,886.46
	1,487,175.41	1,583,735.32
Current Assets		
Inventory	3,668,794.44	2,253,877.30
Trade debtors and other debtors	4,217,645.63	2,404,589.39
Cash and other cash equivalents	2,645,701.42	4,156,430.66
	10,532,141.49	8,814,897.35
Total Assets	12,019,316.90	10,398,632.67
EQUITY		
Capital and reserves for Company's shareholders		
Share Capital	600,000.00	600,000.00
Other reserves	338,418.16	270,333.05
Profits carried forward	384,844.53	-633,455.29
	1,323,262.69	236,877.76
Total Equity	1,323,262.69	236,877.76
LIABILITIES		
Long term Liabilities		
Provision for employees benefit	66,632.00	42,286.00
	66,632.00	42,286.00
Short term Liabilities		
Trade Creditors and other liabilities	10,092,354.12	8,350,903.90
Income Tax	537,068.09	618,565.01
Dividends Payable	0.00	1,150,000.00
	10,629,422.21	10,119,468.91
Total Liabilities	10,696,054.21	10,161,754.91
Total Equity and Liabilities	12,019,316.90	10,398,632.67

NET WORTH STATEMENT FOR THE PERIOD

Amounts in € thousand

	THE COMPANY	
	01/01-31/12/2005	01/01-31/12/2004
Net Worth for the Beginning of Period (1.1.2005 and 1.1.2004 respectively)	236,877.76	784,737.29
Profit for the Period, after Taxes	1,086,384.93	607,026.39
Dividends paid	0.00	-1,150,000.00
Tax related to 2004 tax-free reserves.	0.00	-4,885.92
	0.00	0.00
Net Worth for the End of Period (31.12.2005 and 31.12.2004 respectively)	1,323,262.69	236,877.76

Additional data and information:

1. The company compiled its financial statements according to the same basic accounting principles, used for the Balance Sheet as of 31.12.2004.
2. Tax authorities have audited the company up to the fiscal year 2002, whereas for the non-audited financial years, the company has made certain provisions.
3. The company has not utilized any of its fixed assets as collateral against bank debt.
4. There are no pending judicial cases or court decisions that may have a significant effect on the financial statements or the operations of the company.
5. The average number of employees at the end of the current period: 222 persons.
6. Investments in fixed assets for the year 2005 amounted to : €190,255.43
7. Earnings per Share were calculated based on the distribution of the profits divided to the total amount of shares.
8. The company is included in the Consolidated Financial Statements of the company "HELLENIC DUTY FREE SHOPS S.A." based in Agios Stefanos, ownership 99.99% and by using full consolidation method.
9. The Financial Statements for the fiscal year 2005 of the company were approved by the Board of Directors of the company on the 20.02.2006.
The Members of the Board are: Koutsolioutsos Dimitrios, Velentzas George, Karagiannis Ioannis, Kezos Nikolaos, Lambiris Panagiotis, Lambropoulos Harilaos, Kyriacopoulos Dimitrios.
10. Turnover breakdown based on classification STAKOD 91 is the following: 521.4.

DISTRIBUTIONS S.A.

23rd Km ATHENS - LAMIA NATIONAL HIGHWAY, 145 65 AGIOS STEFANOS

FROM JANUARY 1 TO DECEMBER 31 2005

The reader who wants to have a complete view of the financial state and the results of the company should make sure that he/she can access the annual financial statements to the domain www.dutyfreeshops.gr, where the annual financial statements are uploaded. The Certified Auditors: Iakovidis Dimitrios - Trifon Houis.
Type of audit method: Fully Agreed

INCOME STATEMENT ACCOUNTS FOR THE PERIOD		
Amounts in € thousand		
	THE COMPANY	
	1.1-31.12.2005	1.1-31.12.2004
Turnover	19,435,572.59	14,901,886.91
Cost of Goods Sold	-14,765,182.42	-10,727,162.24
Gross Profit	4,670,390.17	4,174,724.67
Other Income	4,732,425.50	4,357,072.98
Administrative Expenses	-523,032.19	-555,556.07
Distribution & Operation Expenses	-7,258,758.59	-6,969,858.07
Other expenses	-17,042.30	-71,938.07
Profit before Interest and Taxes	1,603,982.59	934,445.44
Depreciation	200,519.35	167,065.18
Profit before Interest, Depreciation and Taxes (EBITDA)	1,804,501.94	1,101,510.62
Financial Income	47,636.77	58,784.29
Profit before Taxes	1,651,619.36	993,229.73
Less: Taxes	-565,234.43	-386,203.34
Profit after Taxes	1,086,384.93	607,026.39
Distributed to:		
Company's Shareholders	1,086,384.93	607,026.39
Earnings after Taxes per Share (in €)	5.43	3.03
Proposed Dividend (in €)	0.00	5.75
CASH FLOW STATEMENT		
Amounts in € thousand		
	THE COMPANY	
	01/01-31/12/2005	01/01-31/12/2004
Cash Flows from Operating Activities		
Profit before Taxes	1,651,619.36	993,229.73
Profit Adjustments due to the Following Transactions:		
Depreciation	200,519.35	167,065.18
Provisions	0.00	0.00
Results (Income) from Investment Activity	-75,230.68	-67,849.99
Debit Interest and Similar Expenses	27,593.91	9,065.70
Other Non Cash Expenses / Income	-565,234.43	-386,203.34
Operating Profit prior to Working Capital Changes	1,239,267.51	715,307.28
Decrease / (Increase) of Inventory	-1,414,917.14	-706,275.73
Decrease / (Increase) of Customer Receivables and Other Accounts	-1,726,760.25	-1,759,027.22
Increase / (Decrease) of Current Liabilities (other than banks)	1,684,299.30	3,502,508.30
Cash Inflows from Core Operations	-218,110.58	1,752,512.63
Debit Interest and Similar Expenses Paid	-27,593.91	-9,065.70
Total Cash Inflows from Operating Activities	-245,704.49	1,743,446.93
Cash Flows from Investment Activities		
Purchase of Tangible and Intangible Fixed Assets	-190,255.43	-202,965.39
Interest Received	75,230.68	67,849.99
Dividends received - Income from equities	0.00	0.00
Total Inflow (Outflows) from Investment Activities	-115,024.75	-135,115.40
Cash Flows from Financing Activities		
Dividends Paid	-1,150,000.00	-900,000.00
Total Inflows (Outflows) from Financing Activities	-1,150,000.00	-900,000.00
Increase / (Decrease) in Cash	-1,510,729.24	708,331.53
Cash, at the Beginning of the Period	4,156,430.66	3,448,099.13
Cash at the End of the Period	2,645,701.42	4,156,430.66

Agios Stefanos February 20, 2006

THE PRESIDENT OF THE BOD
GEORGE KOUTSOLIOUTSOS
I.D. Ε 433750

THE MANAGING DIRECTOR
GEORGIOS VELENTZAS
I.D. K 158202

HEAD OF ACCOUNTING
ANNA BOUGA - TSOPELA
I.D. K 044348

HELLENIC DISTRIBUTIONS S.A.

**ANNUAL FINANCIAL STATEMENTS
ACCORDING TO INTERNATIONAL ACCOUNTING STANDARDS
FISCAL YEAR 2005
(period from 1 January till 31 December 2005)**

It is certified that the attached Financial Statements are those published in the internet in the following address www.dutyfreeshops.gr. It is noted that the published in press "Summary Financial Data and Information for the Fiscal Year from January, 1st 2005 till December, 31st 2005», in accordance with the common Ministerial Decision No 172/10.01.2006 of the Ministers of Economics and Development, aim to offer to the reader some general economic data but they do not offer the complete picture of the financial position of the company according to International Accounting Standards.

Therefore, we suggest to the reader, before he makes any investment decision regarding the company or other transaction with the company, to access the internet address www.dutyfreeshops.gr where the annual financial statements are sited compiled in accordance with the International Accounting Standards, as well as the Auditor's Report when needed.

Agios Stefanos, 20.02.2006

For HELLENIC DISTRIBUTIONS S.A.

**George Velentzas
Managing Director**

certified accountants-auditors report
To the shareholders of Societe Anonyme
« HELLENIC DISTRIBUTIONS S.A.»

We examined the attached financial statements of Societe Anonyme « HELLENIC DISTRIBUTIONS S.A.», for the fiscal year ending on 31 December 2006. The Management of the Company is responsible for the compilation of the financial statements. Our responsibility is limited to the formation and expression of opinion on the financial statements, based on the conducted audit. Our audit was conducted based on the Greek Generally Accepted Auditing Procedures, which are in line with the International Auditing Standards. These Procedures demand the planning and implementation of the audit in a way that reassures with reasonable certainty that the financial statements do not include substantial inaccuracies or omissions. The audit includes the examination, at a sample basis of substantial data that support the amounts and information included in the financial statements. The audit also includes the evaluation of the followed accounting principles, the company's management's estimations and generally, the presentation of information in the financial statements as well as the agreement of the contents of the Board of Directors' Management Report with the Financial Statements. In our opinion, the aforementioned financial statements, accurately present the company's financial status as at December 31st 2005 and the results of the Company's activities as well as the changes in equity and cash flows for the Company for the period ending on that date, according to the International Financial Reporting Standards, that have been adopted by the European Union. Also, in our opinion, the contents of the Board of Directors' Management Report are in agreement with the aforementioned financial statements.

Athens, 22 February 2006

The certified Accountants-Auditors

Dimitrios I. Iakovidis
Reg. Number 13251

Tryfon A. Chouis
Reg. Number 15261

SOL a.e.o.e.

3, Fokionos Negri str, 11257 Athens
(SOEL Reg. No. 125)

16.1 Balance sheet items

Amounts in €

THE COMPANY			
ASSETS	Notes	31.12.2005	31.12.2004
Non Current Assets			
Tangible Fixed Assets	5.7	722,882.32	784,553.68
Intangible Fixed Assets	5.8	65,068.83	13,661.39
Deferred tax	5.18	262,647.80	278,633.79
Other receivable	5.11	436,576.46	506,886.46
		1,487,175.41	1,583,735.32
Current Assets			
Inventories	5.9	3,668,794.44	2,253,877.30
Trade and other receivables	5.10. 5.11	4,217,645.63	2,404,589.39
Cash and cash equivalents	5.12	2,645,701.42	4,156,430.66
		10,532,141.49	8,814,897.35
Total Assets		12,019,316.90	10,398,632.67
EQUITY			
Share capital and reserves attributed to the shareholders of the parent			
Share capital	5.13	600,000.00	600,000.00
Other reserves	5.14	338,418.16	270,333.05
Profits carried forward	5.14	384,844.53	-633,455.29
		1,323,262.69	236,877.76
Total equity		1,323,262.69	236,877.76
LIABILITIES			
Long-term liabilities			
Provisions for staff indemnities	5.15	66,632.00	42,286.00
		66,632.00	42,286.00
Current Liabilities			
Trade and other payables	5.16	10,092,354.12	8,350,903.90
Current income tax	5.17	537,068.09	618,565.01
Dividends payable	5.26	0.00	1,150,000.00
		10,629,422.21	10,119,468.91
Total Liabilities		10,696,054.21	10,161,754.91
Total Equity and Liabilities		12,019,316.90	10,398,632.67

16.2 Income Statement Items

Amounts in €

THE COMPANY			
	Notes	1.1-31.12.2005	1.1-31.12.2004
Sales	5.20	19,435,572.59	14,901,886.91
Cost of sales		-14,765,182.42	-10,727,162.24
Gross profit		4,670,390.17	4,174,724.67
Other income	5.21	4,732,425.50	4,357,072.98
Administrative expenses	5.23	-523,032.19	-555,556.07
Distribution expenses	5.23	-7,258,758.59	-6,969,858.07
Other expenses		-17,042.30	-71,938.07
Profit before tax, financial and investment results		1,603,982.59	934,445.44
Depreciation	5.22	200,519.35	167,065.18
Profit before tax, financial and investment results and depreciation		1,804,501.94	1,101,510.62
Income from financing-investment activity		47,636.77	58,784.29
Profit before tax		1,651,619.36	993,229.73
Less tax	5.24	-565,234.43	-386,203.34
Profit after tax		1,086,384.93	607,026.39
<u>Distributed to</u>			
Shareholders of the parent company		1,086,384.93	607,026.39
Earnings after tax for the shareholders €	5.25	5.43	3.03
Proposed dividend per share (in €)		0.00	5.75

16.3 Changes In Equity For The Current Year

THE COMPANY

Amounts in €

	Share capital	Share premium	Equity	Reserves at fair value	Foreign exchange	Other reserves	Profitis carried forward	Total	Net Worth
Balance 01.01.2004	600,000.00	0.00		0		215,729.98	-30,992.69	784,737.29	784,737.29
Changes of accounting standards and corrections of mistakes	0	0	0	0	0	0	0	0.00	0.00
								0.00	0.00
Corrected balances	600,000.00	0.00	0.00	0.00	0.00	215,729.98	-30,992.69	784,737.29	784,737.29
Change in Net worth								0	0
01.01 - 31.12.2004									
Income Tax	0	0	0	0	0	-4885.92	0	-4885.92	-4885.92
to and from the Net worth									
Net Profit that was recognised in Net worth	0	0	0	0	0	-4885.92	0	-4885.92	-4885.92
- Results of the period							607,026.39	607,026.39	607,026.39
Total profit of the period	0	0	0	0	0	0	607,026.39	607,026.39	607,026.39
- Dividends payable							-1,150,000.00	-1150000	-1,150,000.00
- Transfer to reserves						59,488.99	-59,488.99	0	0
Balance 31.12.2004	600,000.00	0.00	0.00	0.00	0.00	270,333.05	-633,455.29	236,877.76	236,877.76
Balance 01.01.2005	600,000.00	0.00	0.00	0.00	0.00	270,333.05	-633,455.29	236,877.76	236,877.76
Changes of accounting standards and corrections of mistakes	0	0	0	0	0	0	0	0	0
Corrected balances	600,000.00	0.00	0.00	0.00	0.00	270,333.05	-633,455.29	236,877.76	236,877.76
- Results for the period							1,086,384.93	1,086,384.93	1,086,384.93
Total profit of the period	0	0	0	0	0	0	1,086,384.93	1,086,384.93	1,086,384.93
- Dividends payable							0.00	0.00	0.00
- Transfer to reserves	0	0				68,085.11	-68,085.11	0	0
Balance 31.12.2005	600,000.00	0.00	0.00	0.00	0.00	338,418.16	384,844.53	1,323,262.69	1,323,262.69

16.4 Cash Flow Statements

Amounts in €	THE COMPANY	
	01.01-31.12.2005	01.01-31.12.2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Profits before tax	1,651,619.36	993,229.73
<i>Profit adjustments for::</i>		
Depreciation	200,519.35	167,065.18
Provisions	0.00	0.00
Results(income, expenses, profits and losses) from investing activities	-75,230.68	-67,849.99
Interest expense and related expenses	27,593.91	9,065.70
Other non-cash expenses/income	-565,234.43	-386,203.34
Profits before changes in working capital	1,239,267.51	715,307.28
Decrease / (increase) in inventories	-1,414,917.14	-706,275.73
Decrease / (increase) in receivables	-1,726,760.25	-1,759,027.22
(Decrease) / increase in liabilities (other than to banks)	1,684,299.30	3,502,508.30
Cash inflows from the main activity	-218,110.58	1,752,512.63
Interest and other expenses payable	-27,593.91	-9,065.70
<i>Cash flows from operating activities</i>	-245,704.49	1,743,446.93
Cash flows from Investment activities		
Purchase of tangible and intangible Fixed assets	-190,255.43	-202,965.39
Interest received	75,230.68	67,849.99
Dividends received-interest received	0.00	0.00
<i>Cash flow from investing activities</i>	-115,024.75	-135,115.40
Cash flow from financing activities		
Dividends payable	-1,150,000.00	-900,000.00
<i>Cash flow from financing activities</i>	-1,150,000.00	-900,000.00
Net inflows/(outflows) from cash and cash equivalents	-1,510,729.24	708,331.53
Cash at the beginning of the period	4,156,430.66	3,448,099.13
Cash at the end of the period	2,645,701.42	4,156,430.66

16.5 Notes on the interim financial statements

16.5.1 General Information

Hellenic Distributions S.A. is a subsidiary of Hellenic Duty Shops and is performing in activities where HDFS is not active. These activities are:

- I. The creation of duty paid and duty free wholesale and retail sale distribution network abroad, in accordance with the law.
- II. The creation of duty paid and duty free wholesale and retail sale distribution network in Greece, in accordance with the law.
- III. The creation of duty paid wholesale and retail sale distribution network in Greece, in accordance with the law indicatively and not constrained in the arrivals of the existing and new airports, ports, border stations, vessels or marinas according to the law.
- IV. The distribution, representation, supply, agency, franchising of any kind of Greek and foreign products in Greece and abroad through relevant contracts.
- V. The foundation and operation of offices and shops for the accomplishment of the aforementioned purposes.
- VI. The investments and generally the provision of services related to the aforementioned purposes.
- VII. The participation in competitions, joint ventures, enterprises and companies of any kind related to the abovementioned purposes.
- VIII. The lease, purchase, exploitation of real estate related to the abovementioned purposes.
- IX. Related actions and activities for the accomplishment of the aforementioned actions.

For the achievement of the above the company may:

- I. Co-operate in any way with other physical or legal entities.
- II. Represent companies irrespective of their scope and type.
- III. Establish companies or branches in Greece or abroad having any entrepreneurship aim.

The company was founded on 15 September 2000 and according to its articles of association may perform the operations of HDFS with the exception of the exploitation of tax-free and duty-free products. It started its operation in April 2001 establishing three (3) shops in Athens International Airport «Eleftherios Venizelos».

Today, the Company has developed a network of (22) shops [(15) shops in Airports and (2) in Ports] in (10) geographic points of sale [(8) Airports and (2) Ports]. Specifically, in the Main Terminal Building of Athens International Airport (AIA), the company operates (3) retail shops in the all users area selling products such as Swatch Watches, Monsoon, Korres, L'oreal, one (1) retail shop in arrivals selling various

sweets and chocolates (LEONIDAS, TERKENLIS) and one (1) staff shop for all the staff working in AIA, while in Piraeus (11) shops operate within ships.

The company, in 2005, signed agreements, valid as of July, 1st 2005, with the companies «PHILIP MORRIS WORD TRADE» and «PAPASTRATOS S.A.» for supplying and distributing tax-free cigarettes traded by the aforementioned companies to ships suppliers, shops of diplomatic and military missions and any kind of ships.

16.5.2 Main Accounting Principles followed by the Company

16.5.2.1 Basis for the preparation of the financial statements

The current financial statements of the 31st December 2005 have been prepared according to:

- The historic principle concept
- The going concern principle
- The independence principle
- The consistency principle
- The materiality principle

and are in accordance with IFRS standards issued by the International Accounting Standards Council (IASB) and the interpretations supplied by the Regular Interpretation Committee (I.F.R.I.C) that have been adopted by the regulation No. 1606/2002 of the European Union at the 31st of December 2005.

The financial statements fall under the provisions of IFRS 1 "First-Time adoption of IFRS" since they are the first financial statements under IFRS, (Fiscal year 2005). The date on which the company switched to the new principles according to IFRS 1 is the 1st of /January 2004.

The accounting principles that are described below have been adopted to all the reported periods.

The financial statements of HELLENIC DISTRIBUTIONS S.A. have been compiled in accordance with the Greek GAAP until 31.12.2004. The standards differ in some cases compared to IFRS. The comparative figures for 2004 were restated in accordance with the adopted IFRS principles and accounting estimations.

The compilation of the financial statements according to IFRS requires the use of detailed accounting estimations and judgments for the application of these accounting principles.

16.5.2.2 Consolidation – Valuation of subsidiaries and related companies

The company is included in the consolidated financial statements of the company «HELLENIC DUTY FREE SHOPS S.A.», based in Agios Stefanos, participation percentage of 99.9%, and adopting the fully consolidated method.

16.5.2.3 Segment reporting

Primary type of information per segment is the geographic segment separated to duty free and duty paid sales.

16.5.2.4 Tangible Fixed Assets

Fixed assets are valued at acquisition cost less cumulated depreciation and impairment. Acquisition cost includes all the directly attributable expenses for the acquisition of the property and machinery.

Subsequent expenditure are added to the book value of the tangible fixed assets or is booked as a separate asset only if it is probable that future economic benefits will flow into the Group and their cost can be reliably measured. The cost of repairs and maintenance is recognised in the income statement when they are realized. The installations in third party real estate are depreciated through the estimated leasing time.

Land is not depreciated. The depreciation of buildings-installation in third party real estate is calculated in accordance with the Gov. Gaz. 299/2003. In detail:

-Third party buildings	20	Years
- Installations in third party buildings (other installations)	12.50	»
- Machinery	8.33	»
- Vehicles	6.67 – 8.33	»
- Other equipment	6.67	»

The useful life of tangible fixed assets is evaluated periodically and the depreciation coefficients are readjusted for the current and the forthcoming fiscal years if there are differences to the initial estimations. Salvage values are not recognised. When the book values of the tangible fixed assets exceed their recoverable value, the difference (impairment) is booked immediately as an expense in the income statement. Upon sale of tangible fixed assets the differences between the proceeds and the book value are booked as profits or losses in the income statement.

16.5.2.5 Intangible fixed assets

Software

The software licences are valued at the historic cost minus depreciations. Depreciations are estimated using the straight line method during the useful life of the asset which is estimated at 4.17 years approximately (depreciation rate 24%).

16.5.2.6 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost is estimated using the weighted average method. The net realisable value of raw materials is their estimated replacement cost during the Company’s normal course of business less the estimation cost for their sale when appropriate.

16.5.2.7 Receivables

Short-term receivables are accounted for at their nominal value less the provisions for doubtful receivables. The provisions (losses from doubtful receivables) are recognised when it is certain that the company is in a position to collect the entire amount based on the contractual terms. The provision amount is the difference between the accounting value and the expected future cash flows. The provision amount is recorded as expense in the profit and loss account.

16.5.2.8 Cash and cash equivalents

Cash and cash equivalents include cash, deposits in banks in the form of current accounts and the short-term, up to 3 months, high liquid and low risk investments.

16.5.2.9 Transactions in foreign currency

Transactions nominated in foreign currency are converted in euros using the exchange rate in effect at the date of the transaction. At the date of compilation of the financial statements the monetary asset and liabilities items denominated in foreign currency are converted in euro using the exchange rate in effect at that date. The exchange rate differences that occur as a result of the aforementioned exchange are recorded in the profit and loss account.

16.5.2.10 Share capital

The common shares are recorded in equity. Direct cost needed for the issue of shares is reported after tax reducing the amount of equity. Direct costs associated with the acquisition of companies are included in the acquisition cost of the acquired company.

The book cost of equity less income tax (if any) reduces the share capital of the group until the own shares are sold or cancelled. Any profit or loss made from the sale of own shares, net of direct cost needed for the transaction, if any, is recorded as share capital reserve.

16.5.2.11 Deferred income tax

Deferred income tax is calculated using the liability method on all temporary differences between the tax base and the book value of assets and liabilities on the balance sheet date.

Deferred tax assets and liabilities are calculated according to the tax rates that are expected to be in effect during the financial year when the asset will be realised or the liability will be settled, and are based on the tax rates (and tax regulations) that are effective or enacted on the balance sheet date.

Deferred tax assets are recognized for all the exempt temporary differences and transferable tax receivables and tax losses, to the degree that it is likely that there will be available taxable earnings, which will be set against the exempt temporary differences and the transferable unused tax receivables and unused tax losses.

16.5.2.12 Employee benefits

(a) Short-term benefits

Short-term benefits to employees monetary and in kind are booked as expenses when they accrue.

(b) Post employment benefits

The post-employment benefits include defined benefit plans (state pension) as well as defined contribution benefits (one-off benefits at the retirement according to the provision of L. 2112/20). The cost of defined contribution benefits is recorded as an expense at the fiscal year it concerns.

The liability recorded in the balance sheet for defined benefit schemes is the present value of the commitment for the defined benefit. The defined benefit commitment is calculated annually by an independent actuary using the projected unit credit method. According to this method, the benefits for the completed service at the valuation date are dealt independently from the expected benefits for the year at the post valuation date (future service). The most important economic cases used at the two valuation dates are the following:

Valuation differences	Discount rate	Inflation	Increase of wages
31.12.2004	4.50%	2.80%	4.00%
31.12.2005	4.00%	2.80%	4.00%

16.5.2.13 Provisions

Provisions are recognised when:

- a) there is a legal or constructive obligation as a result of past events,
- b) it is probable that an outflow of resources will be required to settle the obligation and
- c) the outflow can be reliably measured.

16.5.2.14 Recognition of revenue

Revenue includes the fair value of the sale of goods and rendering of services, net of Value Added Tax, discounts and returns. Inter-company revenue within the Group is fully reversed. The recognition of revenue is performed as follows:

(a) Sale of goods

Sales of goods are recognized when the Group transfers goods to customers, the goods are accepted by them and the collection of the resulting claim is reasonably assured.

Cash or credit cards are usually used for the sales of goods.

(b) Interest income

Interest income is recognised based on the principle of accrued income using the real rate.

(c) Income from personnel loan

Income from personnel loan-rights are calculated on accrual basis according to related contracts-agreements.

(d) Dividends

Dividends are accounted for as revenue when the right to receive payment has been established, that is to say when they are approved by the body that is instructed by law to approve them (General assembly).

16.5.2.15 Distribution of dividends

Distribution of dividends to the shareholders of the parent company is recognized as a liability in the parent and consolidated financial statements when the distribution is approved by the General Meeting of the shareholders.

Thus, the dividends for distribution recorded at the balance sheet at the end of each fiscal year (31.12) are recorded as liability and not as an increase in equity.

16.5.2.16 New accounting standards and interpretation of IFRIC

The Committee of International Accounting Standards and the Interpretation Committee have issued a series of accounting standards and their interpretation that their application is obligatory for the fiscal years starting on 1st of January 2005. The estimation of the Company related to the effects of these new standards are as follows:

- IFRS 6: Exploration and evaluation of mineral resources
It has no application in the Company and therefore it will not affect its financial statements.
- IFRS 7: Disclosure of Financial Instruments
It will not affect the financial statements of the company.
- IFRIC 3: Gas Emissions Rights
It has no application in the Company and therefore it will not affect its financial statements.
- IFRIC 4: Determining whether an arrangement contains a lease
It has no application in the Company and therefore it will not affect its financial statements.
- IFRIC 5: Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
It has no application in the Company and therefore it will not affect its financial statements.
- IFRIC 6: Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
It has no application in the Company and therefore it will not affect its financial statements.
- IFRIC 7: Applying the Restatement Approach under IAS 29
It has no application in the Company and therefore it will not affect its financial statements.
- IFRIC 8: Scope of IFRS 2
It has no application in the Company and therefore it will not affect its financial statements.

16.5.3 Financial risk management – Financial risk factors

a) Credit risk

The Company does not have important credit risk exposure because the main part of its sales refers to retail sales that are paid by cash or by credit cards while the wholesale sales that form a small part of total sales are made by customers having a low degree of risk.

(b) Liquidity risk

Liquidity risk is negligible because of the high level of cash in hand.

(c) Cash flow risk and interest rate fluctuations risk

The company has interest sensitive assets because it invests its cash in forward contracts having zero risk with the interest rate being agreed in advance and therefore its fluctuations do not affect its cash inflows.

16.5.4 Important accounting estimates and judgments of the management

The estimates and judgments of the management are reviewed constantly and are based on historical data and expectations for future events that are deemed as reasonable according to what is currently true.

The Company uses estimates and assumptions regarding the developments of future events. There are not any estimates and assumptions carrying a significant amount of risk that may significantly alter the accounting values of assets and liabilities in the next 12 months.

16.5.5 Transition to IFRS

16.5.5.1 Basis for the transition to IFRS

16.5.5.1.1 Application of IFRS 1

The financial statements for the company and the group for the fiscal year ending on 31 December 2005 are the first being compiled according to IFRS. These financial statements have been compiled in accordance with note 5.2.1. The company and the group applied IFRS 1. The reference dates is the 31st December 2005. The effective date for the application of IFRS 1 is the 1st of January 2005. For the compilation of these statements the group has applied some of the optional exemptions for the retroactive application.

16.5.5.1.2 Exemptions from the full retroactive applications elected by the company

Employee benefits exemptions

The company has decided to recognise all cumulated gains and losses as of 01.01.2004.

16.5.5.1.3 Consequences of the estimates between Greek Accounting Principles and IFRS

The estimates according to IFRS on 01.01.2004 are in accordance with the estimates made for the same date using Greek Accounting Standards with the exception of the proof that the estimates were wrong. Such cases involved the useful life of fixed assets which were bases in tax law according to previous standards

16.5.6 Reconciliation between IFRS and Greek Accounting Standards

The following reconciliation offers a complete and accurate picture of the financial structure of the company in comparison to previous accounting standards

TABLE OF ADJUSTMENTS TO OPENING EQUITY (01.01.2005 AND 01.01.2004 RESPECTIVELY) BETWEEN THE GREEK ACCOUNTING STANDARDS (g.a.s.) AND INTERNATIONAL ACCOUNTING STANDARDS (I.A.S.)

AMOUNTS IN €		
	Company	
	01.01.2005	01.01.2004
Net worth beginning of period, (1.1.2005 and 1.1.2004 respectively) according to GAS	874,861.22	884,565.87
Provision for staff indemnities	0.00	0.00
Recognition of deferred tax claims	278,633.79	34,272.12
Change due to the useful life of assets for the depreciation and restatement of acquisition cost to historic cost	-89,209.44	-70,750.95
Deletion of multi-year depreciation expenses	-1,760.69	-3,738.63
Transfer of withheld tax for tax-exempted reserves to tax-exempted reserves	0.00	0.00
Adjustment of income receivable	-770,831.00	0.00
Recognition of foreign exchange differences to profit and loss account	0.00	0.00
Valuations of securities in current values (31.12.2004)	0.00	0.00
Adjustment of long-term receivables to present values	-18,635.77	-23,430.77
Valuations of securities in book cost	12,000.00	0.00
Provision for tax differences due to audit	-48,180.35	-36,180.35
Net worth at the beginning of the period, (01.01.2005 and 01.01.2004 respectively) restated according to IAS	236,877.76	784,737.29

RECONCILIATION TABLE FOR THE RESULTS 1-31.12.2004 BETWEEN THE GREEK ACCOUNTING STANDARDS (G.A.S.) AND THE INTERNATIONAL ACCOUNTING STANDARDS (I.A.S.)

AMOUNTS IN €	
	Company
Net profits for the period according to G.A.S.	1,157,181.27
Accounting reversal for multi-year depreciation expenses, according to GAS that are not recognised according to IAS	1,977.94
Change due to the use of useful life of assets for the calculation of their depreciation	-18,458.49
Adjustment of long-term claims to present values	4,795.00
Recognition of a provision for staff indemnities	0.00
Valuation of securities in current values	0.00
Provision for tax differences	-12,000.00
Adjustment for income receivables for the current fiscal year	-770,831.00
Recognition of deferred tax 1-1/31-12-04	244,361.67
Net profit for the period according to I.A.S.	607,026.39

16.5.7 Tangible Fixed Assets

COMPANY

	Land- Fields	Buildings	Machinery & Mechanical Equipment	Transportation means	Furniture & Fixtures	Assets under	Total
01.01.2004							
Cost	0.00	609,859.74	35,201.55	0.00	378,295.88	0.00	1,023,357.17
Additions	0.00	30,722.60	4,265.00	0.00	167,977.79	0.00	202,965.39
Balance 31.12.04	0.00	640,582.34	39,466.55	0.00	546,273.67	0.00	1,226,322.56
Accumulated depreciation							
Balance 01.01.2004	0.00	138,686.34	4,016.34	0.00	146,509.61	0.00	289,212.29
Depreciation for the period	0.00	50,580.64	3,886.40	0.00	98,089.55	0.00	152,556.59
Balance 31.12.04	0.00	189,266.98	7,902.74	0.00	244,599.16	0.00	441,768.88
Net Book Value 31.12.004	0.00	451,315.36	31,563.81	0.00	301,674.51	0.00	784,553.68
01.01 – 31.12.2005							
Balance at beginning	0.00	640,582.34	39,466.55	0.00	546,273.67		1,226,322.56
Additions	0.00	4,743.16	4,540.00	59,227.78	37,516.49		106,027.43
Sales	0.00	0.00	0.00	0.00	0.00		0.00
Balance 31.12.05	0.00	645,325.50	44,006.55	59,227.78	583,790.16	0.00	1,332,349.99
Accumulated depreciation							
Balance 01.01.2005	0.00	189,266.98	7,902.74	0.00	244,599.16	0.00	441,768.88
Depreciation for the period	0.00	50,880.30	5,506.00	3,107.56	108,204.93	0.00	167,698.79
Reduction of depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance 31.12.05	0.00	240,147.28	13,408.74	3,107.56	352,804.09	0.00	609,467.67
Net Book Value 31.12.05	0.00	405,178.22	30,597.81	56,120.22	230,986.07	0.00	722,882.32

16.5.8 Intangible Assets

The Company		
	Other formation expenses	Company total
01.01.2004		
Cost	63,120.78	63,120.78
Additions/Reductions	0.00	0.00
Balance 31.12.04	63,120.78	63,120.78
Accumulated Depreciation		
Balance 01.01.2004	34,950.80	34,950.80
Depreciation for the period	14,508.59	14,508.59
Balance 31.12.04	49,459.39	49,459.39
Net Book Value 31.12.2004	13,661.39	13,661.39
01.01 – 31.12.2005		
Balance at beginning	63,120.78	63,120.78
Additions	84,228.00	84,228.00
Sales	0.00	0.00
Balance 31.12.2005	147,348.78	147,348.78
Accumulated depreciation		
Balance 01.01.2005	49,459.39	49,459.39
Depreciation for the period	32,820.56	32,820.56
Depreciation reductions	0.00	0.00
Balance 31.12.2005	82,279.95	82,279.95
Net Book Value 31.12.2005	65,068.83	65,068.83

16.5.9 Inventory

The Company		
	31.12.2005	31.12.2004
Products	3,668,794.44	2,253,877.30
	3,668,794.44	2,253,877.30

16.5.10 Trade receivables

The Company		
	31.12.2005	31.12.2004
Trade receivables		
Total	1,158,087.02	24,816.72

16.5.11 Other receivables

The Company		
	31.12.2005	31.12.2004
Participations & other long-term claims	436,576.46	506,886.46
Claims from deferred tax	262,647.80	278,633.79
Cheques receivable	489,625.54	0.00
Sundry debtors	2,165,199.50	1,493,300.06
Other receivables	404,733.57	886,472.61
Total	3,758,782.87	3,165,292.92

16.5.12 Cash and cash equivalents

The Company		
	31.12.2005	31.12.2004
Cash in hand	57,596.89	114,465.46
Sight and time deposits	2,588,104.53	4,041,785.30
Credit cards	0.00	179.90
Total	2,645,701.42	4,156,430.66

16.5.13 Share capital and share premium

	Number of shares	Common shares	Issued capital	Share premium	Own shares	Total
1st January 2004	200,000	200,000	600,000.00	0.00	0	600,000.00
31st December 2004	200,000	200,000	600,000.00	0.00	0	600,000.00
31st December 2005	200,000	200,000	600,000.00	0.00	0	600,000.00

The total of issued common shares is 200.000 having a nominal value of € 0.30 per share. All issued shares have been paid in full.

16.5.14 Profit carried forward and other reserves

The Company		
	31.12.2005	31.12.2004
Profits carried forward	384,844.53	-633,455.29
Regular reserve	201,073.13	144,077.62
Tax free reserves according to special provisions of tax Laws	137,345.03	126,255.43
Total	723,262.69	-363,122.24

According to provisions of Greek Corporate Law (L. 2190/20), the creation of regular reserve using the 5% of the annual after tax profits is obligatory up to the point that the regular reserve reaches the one third (1/3) of the share capital. The remaining reserves (tax-free reserves) concern cumulative profits that are taxed at a reduced tax rate if they are not distributed. In case the profits are distributed the tax obligation is calculated using the prevailing at the time of distribution tax rates. The distribution of reserves is decided by the General Shareholders Meeting.

16.5.15 Long-term Liabilities

The Company		
	31.12.2005	31.12.2004
Provision for staff indemnities	66,632.00	42,286.00
Total	66,632.00	42,286.00

16.5.16 Suppliers, provisions for other liabilities and expenses

The Company		
	31.12.2005	31.12.2004
Suppliers	8,450,063.69	6,456,316.47
Customer prepayments	21,610.37	0.00
Tax liabilities	358,412.02	517,271.88
Liabilities to pension funds	244,991.46	229,136.39
Dividends payable	57.50	1,150,000.00
Other liabilities	1,554,287.17	1,766,744.17
Total	10,629,422.21	10,119,468.91

16.5.17

Short-term provisions for other liabilities and expenses

	The Company	
	31.12.2005	31.12.2004
Tax for unaudited years	36,000.00	48,000.00
	36,000.00	48,000.00

16.5.18

Deferred income tax

Deferred tax claims are offset with deferred tax receivables when there is a lawful right for offsetting and both are liable to the same tax authority.

The offsetting amounts are as follows:

COMPANY	31.12.2005	31.12.2004
Deferred tax claims:		
Retrievable after 12 months	37,572.41	34,982.30
Retrievable within 12 months	225,075.39	243,651.49
Total	262,647.80	278,633.79

The movements of the deferred tax claims and liabilities during the period to the same tax authority without taking into account the offsetting are as follows:

Deferred tax receivables

	Accounting reversal of receivables	Multi-year depreciation expenses	Fixed assets	Long-term liabilities	Total
1st January 2004	0.00	-1,308.52	24,762.83	8,200.77	31,655.08
Credit/Debit of results	246,665.92	1,924.76	1,402.46	-3,014.43	246,978.71
31st December 2004	246,665.92	616.24	26,165.29	5,186.34	278,633.79
Credit/Debit of results	-23,124.93	-275.41	5,879.95	1,534.40	-15,985.99
31st December 2005	223,540.99	340.83	32,045.24	6,720.74	262,647.80

16.5.19 Provisions for staff retirement indemnities (L.2112/20)

According to the provisions of L. 2112/20 the company is obliged to pay the retiring employees a lump-sum payment that would be a multiple of their monthly wages at the time of retirement (as defined by Law), based on their year of services to the company. These benefits are estimated by an independent actuarial. The main actuarial assumptions used are:

	2005	2004
Discount rate (%)	4,00%	4.50%
Future wage increases	4,00%	4.00%

The wages of the company are covered in full by its suppliers following special deals. For this reason the relevant provision is charged to suppliers.

The movement of the account from 01.01. 2004 till 31.12.2005 is as follows:

	The Company
Liability Balance at 01.01.2004	24,855.00
Expense charged for the period 01.01 - 31.12.2004	32,965.42
Payable indemnities 01.01 - 31.12.2004	15,534.42
Liability Balance at 31.12.2004	42,286.00
Expense charged at the period 01.01 - 31.12.2005	51,295.89
Paid indemnities 01.01 - 31.12.2005	26,949.89
Liability balance at 31.12.2005	66,632.00

16.5.20 Sales

	The Company	
	31.12.2005	31.12.2004
Sales to third country passengers (tax free)	4,908,419.19	356,125.97
Sales to Intra-EU passengers (tax-free)	14,527,153.40	14,545,760.94
Total	19,435,572.59	14,901,886.91

16.5.21 Other operating income

The Company		
	31.12.2005	31.12.2004
Income from personnel lease	4,658,280.67	4,165,033.43
Other income	65,321.66	74,584.97
Total	4,723,602.33	4,239,618.40

16.5.21 Employee benefits

The Company		
	31.12.2005	31.12.2004
Staff wages	3,849,794.62	3,518,100.16
Pension fund contributions	1,062,507.60	964,805.06
Provision for employee indemnities	26,949.89	15,534.42
Other benefits	84,466.54	87,931.52
Total	5,023,718.65	4,586,371.16

16.5.22 Depreciation

The Company		
	31.12.2005	31.12.2004
Depreciation of Fixed Assets	32.820.56	14.508.59
Depreciation of Intangible Assets	167.698.79	152.556.59
Total	200.519.35	167.065.18

16.5.22 Other operating expenses

The Company		
	31,12,2005	31,12,2004
Rewards & third party expenses	228,887.36	233,662.45
Insurance, Lease, Repairs, Maintenance & Other	2,162,335.25	2,443,201.96
Taxes	42,445.03	37,172.48
Transportation expenses	27,225.36	3,838.37
Advertising & Promotion expenses	1,129.58	892.55
Various expenses (journeys, excibitions, subscriptions, grants, stationary, consumables, publications etc.)	95,530.20	53,209.99
Total	2,557,552.78	2,771,977.80

16.5.23 Analysis of Administration & Distribution Expenses

THE COMPANY

	31.12.2005		31.12.2004	
	ADMINISTRATION EXPENSES	DISTRIBUTION EXPENSES	ADMINISTRATION EXPENSES	DISTRIBUTION EXPENSES
Wages & personnel expenses	273,466.88	4,750,251.77	314,799.19	4,271,571.97
Third party compensation & expenses	204,856.60	24,030.76	208,847.66	24,814.79
Third party benefits	17,224.70	2,145,110.55	12,368.40	2,430,833.56
Tax	10,179.79	32,265.24	1,461.99	35,710.49
Various expenses	13,002.91	110,882.23	11,001.07	46,939.84
Depreciation of fixed assets	4,301.31	196,218.04	7,077.76	159,987.42
	523,032.19	7,258,758.59	555,556.07	6,969,858.07

16.5.24 Income Tax

	The Company	
	31.12.2005	31.12.2004
Current income tax	537,068.09	618,565.01
Plus: tax provision for unaudited years	12,180.35	12,000.00
Deferred tax	15,985.99	-244,361.67
Total	565,234.43	386,203.34

16.5.25 Earnings per share

Basic

The basic earnings per share are calculated dividing the profits by the weighted average number of common shares during the period excluding the own shares bought by the company.

	The Company	
	31.12.2005	31.12.2004
Net Profit	1,086,384.93	607,026.39
Distributed to:		
Shareholders of the company	1,086,384.93	607,026.39
Weighted average number of shares	200,000	200,000
Basic earnings per share	5.43	3.03

16.5.26 Dividends per share

The dividends paid in 2005 amounted to € 1,150 thous. (dividend per share 5.75 €) and referred to earnings for the fiscal year 2004.

16.5.27 Contingencies

The company has contingency liabilities with the Hellenic State, other guarantees and issues arising as a result of its normal activity. Essential surcharges from contingent liabilities are not expected to occur. Additional payments are not expected after the date the financial statements are compiled. The company has been audited by the tax authorities up to the fiscal year 2002, while for the remaining years a relevant provision has been made.

16.5.28 Transactions with associated parties

The following transactions are related to associated parties

i) Sales of goods and services

	31.12.2005	31.12.2004
Purchase of goods from the parent company	3,661.69	3,453.09

ii) Balances at the end of the period resulting from the sales of goods and services

	31.12.2005	31.12.2004
Liabilities to associated parties		
- Parent	8,331.85	6,444.36

16.5.29 Detailed accounting estimates

16.5.29.1 Useful life of fixed assets

The management of the company defines the estimated useful life and relevant depreciation of fixed assets.

16.5.30 Number of Employees

The average number of employees at the end of current period: company 222 people.

16.5.31 Current real guarantees

There are not any real guarantees related to the fixed assets of the company.

16.5.32 Differences liable to litigation

There are not any differences liable to litigation as well as decisions of court of law or other arbitration authority decisions that may have a substantial impact on the financial position or operation of the Company.

16.5.33 Post Balance Sheet Events

There are not any post balance sheet events of the 31.12.05 that are related to the company and are required to be mentioned by the International Financial Reporting Standards.

16.6 Management Report

Dear Shareholders,

The Board of Directors of the Company Hellenic Distributions S.A. submits for approval the annual financial statements for the fiscal year from 01.01.2005 till 31.12.2005. At the same time the BoD reviews the activities for this fiscal year.

The company Hellenic Distributions S.A. is a subsidiary of HDFFS and activates where HDFFS is not able to operate. Its activities are:

- I. The creation of duty paid and duty free wholesale and retail sale distribution network abroad, in accordance with the law.
- II. The creation of duty paid and duty free wholesale and retail sale distribution network in Greece, in accordance with the law.
- III. The creation of duty paid wholesale and retail sale distribution network in Greece, in accordance with the law indicatively and not constrained in the arrivals of the existing and new airports, ports, border stations, vessels or marinas according to the law.
- IV. The distribution, representation, supply, agency, franchising of any kind of Greek and foreign products in Greece and abroad through relevant contracts.

- V.** The foundation and operation of offices and shops for the accomplishment of the aforementioned purposes.
- VI.** The investments and generally the provision of services related to the aforementioned purposes.
- VII.** The participation in competitions, joint ventures, enterprises and companies of any kind related to the abovementioned purposes.
- VIII.** The lease, purchase, exploitation of real estate related to the abovementioned purposes.
- IX.** Related actions and activities for the accomplishment of the aforementioned actions.

For the achievement of the above the company may:

- I.** Co-operate in any way with other physical or legal entities.
- II.** Represent companies irrespective of their scope and type.
- III.** Establish companies or branches in Greece or abroad having any entrepreneurship aim.

The company was founded on 15 September 2000 and according to its articles of association may perform the operations of HDFS with the exception of the exploitation of tax-free and duty-free products. It started its operation in April 2001 establishing three (3) shops in Athens International Airport «Eleftherios Venizelos».

Today, the Company has developed a network of (22) shops [(15) shops in Airports and (2) in Ports] in (10) geographic points of sale [(8) Airports and (2) Ports]. Specifically, in the Main Terminal Building of Athens International Airport (AIA), the company operates (3) retail shops in the all users area selling products such as Swatch Watches, Monsoon, Korres, L'oreal, one (1) retail shop in arrivals selling various sweets and chocolates (LEONIDAS, TERKENLIS) and one (1) staff shop for all the staff working in AIA, while in Piraeus (11) shops operate within ships.

The company, in 2005, signed agreements, valid as of July, 1st 2005, with the companies «PHILIP MORRIS WORD TRADE» and «PAPASTRATOS S.A.» for supplying and distributing tax-free cigarettes traded by the aforementioned companies to ships suppliers, shops of diplomatic and military missions and any kind of ships.

George Velentzas
Managing Director

16.6.1 Financial Data

16.6.1.1 SALES

The sales for the fiscal year 2005 reached the amount of 19,435,572.59 €.

In detail:

Shops		€	Value
1	Spata	"	3,128,761.94
2	Staff Shop	"	4,618,894.85
3	Piraeus	"	3,772.40
4	Asteria	"	163,858.31
5	Chania	"	173,993.80
6	Thessaloniki Port	"	18,400.65
7	Kos Airport	"	197,577.77
8	Mykonos airport	"	107,848.46
9	Thessaloniki airport	"	2,735,938.32
10	Alexandroupolis	"	371,361.10
11	Rhodes	"	949,093.56
12	Kalamata airport	"	50,560.91
TOTAL		€	12,520,062.07

Ships		€	Value
1	Highspeed 4	"	425,676.51
2	Highspeed 3	"	147,281.04
3	Highspeed 2	"	146,693.12
4	Apollon	"	108,191.55
5	Santorini	"	110,519.78
6	Pinelopi	"	211,243.12
7	Adonis	"	7,507.17
8	Athina	"	194,163.19
9	Pigasos	"	100,413.42
10	Afroditi	"	188,524.06
11	Highspeed 1	"	98,860.97
TOTAL		€	1,739,073.93

Wholesale		€	Value
1	Staff Shop	"	2,569.46
2	Thessaloniki	"	72.00
3	Spata	"	15,884.51
4	Alexandroupolis	"	322.40
5	Avlona	"	20,818.20
6	Shop for the supply of ships	"	5,136,770.02
TOTAL		€	5,176,436.59
GRAND TOTAL		€	19,435,572.59

16.6.1.2 DISTRIBUTION OF SALES

TOTAL SALES PER CATEGORY FROM 01.01.2005 TILL 31.12.2005	
	In €
Cigarettes-Cigars-Tobacco	6,646,335.54
Perfumes-Cosmetics	4,364,307.92
Press-Stationary-Maps	1,749,395.05
Accessory products	1,164,742.02
Spirits	966,033.26
Standardised	943,456.56
Calling cards for fixed and mobile telephony	665,597.99
Watches	594,459.29
"KORRES SA"	517,234.04
Toys	369,557.11
Folk art	282,741.19
Clothing	165,502.09
"Body Shop" products	127,459.41
Sunglasses	116,033.85
Electric appliances	107,365.03
Jewellery	72,524.41
Travel accessories	70,386.83
Cosmetic accessories	58,135.36
BVLGARI	50,000.41
Gifts	47,804.48
Hi-Fi's	45,334.68
Cameras	43,521.15
Products carrying the Olympic games logo	37,367.76
"FOLLI - FOLLIE" products	25,761.87
Leather	23,676.27
Lighters	22,503.13
Video recording-playing cameras	22,341.89
"LAKI GAVALA" products	20,431.29
Film	14,242.40
Pen	13,751.50
Telecommunication means	12,240.64
Smoker products	10,644.46
Televisions	7,790.15
Marine products	7,147.79
Other	49,745.77
TOTAL	€ 19,435,572.59

16.6.2 EXPENSES

The administration and distribution expenses reached 7,781,790.78 € and represent the 40.03% of total sales.

They are analysed as follows:

	Administration	Distribution	Total
Personnel expenses	273,466.88	4,750,251.77	5,023,718.65
Third party expenses	204,856.60	24,030.76	228,887.36
Third party benefits	17,224.70	2,145,110.55	2,162,335.25
Tax	10,179.79	32,265.24	42,445.03
Various expenses	13,002.91	110,882.23	123,885.14
Depreciation	4,301.31	196,218.04	200,519.35
	523,032.19	7,258,758.59	7,781,790.78

Gross profit represent the 24.03% of sales.

Net profit reached the amount of 1,651,619.36 € compared to 993,229.73 € in 2004 representing the 8.49% of total sales.

Net taxable earnings reached the amount of 1,676,338.54 € and are distributed as follows :

	2005
Net results (profits) - taxable	1,676,338.54
Profits carried forward	13,559.24
(-) Tax audit differences	-24,180.35
Total	1,665,717.43
Less: 1. Income Tax	533,345.00
Profits to be distributed	1,132,372.43
The distribution of profits is as follows:	
1. Regular reserves	56,995.51
6. Tax free reserves	
- Reserves resulted by the one-off payment of income tax	11,089.60
8. Profits carried forward	1,064,287.32
	1,132,372.43

16.6.3 ANALYSIS OF BALANCE SHEET ITEMS FOR THE FISCAL YEAR 2005

16.6.3.1 Assets

16.6.3.1.1 Non-current assets

Tangible assets: 722,882.32 € the amount refers to net book value.

Specifically:

1. **Buildings and technical projects (in third party buildings): 405,178.22 €** the amount refer to constructions and decoration of areas in Athens International Airport «Eleftherios Venizelos» and in branches.
2. **Machinery and technical installations: 30,597.81 €** the amount refer to air-conditions.
3. **Transportation means: 56,120.22 €**
4. **Furniture and fixtures: 230,986.07 €** the amount is analyzed in Personal Computers (PC) 61,074.78 € and in furniture and other fixtures of central offices and shops 169,911.29 €.

Intangible assets: 65,068.83 € the amount refer to net book value of other formation expenses (software)

Deferred income tax: 262,647.80 €

Other receivables: 436,576.46 € the amount refer to participations and other long-term financial receivables on 31.12.2005.

16.6.3.1.2 Current assets

Inventories: 3,668,794.44 € represent the final inventory on 31.12.2005.

Trade debtors and other receivables: 4,217,645.63 € the amount is analysed:

1. Trade debtors: 1,158,087.02 €
2. Post-dated cheques: 489,625.54 €
3. Sundry debtors: 2,165,199.50 €
4. Other receivables: 404,733.57 €

Cash and cash equivalents: 2,645,701.42 € are analysed as follows:

1. Cash in hand: 57,596.89 €
2. Sights and time deposits: 2,588,104.53 € refer to sight deposits in Emporiki, National, Agricultural, Pisteos and Eurobank banks.

16.6.3.2 Net worth

16.6.3.2.1 Share capital and reserves attributes to the shareholders of the parent

Share capital: 600,000.00 € the total number of issued common stock is 200,000 with a nominal value of € 0.30 per share.

Other reserves: 338,418.16 € the amount refer to:

1. Regular reserve: 201,073.13 €
2. Tax-free reserves according to special provisions of tax laws: 137,345.03

Profit carried forward: 384,844.53 €

16.6.3.3 Liabilities

16.6.3.3.1 Long-term liabilities

Provisions for staff indemnities: 66,632.00 € the amount refer to provisions for staff indemnities.

16.6.3.3.2 Short-term liabilities

Suppliers, provisions for other liabilities and expenses: 10,629,422.21 €

Specifically:

1. Suppliers: 8,450,063.69 €
2. Customer pre-payments: 21,610.37 €
3. Tax-duties liabilities – duties: 358,412.02 €
4. Pension liabilities: 244,991.46 €
5. Other liabilities: 1,554,344.67 €

16.6.4 INFORMATION FOR THE MANAGEMENT OF THE COMPANY

Information regarding the members of the Board of Director of Hellenic Distributions S.A.:

Board of Directors of the Societe Anonyme				
1.	George Koutsolioutsos, son of Dimitrios	Entrepreneur	Resident of Pal. Psyxiko, 27 Papanastasiou Str.	President
2.	Ioannis Karayiannis, son of Dimitrios	Chemical Mechanic	Resident of Agia Paraskevi, 37 Kyprou Str.	Vice-president
3.	George Velentzas, son of Pantelis	Economist	Resident of Chalandri, 16 Danaidon Str.	Managing Director
4.	Nikolaos Kezos, son of Antonios	Forester-Economist	Resident of Athens, 23 Panepistimiou Str.	Member
5.	Dimitrios Kyriakopoulos, son of George	Economist	Resident of Ag. Stefanos, 23rd Km N. R. Athens-Lamia	Member
6.	Panayiotis Lampiris, son of George	Private sector employee	Resident of Glyfada, 51 Ivis&Nymfon Str.	Member
7.	Charilaos Lampropoulos, son of Spilios	University Professor	Resident of Athens, 21 Marasli Str.	Member

16.6.5 General Meeting Agenda

Dear Shareholders,

The analysis of the Balance Sheet and the Income Statements of the fiscal year 2005, as well as the other information included in the management report we believe that they offer a clear picture for the issues dealt within the year as well as the evolvement of the company in the previous year.

You are kindly requested to vote for the agenda of the general meeting that follows:

1. Submission for approval of the annual financial statements for the fiscal year 01 January 2005 – 31 December 2005 following the hearing of both the management reports and the Accountants-Auditors report.
2. Approval for the distributions of profits for the fiscal year 01 January 2005 – 31 December 2005.
3. Release of BoD members and Certified Accountants-Auditors for any responsibility for compensation for the fiscal year 2005.
4. Approval of election of a new BoD member, replacing an older one.
5. Election of two ordinary and two substitute Certified Accountant-Auditors for the fiscal year 2006.
6. Approval by the General Shareholders Meeting of any kind of remuneration and compensation that were paid to BoD members within the fiscal year 2005, and approval for any kind of remuneration and compensation for the fiscal year 2006.
7. Various announcements and decisions.

- The -
Board of Directors



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